

Canadian Politics and Public Policy

Policy



A Pandemic Budget



Essential to the Economy

Serving exporters, importers, retailers, farmers and manufacturers, CN's transportation services are integral to modern life, touching the lives of millions of Canadians every day.

\$250B

WORTH OF GOODS
TRANSPORTED

25%

OF WHAT WE TRANSPORT
IS EXPORTED

24,000

RAILROADERS

\$3B

CAPITAL INVESTMENTS
(2021)



EVERYONE

HAS THE RIGHT TO LIVE FREE FROM HARM AND DISCRIMINATION.

That's why the United Nations Declaration on the Rights of Indigenous Peoples is so important.

Contact your Member of Parliament and urge them to support the quick passage of Bill C-15.



Learn more at
SupportUNDRIP.ca

Policy

Canadian Politics and Public Policy

EDITOR AND PUBLISHER

L. Ian MacDonald

lianmacdonald@gmail.com

ASSOCIATE EDITOR

Lisa Van Dusen

lvandusen@policymagazine.ca

CONTRIBUTING WRITERS

Thomas S. Axworthy,

Andrew Balfour, Yaroslav Baran,

James Baxter, Derek H. Burney,

Catherine Cano, Stéphanie Chouinard,

Margaret Clarke, Rachel Curran,

Paul Deegan, John Delacourt,

Susan Delacourt, Graham Fraser,

Dan Gagnier, Helaina Gaspard,

Martin Goldfarb, Sarah Goldfeder,

Patrick Gossage, Frank Graves,

Jeremy Kinsman, Shachi Kurl,

Philippe Lagassé, Brad Lavigne,

Jeremy Leonard, Kevin Lynch,

Leslie MacKinnon, Peter Mansbridge,

Carissima Mathen, Elizabeth May,

Velma McColl, David McLaughlin,

David Mitchell, Don Newman,

Geoff Norquay, Fen Osler-Hampson,

Kevin Page, Robin V. Sears,

Vianne Timmons, Brian Topp,

Lori Turnbull, Jaime Watt,

Anthony Wilson-Smith

WEB DESIGN

Nicolas Landry

policy@nicolaslandry.ca

SOCIAL MEDIA EDITOR

Grace MacDonald

gmacdonald@policymagazine.ca

GRAPHIC DESIGN & PRODUCTION

Monica Thomas

monica@foothillsgraphics.ca

Policy

Policy is published six times annually by LPAC Ltd. The contents are copyrighted, but may be reproduced with permission and attribution in print, and viewed free of charge at the *Policy* home page at policymagazine.ca.

Price: \$6.95 per issue

Annual Subscription: \$39.95

PRINTED AND DISTRIBUTED BY

St. Joseph Communications,

1165 Kenaston Street,

Ottawa, Ontario, K1A 1A4

Available in Air Canada Maple Leaf

Lounges across Canada, as well as

VIA Rail Lounges in Montreal, Ottawa and Toronto.

Now available on PressReader.



Special thanks to our sponsors and advertisers who are solely responsible for the content of their ads.

In This Issue

- 2 From the Editor / L. Ian MacDonald
A Pandemic Budget
- 3 Kevin Page, Donya Ashnaei and Elo Mamoh
Canada's Debt Narrative, from Financial Crisis to Pandemic
- 6 Kevin Page, Donya Ashnaei and Elo Mamoh
Fiscal Policy: Relief, Recovery and Reset
- 9 Jeremy Leonard and Angel Talavera
Letter from London: Avoiding Austerity II in the EU
- 11 Kevin Lynch and Paul Deegan
The Great Budgetary Pivot: But to Where?
- 16 Shachi Kurl
The Mood of Canada: People, the Pandemic and Politics

Canada and the World

- 19 Jeremy Kinsman
The Brexit Post-Mortem: Now What?
- 22 Sarah Goldfeder
The Biden Agenda: Restoring World Leadership for Prosperity and Stability
- 24 Suzanne Fortier
Building Back Better, Together: Lessons from Virtual Davos
- 27 Stéphanie Chouinard
Official Languages Reform: Failure is not an Option
- 29 Lori Turnbull
The Atlantic Bubble and Nova Scotia Politics
- 31 Column / Don Newman
Lessons from the Pandemic

