



THINKING ABOUT HOW WE MANAGE OUR PRIORITIES IS AS IMPORTANT AS FORECASTING THEM

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Inevitably, there is a symbiosis (not always beneficial) between developments occurring outside Canada's borders and the establishment of policy responses within Canada.

For example, the terrorist attacks of September 11, 2001, have compelled dramatic changes in the comportment of Canadians as they board aircraft, or cross the border to the United States. The transaction cost of cross-border business with Canada's largest trading partner has greatly escalated, contributing in some measure to the government's decision to seek new free trade agreements, inter alia with the European Union.

While global warming has not yet stirred our government to "launch a thousand ships," the threat to the Arctic's sustainability has revived Canadians' interest in their northern reaches. The ease with which the H1N1 virus spreads through air travel brings the disease immediately home, sows daily headlines and compels Canadians and their governments to scramble to determine the attendant risks and safest counter-measures.

Chinese economic strength, coupled with its prompt emergence from recession, has eroded the Canadian government's ideological hostility, with its accompanying policy of non-engagement, regarding the regime in Beijing. Official Ottawa is now beating a belated path to China's hitherto unknown mega-cities.

The thesis I propose must by now have become clear: accelerated globalization and emerging non-traditional powers directly affect Canadians' prosperity, not to speak of their personal behaviour. As a corollary, I would submit that our ability to manage new external



pressures, or indeed, even influence international trends, will be proportionate to Canadians' capacity to maintain economic and social cohesion within the federation.

This suggests that, as important as identifying *what* the priorities are, examining *how* Canada manages these priorities deserves attention in a discussion such as this.

Let us break the question down into its components.

Accelerated Globalization

While not a novel phenomenon ("globalization" and "empire" were once synonymous), it is the speed with which communication and travel impact our personal lives, regardless of where we live, that is so strikingly new. And it seems that it is the negative aspects of globalization (terrorism, pandemic, contagious financial mismanagement), not its benefits, that have most affected our lives since the turn of the millennium.

The terrible image of the collapsing World Trade Towers, the view from space of the shrinking ice patterns in the Arctic, and the sight of hundreds donning white masks during the SARS episode dramatically bring home the vulnerability of our citizens as travellers on the "third rock from the sun." Our global interdependence has been demonstrated by the speed with which toxic subprime assets morphed into a worldwide recession, depicted graphically by plunging lines on economists' charts, spreading with a velocity and reach not experienced by the Depression generation.

No matter how distant from our own neighbourhood, local crises can quickly become global, necessitating immediate responses from national governments and their citizens. A pandemic alert requires governments to acquire sufficient stockpiles of vaccines; the citizens, for their part, are obliged to follow protocols regarding hygiene, while reporting infected cases to health authorities.

Similar partnerships between governments and civil actors have become necessary in confronting climate change effects. Inuit elders are asked to contrast currently changing conditions in the high Arctic with the circumstances of their youth. Fishers' experiences provide the data for forecasting stock declines and movements that have accelerated over the past decade, due as much to changes in water temperature as to overfishing.

As global phenomena increasingly intrude onto local conditions, governments, which have traditionally depended on official channels and institutions, are becoming more reliant on non-governmental organizations, associations, and individuals—loosely termed "civil society"—at home and abroad, to receive intelligence, disseminate advice, or administer remedies. Most often, however, government and civil society partnerships are struck on a case-by-case basis, rather than being established systematically with a view to developing strategic alliances.



At the same time, civil society counterparts harbour suspicions when governments sound them out for information or reach out to collaborate in areas of mutual benefit. Many times, the fear of co-optation becomes civil society's default position, thereby obviating cooperation.

On both sides, there is evident advantage to improve communication and to work together on "intermestic" problems (those with international origins but having serious domestic consequences). While a tired cliché, "thinking globally, but acting locally" should be observed by governments and civil society as they attempt to cope with the effects of accelerated globalization.

A principal challenge for Canada over the coming years, therefore, will be to improve linkages with civil society and so better harness the expertise, networks, and collective will existing among the public to confront the challenges of the twenty-first century.

Emerging Non-Traditional Powers

For a brief decade, the collapse of the Soviet Union ushered in the unipolar world. Then the collapse of the Twin Towers in New York in 2001 heralded another world order, shaped by al-Qaeda, a shadowy terrorist holding company. Obscured by our obsession with the "global war on terror" (GWOT), non-traditional powers emerged from the periphery of our vision to play progressively central roles economically and politically, if not militarily. The coming out of China, Brazil, India, and Indonesia had not gone unnoticed by the foreign policy establishment; what few had predicted, however, was the rapidity with which they reached international headline status. (Interestingly, the business community was generally more prescient than official policy makers in recognizing the significance of the new players).