Book Reviews

- 32 Review by Graham Fraser
Newspapering: 50 Years of Reporting from Canada and Around the World
Norman Webster
- 33 Review by Rosalie Silberman Abella
Eleanor
David Michaelis

Cover photo by Adam Scotti

Connect with us:



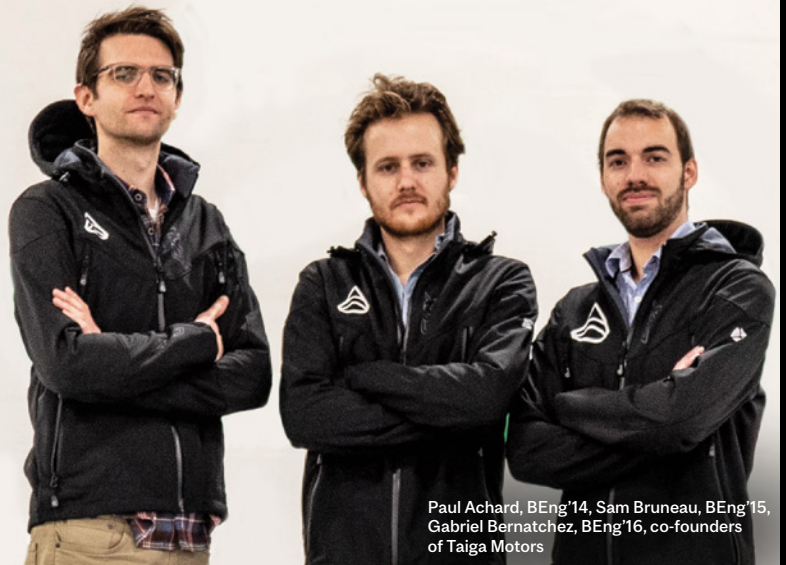
@policy_mag



facebook.com/policymagazine

Clean off-road
vehicles.

Made by
foresight and
ingenuity.



Paul Achard, BEng'14, Sam Bruneau, BEng'15,
Gabriel Bernatchez, BEng'16, co-founders
of Taiga Motors

MADE by McGill



**Taiga Motors is poised to boost
Canadian innovation in the clean
technology market**

Taiga Motors' co-founders built their first electric snowmobile prototype while studying at McGill. Now, they've secured funding to ramp up production of the world's first electric snowmobiles and personal watercraft. Promising the same power as fuel-burning models, with zero emissions or noise pollution, Taiga's first models will be distributed through dealers across North America and Europe.



From the Editor / L. Ian MacDonald

A Pandemic Budget

Welcome to our look ahead to *A Pandemic Budget*, our cover package on the first federal budget in more than two years, one that has been shaped by the unprecedented events and circumstances arising from the coronavirus pandemic.

So, not just any budget, but as Finance Minister Chrystia Freeland put it, “the most significant one of our lifetimes.”

The Spanish Flu pandemic following the First World War and the Great Depression are the only comparable health and economic crises in our history, and they didn’t occur simultaneously as this one has in the last year, leaving more than 22,000 dead (at this writing) Canadians in its wake in two waves, with a dread that a third pandemic surge may result from highly communicable variants. As for the economy, with millions of Canadians losing their jobs, entire industries shut down, and provinces in varying degrees of lockdown, the federal government has faced two major issues.

First, how much money to throw at the problem, and second, how to acquire and distribute enough vaccines to meet the needs of Canadians.

From his post as president of the Institute of Fiscal Studies and Democracy, the redoubtable Kevin Page and his University of Ottawa team—he’s joined by fourth-year economics students Donya Ashnaei and Elo Mamoh—offer their look ahead to Budget 2021 in two outstanding articles, one on debt sustainability and the other on flexible fiscal frameworks.

With Canada and the US both attempting to stimulate economic recovery while maintaining debt within sustainable levels, the question is whether Europe is on the same page. In a letter from London, Jeremy Leon-

ard and Angel Talavera of Oxford Economics offer their thoughts.

Former Privy Council Clerk Kevin Lynch and communications consultant Paul Deegan write that “We are at war on two fronts—against a virulent pathogen and against a pandemic-induced recession—but not always on a war footing.”

Shachi Kurl, president of the Angus Reid Institute, checks in with new polling numbers reflecting how Canadians feel about the government’s handling of the vaccine rollout, and whether they blame the prime minister for delays, in a Mood of Canada piece.

In *Canada and the World*, former Canadian high commissioner to the United Kingdom and former ambassador to the European Union Jeremy Kinsman considers the question of what’s next after Brexit for the UK and the EU.

In a world where turmoil is the new normal, the return of normal American leadership is a welcome development, writes former Foggy Bottom official Sarah Goldfeder, now an Ottawa-based policy consultant. As Goldfeder writes of *The Biden Agenda*: “Rebuilding and buttressing alliances will be critical.”

McGill Principal Suzanne Fortier checks in with her annual World Economic Forum dispatch, this year a *Letter from Virtual Davos*, from her own office in Montreal.

With the much-awaited release of Ottawa’s new working paper on updating the Official Languages Act, Stéphanie Chouinard looks at the emphasis on protecting and promoting French in the federal context, with Quebec on the verge of reinforcing Bill 101, its Charter of the French Language.

This in a minority Parliament, with the Liberals, Conservatives and Bloc Québécois all hoping to win more seats off the Island of Montreal in the next election.

Dalhousie University’s Lori Turnbull writes of a testing time within the political Atlantic Bubble. Outgoing Nova Scotia Premier Stephen McNeil allowed that he was tired of the job months before leaving on February 23, with Iain Rankin replacing him as premier. Onward, sort of, in the pandemic.

And columnist Don Newman looks at the lessons from the pandemic for Canadian diplomacy, especially how Ottawa might strike a balance between an intelligent China policy and securing the release of the two Michaels—Michael Kovrig and Michael Spavor—as diplomatic hostages of Beijing.

Finally, in *Book Reviews*, we offer two reviews of important titles for the spring season. Contributing Writer Graham Fraser considers Norman Webster’s memoir of a lifetime in journalism, *Newspapering: 50 Years of Reporting from Canada and Around the World*. As Fraser notes: “this wonderful collection captures the essence of Norman Webster: cheerful, well-informed, shrewd, honourable—and highly competitive.”

And Supreme Court Justice Rosalie Abella weighs in with an opinion on *Eleanor*, the David Michaelis bio of Eleanor Roosevelt. America’s First Lady in more ways than one, but equally a champion in her own right of the suffering and dispossessed, including the judge’s own family of Holocaust survivors, who emigrated to Canada from post-war Germany not long after their displaced persons camp was visited by Eleanor.

Enjoy. **P**



Prime Minister Trudeau and Finance Minister Freeland in the PM's West Block office during the Virtual Meeting with President Biden and his cabinet officials on February 23, where they discussed a bilateral agenda for a health and economic recovery from the pandemic. *Adam Scotti photo*

Canada's Debt Narrative, from Financial Crisis to Pandemic

When the public health crisis of a deadly global pandemic became an economic crisis in the absence of a vaccine, the economic worst-case scenario was always going to be about debt. Vaccines were patented, but their economic relief has been thwarted by delivery disruptions and the emergence of viral variants. As former Parliamentary Budget Officer Kevin Page and his co-authors write, the next factor to watch in what has been a Murphy's Law fable will be interest rates.

Kevin Page, Donya Ashnaei and Elo Mamoh

We live in unusual, uncertain and unstable times.

Equity markets are strong—underpinned by expectations of vaccine distribution and continued support from central banks and government treasuries. Credit markets are strong. Household and business credit continue to grow—buoyed by low interest rates and easy access to money. Meanwhile, the goods and service economy is hurting from the pandemic. Output remains well below levels a year ago. The unemployment rate is uncomfortably close to 10 percent.

How do you connect strong equity and credit markets and a weak economy? One way is through debt and the expectations of more debt. Is this sustainable? No.