This emerging phenomenon has brought about a rebalancing of global institutions. While Canada has claimed pride of authorship for the G20 Heads of Government concept, it is by no means clear how long this unwieldy grouping will hold before giving way to a more restricted membership. Indeed, a new G8 may eventually come out from this forum, comprising, for example, the European Union, Russia, China, Japan, India, Brazil, South Africa, and the United States. Or will the G20 be further reduced to a G3? What then will become of Canada's exclusive club, the "old" G8? Will it be further marginalized from global decision making, serving principally as a liaison for outreach to regional and developing countries, later to atrophy and disappear?

Since its creation in 1945, Canada has been privileged to serve once a decade in another most exclusive club, that of the UN Security Council. The Council's abject inability to reconfigure its membership in the past forty-five years since its last re-organization, however, brings into question the UN's effectiveness as an arbiter of international security.



When the Council's composition reflected the global power balance in the middle of the last century, membership placed Canada at the centre of international authority. Going forward, however, it is unclear whether participation in the Security Council will result merely in the illusion, rather than the exercise, of Canadian influence.

Associated with the challenge of avoiding exclusion from new multilateral centres of power, Canada's government and civil society partners will need to strengthen diplomatic, cultural, and economic relations with the emerging power brokers within the new global order.

While Canada has been tardy in re-ordering its bilateral relations with China, we have been even slower with India. For example, Australia, with half of Canada's population, is currently hosting 97,000 Indian students to Canada's 7,000.¹ Australia's two-way trade at \$10.9 billion is more than twice as large as Canada's.

It will be important that Canada's country priorities be retooled so as to engage fully the new G8 members mentioned above. This will require additional resources, but, more critically, a restoration of prime ministerial confidence in Canada's conventional instruments of foreign policy, such as the Foreign Affairs and Trade Commissioner services.

As indicated earlier in the essay, it is important that the traditional foreign service establishment becomes a full partner to the extensive non-governmental networks developed by civil society.

Improving Domestic Cohesion

In this world of instant communication and immediate interconnectedness, as external pressures more acutely impinge on domestic well-being, societies will confront or deter threats to their prosperity more effectively from positions of cohesion, than being wracked by internal jurisdictional rivalry.

Many of Canada's trading partners have adopted protectionist measures, triggered by the global recession. None is more damaging to Canada than the "Buy America" provisions attached to the \$787 billion US stimulus package. Neither NAFTA nor multilateral trading agreements can provide Canada protection from this exclusionary measure.

Provincial contracting policies (aimed as much against each other as against the United States) prevented negotiators from including in NAFTA and the WTO reciprocal access to official procurement activities in the sub-national jurisdictions of other countries. Accordingly, Canadian contractors are lawfully prevented from bidding on infrastructure projects financed through US states and municipalities from the federal stimulus fund. (Canadian companies do have access to federally contracted projects.)

¹ Comparable figures for Chinese foreign students are: Australia 127,000; Canada 42,000.



Last July, out of desperate necessity, Canada's provincial premiers rapidly pulled together and agreed to open up their markets to US contractors on a reciprocal basis, so that Canadian suppliers might access the large number of stimulus projects expected in the United States over the coming years. It is unclear, however, whether the Obama administration and Congress will be receptive to this belated move. The potential for exclusion in the future from other sub-national programs remains high. Here is a good example where internal fractiousness has weakened Canadian economic activity.

Health care provides another incidence of the need for better national cohesion in the face of accelerated globalization. As the Canadian Medical Association (CMA) has indicated in its call for a "pandemic czar," preparations for rapidly transmitted epidemics can best be handled on a *national* basis to ensure consistency and effectiveness. Otherwise, the CMA is concerned that competing provincial and territorial jurisdictions will result in incomplete preparation and delayed administration, not to speak of the inconsistent application of treatment in some regions.

One further example will suffice. The uniformity of our banking regulations and reduced number of players in the domestic financial market have allowed Canada to resist much of the turmoil affecting other OECD countries, and have burnished the country's reputation as a responsible financial manager. Contrast this with the fractured patchwork of securities exchange commissions spread among provincial jurisdictions.

Accordingly, our international reputation for the enforcement of security regulations is questioned. Lack of clarity, consistency, and certainty may have significantly inhibited foreign investment activity in Canada.

A country's economy is inevitably reinforced and its prosperity enhanced by cohesive trade, fiscal, and investment policies consistently applied across its territorial reach. Similarly, its capacity for ensuring the well-being of its citizens and its reputation, as a serious international actor, are improved by uniform standards more easily administered by a national body.

Conclusion

Over the past decade, there has been a real increase in the speed at which external pressures assail Canada through a myriad of unconventional channels and conduits. That trend is likely to accelerate in the years ahead. Our country's ability to manage these pressures will be strengthened to the degree that our governments can develop durable partnerships with relevant civil society groups. At the same time, the federal government will need to rework its relationships with the emerging global powers, while adapting to the new international architecture. Critical to both requirements is a reassertion of federal authority in those areas of rule making most susceptible to international demands.