Will there be a soft or hard landing for economies when the music stops? The music stops when central banks and governments pull back on the purse strings—money growth and budgetary deficits. The music stops when we lose faith and confidence. Global policymakers will do everything in their

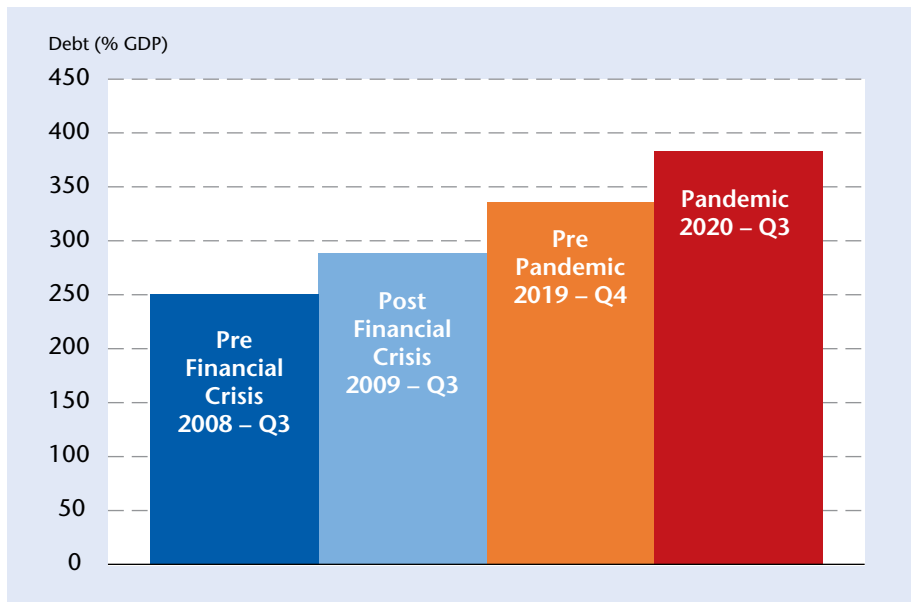
powers to facilitate a soft landing. The music plays on until it stops.

Meanwhile, we are battling an epic war with mother nature; a novel coronavirus that is killing people. In this context, debt can save lives and businesses while public health systems struggle to give us immunity. Shutting down an economy is the price of preventing not overwhelming our health care system. This is good debt. It is cheap debt. Interest rates are low.

When central bankers and treasury officials think about our policy path before and after COVID, it is likely they use terms like financial repression and fiscal dominance. Sadly, the two come together.

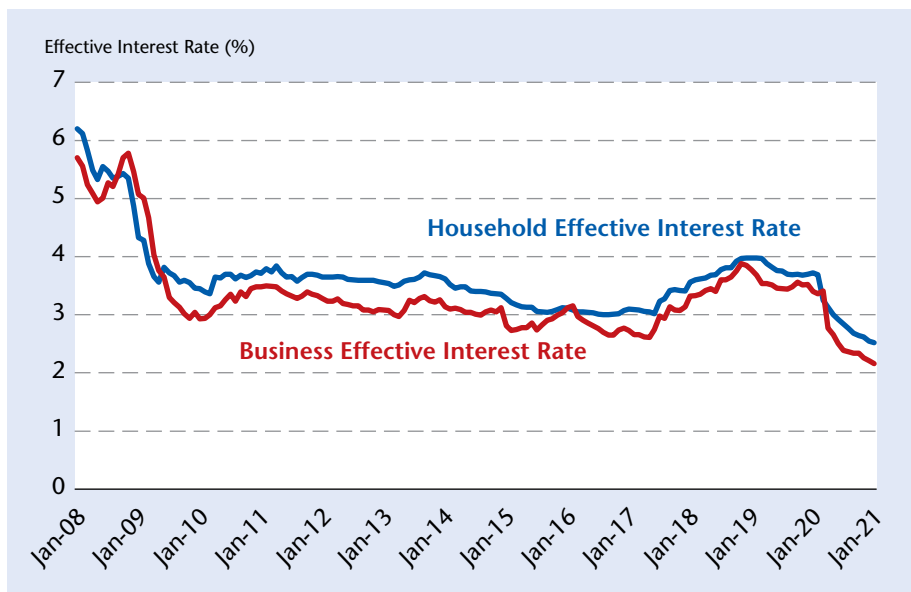
“Will there be a soft or hard landing for economies when the music stops? The music stops when central banks and governments pull back on the purse strings—money growth and budgetary deficits.”

Chart 1: Total Domestic Debt



Source: Bank of Canada / Haver Analytics

Chart 2: Household and Business Effective Interest Rates, 2008-2021



Source: Bank of Canada / Haver Analytics

Financial repression is a monetary policy strategy that deliberately keeps interest rates low—with a preference of interest rates below the inflation rate. Low interest rates encourage people to borrow, which boosts economic growth. It can encourage people to put money into stocks to seek higher returns—good for equity markets. It can deflate away the real value of outstanding debt. Good for debtors, including governments. It can also create nasty imbalances like spikes in housing prices and equity markets that are disconnected from economic fundamentals related to income.

Fiscal dominance happens when fiscal policy dominates monetary policy. With central bank policy interest rates near zero in a low-inflation environment, we rely on fiscal policy, specifically deficit finance, to help stimulate the real economy. A natural political bias toward budgetary deficits becomes a defended fiscal policy when interest rates are low. The nasty problem is that the future is uncertain and interest rates can rise.

John Maynard Keynes said that if “If I owe you a pound, I have a problem; if I owe you a million, the problem is yours”. In a world of financial repression and fiscal dominance, the prob-

lem is ours. Panic sets in when the music stops.

“While COVID-19 is a deflationary shock, an excessive and ongoing monetary and fiscal policy expansion through the recovery could increase inflationary pressures in the years ahead.”

We have been living in a time of financial repression and fiscal dominance since the 2008 global financial crisis.

There are four stylized facts.

- 1) Domestic debt in Canada (as elsewhere) is on the rise (Chart 1). It has risen steadily since the 2008 financial crisis. All domestic sectors are contributing—households, financial and non-financial institutions and governments. Every year we break modern records.
- 2) Effective household and business interest rates have trended down (Chart 2). Lower the price of something, we tend to want more. This is true of debt.
- 3) Carry costs of debt have been reduced. Household debt service ratios (interest costs relative to disposable income) have fallen in 2020 thanks to large federal transfers (deficit financed) and lower interest rates. Federal debt interest costs relative to GDP are at historic lows and have been cut in half since the 2008 financial crisis despite the more than doubling of federal debt in current dollars.
- 4) Insolvencies were rising modestly before the pandemic and have fallen during the pandemic. In the 2019 election,

political parties highlighted the issue of the rising cost of living. This issue has been suspended during the pandemic with enormous monetary and deficit financed fiscal supports.

The policy concerns of ever-increasing debt are twofold.

One, higher debt creates vulnerability risks for economies. This is true for all sectors of the economy. The literature generated by international organizations makes the case that high debt can amplify macroeconomic and asset price shocks. Remember the 2008 financial crisis. Balance sheet recessions can be deep. Stock market and housing prices can fall dramatically. Recoveries tend to be slow and painful.

Two, a long look back at economic history indicates higher domestic debt can increase inflation. While COVID-19 is a deflationary shock, an excessive and ongoing monetary and fiscal policy expansion through the recovery could increase inflationary pressures in the years ahead. Higher price inflation (rising above 3 percent) would force central banks around the world to raise interest rates. A large increase in the cost of debt servicing would destabilize economies. We have a Catch-22 scenario.

The late American economist Hyman Minsky said the seeds of a crisis are sown in complacency. Panics are almost always related to debt. Nassim Taleb, an economist who has studied risk and written books including *The Black Swan* and *Antifragile*, has compared risk to efforts to get ketchup out of the bottle. Risk can land hard.

The fall 2020 survey of financial institutions by the Bank of Canada indicates a sharp increase in short and medium-term risks of a shock that could impair the financial system.

Sectors most vulnerable to solvency risk include retail, accommodation and food services, and real estate. Scenarios posing the greatest concern to the financial system include a resur-

gence of COVID-19. While governments are rushing to vaccinate, the virus is mutating. If COVID-19 stays with us and we have ongoing economic stops and starts, prolonged high unemployment will put great pressure on all sectors of the economy in a high debt environment.

“If COVID-19 stays with us and we have ongoing economic stops and starts, prolonged high unemployment will put great pressure on all sectors of the economy in a high debt environment.”

We live in unusual, uncertain and unstable times. Few will argue that debt generated during the pandemic was anything but necessary.

In a post COVID-19 world, policy makers will search for the soft landing. Debt instability risks are real and growing. While some fiscal stimulus will be important to address a weak recovery, new policies to grow the potential sustainable growth rate of the economy are essential. Canada is a rich country. We can build a greener, more inclusive and resilient economy and stabilize our balance sheets. Will we have the political courage to make sacrifices through tax-paid investments and protect fiscal space for the next generation? Can we break the addiction to debt? **P**

Contributing Writer Kevin Page is the Founding President and CEO of the Institute for Fiscal Studies and Democracy at the University of Ottawa and was previously Canada's first Parliamentary Budget Officer. Donya Ashnaei and Elo Mamoh are fourth year economics students at the University of Ottawa.

Fiscal Policy: Relief, Recovery and Reset

In normal times, federal budget calculations based on finding a balance among the demands of the economy, the values of the government, the needs of constituencies and political timing. The context of the Trudeau government's 2021 budget has skewed those considerations by superimposing the health and economic crisis of a deadly pandemic and the exigencies of a minority Parliament over them. Institute of Fiscal Studies and Democracy founder and CEO Kevin Page and his co-authors break down the budget juggle for an exceptional year.

Kevin Page, Donya Ashnaei and Elo Mamoh

Finance Minister Chrystia Freeland launched pre-budget consultations in mid-January with the comment that Budget 2021 “Will be the most significant one of our lifetimes.” It is a bold and unusual move for public finance officials to raise expectations in an environment of economic hardship, fear and uncertainty. What will be the role of fiscal policy, the purview of the Finance Minister, to meet this unprecedented moment?

Many share a feeling that we are living in consequential times. In this regard, Budget 2021 will be important, whether it succeeds or fails to bring about policy changes to promote a post-pandemic recovery. Of course, we want global solutions to global challenges. We want Canada to succeed.

The Israeli historian Yuval Harari framed our collective circumstances in frank language:

“Humankind is now facing a global crisis. Perhaps the biggest crisis of our generation. The decisions people and governments take will probably shape the world for years to come. They will shape not just our health care systems but also our economy, politics and culture. When choosing between alternatives, we should ask ourselves not only how to overcome the immediate threat, but also what kind of world we will inhabit once the storm passes.”

The stakes for Budget 2021 are high. Fiscal policy must chart a path for relief, recovery and reset.

Governments have used economic lockdowns and social distancing measures to reduce COVID-19 infections and deaths. Fiscal policy has been used to support households and businesses during the pandemic. Relief must continue as infections spread, new variants develop and the vaccination process rolls out. The government's recent proposed extension for the Canada Recovery Benefit is such an example.

By almost any benchmark, the Canadian economy is weak. Notwithstanding a rebound since the pandemic-induced economic lockdown in the second quarter of 2020, real GDP is down 2.8 percent in November 2020 on a year-over-year basis, with declines in both the goods and services sector. The unemployment rate sits at 9.4 percent in January 2021. Prospects for the recovery are largely tied to the evolution of the virus and our public health management. In a world of low interest rates and significant post-pandemic economic scarring, fiscal policy will be used to support a return to potential output and full employment.

“Relief must continue as infections spread, new variants develop and the vaccination process rolls out. The government's recent proposed extension for the Canada Recovery Benefit is such an example.”

The pandemic reminded us of the power of mother nature and the importance of science in addressing public policy challenges. Climate change scientists tell us that the next few decades will be critical in addressing the problems of global warming. Fiscal policy must be used to finance the shift to a greener economy in a way that promotes economic adjustment, inclusion and resilience and protects fiscal sovereignty for future generations.

Freeland faces a number of challenges in crafting a fiscal policy strategy that guides our country from pandemic relief to recovery to reset. The government will be judged on how they address these challenges.

One, the challenge of building confidence and trust. It will be Freeland's first budget. It will be the first federal budget in two years—a record period of time to go without a budget.

Two, the challenge of policy change. The budget must lay the fiscal planning framework for complex and structural changes to public infrastructure to reduce carbon emissions and to our socio-economic systems to promote opportunity and adjustment and reduce disparity.

Three, the challenge of cooperation. The federal government must build policy and governance bridges with the international community, other levels of government, and our First Nations people. You cannot solve global problems without cooperation.

Four, the challenge of fiscal strategy and management. The current Liberal government does not have strong *bona fides* in fiscal policy. They have largely managed without real budgetary constraints that drive policy

choices and trade-offs and protect fiscal room for future generations.

Roger Martin, the former dean of the Rotman Business School at the University of Toronto, said that strategy is the “process of thinking through what it would take to achieve what you want and then assessing whether it's realistic to try... it should be outside the comfort zone ... true strategy is about placing bets and making hard choices. The objective is not to eliminate risk but to increase the odds of success.”

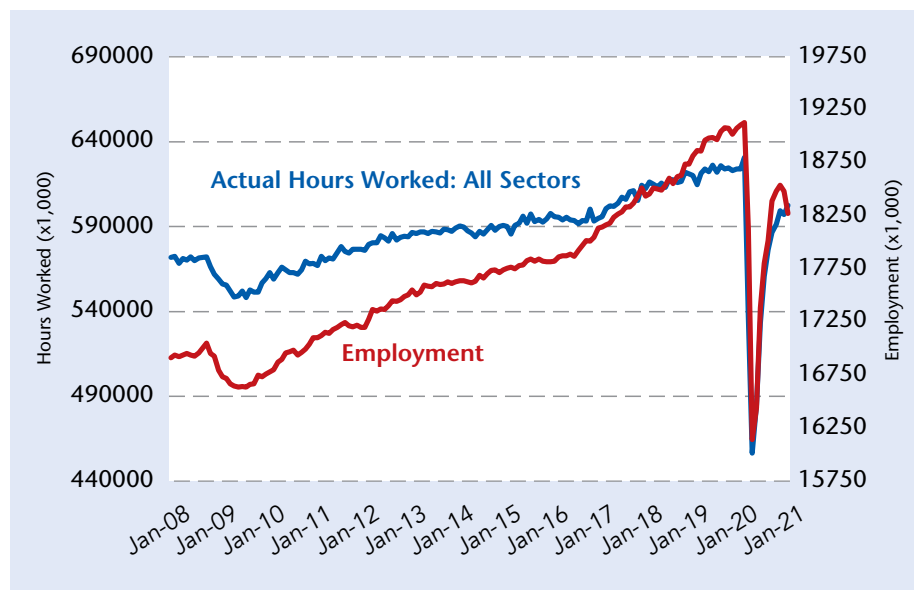
On fiscal policy, the Liberal government must now move outside their comfort zone.

Fiscal supports for COVID relief will continue without hard budget constraints. In this environment the government must promote transparency. Where has the money gone? What impact has it had? How will the government address any misuse of public funding through audits? To promote transparency while the government continues to flow relief supports, it could launch a website such as the [uspending.gov](https://www.uspending.gov) site, which makes it easy for legislators and citizens to get timely and accessible data on federal COVID relief spending in America.

Budget constraints are needed on recovery and policy resets. Minister Freeland provided creative foresight in the 2020 Fall Economic Statement by outlining a range of possible economic scenarios in the midst of high uncertainty and signaling the use of labour market indicators (employment and hours worked) as fiscal guardrails to shape the size and profile of fiscal stimulus (see Chart 1 and Table 1).

“The current Liberal government does not have strong bona fides in fiscal policy. They have largely managed without real budgetary constraints that drive policy choices and trade-offs and protect fiscal room for future generations.”

Chart 1: Fiscal Guard Rails—Employment and Hours Worked



Source: Statistics Canada / Haver Analytics

Canada can learn from the experience of the European Union on the analysis and reporting of fiscal rules. The International Monetary Fund's latest mission report on Canada provided both support for the approach to tie stimulus to fiscal rules and the need for clarity and transparency in the upcoming budget to ensure the fiscal stance is consistent with the cyclical evolution of the economy.

Timely, targeted and temporary should be the three principles for fiscal stimulus for the post-COVID recovery. These principles were effective in Canada's response to the 2008 global financial crisis. Targets for spending should promote high economic (multiplier) impact and should facilitate adjustment for individuals and sectors that were badly wounded by the pandemic. The first public finance objective of stimulus is to close an output gap. The second objective is to ensure spending

Table 1: Fiscal Scenarios, Stimulus and Budgetary Deficits

\$billions	2020-2021	2021-2022	2022-2023	2023-2024
Budgetary balance including second wave impact	-398.7	-136.7	-59.6	-51.7
SCENARIO 1				
Stimulus		-20	-40	-10
Budgetary Balance	-398.7	-156.7	-99.6	-61.7
Federal debt (% of GDP)	51.4	56	57.3	57.3
SCENARIO 2				
Stimulus		-25	-30	-15
Budgetary Balance	-398.7	-156.7	-89.6	-61.7
Federal debt (% of GDP)	51.4	56.2	57.2	57.3
SCENARIO 3				
Stimulus		-20	-50	-30
Budgetary Balance	-398.7	-156.7	-109.6	-81.7
Federal debt (% of GDP)	51.4	56	57.7	58.5
SCENARIO 4				
Stimulus		-30	-50	-20
Budgetary Balance	-398.7	-166.7	-109.6	-71.7
Federal debt (% of GDP)	51.4	56.4	58.1	58.5

Source: Finance, 2020 Fall Economic Statement

is consistent with long-term needs of the economy—a more green, inclusive and resilient economy.

To the extent that Budget 2021 lays out a longer-term policy vision for the country, it must set out a medium-term fiscal anchor. This fiscal anchor could be expressed as a level of debt relative to income that it believes will balance the need for financing policy transformation; promote a healthy fiscal stance with respect to cyclical economic growth (neither too stimulative nor restrictive); and ensure a long-term sustainable debt-to-income ratio for the federal government with due regard to the sustainability of other levels of government in Canada.

A new fiscal debt-to-GDP anchor for Canada will inevitably be at a much higher level than existed in a pre-pandemic environment—likely 20 to 25 percentage points higher (from 30 to 50-55 percent). Some argue with merit that this is not a problem given the pros-

pects for lower interest rates, and the similar relative shift to higher debt in other advanced economies to address the pandemic. Bond rating agencies, however, will argue that the quid pro quo for living with higher debt should be stronger restraints.

Those restraints could include operation rules on spending growth. In a post-COVID economy that has returned to trend levels of output and full employment, it would not be prudent to finance new socio-economic programs (current consumption spending) with deficit finance (e.g., early child development). These programs should be financed by higher revenues to ensure long-term fiscal sustainability, as has been highlighted by many Canadian institutions including C.D. Howe and the Conference Board of Canada.

IFSD analysis indicates that the current federal fiscal structure is very close to losing its fiscally sustainable status. A modest increase in interest rates over the current assumptions

(e.g., a 150-basis point average increase) would be enough to put federal debt-to-income on an unsustainable path. The government should commit to the publication of annual fiscal sustainability reports.

Fiscal targets for annual budgetary balances and possibly for the carrying cost of debt (interest charges to budgetary revenues or GDP) will help ensure that the glide path of the fiscal anchor is on track. To strengthen confidence and transparency, the Parliamentary Budget Office can be given a formal role to increase analysis and parliamentary discourse on the fiscal stance of the country. **P**

Contributing Writer Kevin Page is the Founding President and CEO of the Institute for Fiscal Studies and Democracy at the University of Ottawa and was previously Canada's first Parliamentary Budget Officer. Donya Ashnaei and Elo Mamoh are fourth year economics students at the University of Ottawa.

Letter from London: Avoiding Austerity II in the EU

With Canada, the United States and other economies attempting to stimulate economic recovery while maintaining debt within sustainable levels, is the European Union on the same page with its 27 member countries? It's about fiscal frameworks, striking the right balance and applying the lessons of recent history. From London, Jeremy Leonard and Angel Talavera of Oxford Economics provide insight.

**Jeremy Leonard
and Angel Talavera**

Just as the fiscal wounds inflicted by the 2008-09 global financial crisis—and the European sovereign debt crisis that it triggered—had essentially healed, the coronavirus pandemic blew an even larger hole in European public finances. The total cost of the subsequent raft of furlough schemes, business grants, loan guarantees and other national and pan-EU fiscal support programs began to be measured in trillions rather than billions of euros even as tax revenue stagnated, and government deficits in eurozone countries reached 7½ percent of GDP last year, driving public debt to above 100 percent of GDP, forecast at this writing. With lockdowns persisting into 2021 and vaccine rollout stalled relative to the US and Canada, there's a risk that the fiscal position isn't likely to improve much this year.

Amid such big numbers, one might expect EU policy makers to set their sights on the tempting, but ultimately self-defeating, debt reduction “solution” of austerity once the economic recovery gets underway in earnest. That playbook guided the response to the global financial cri-

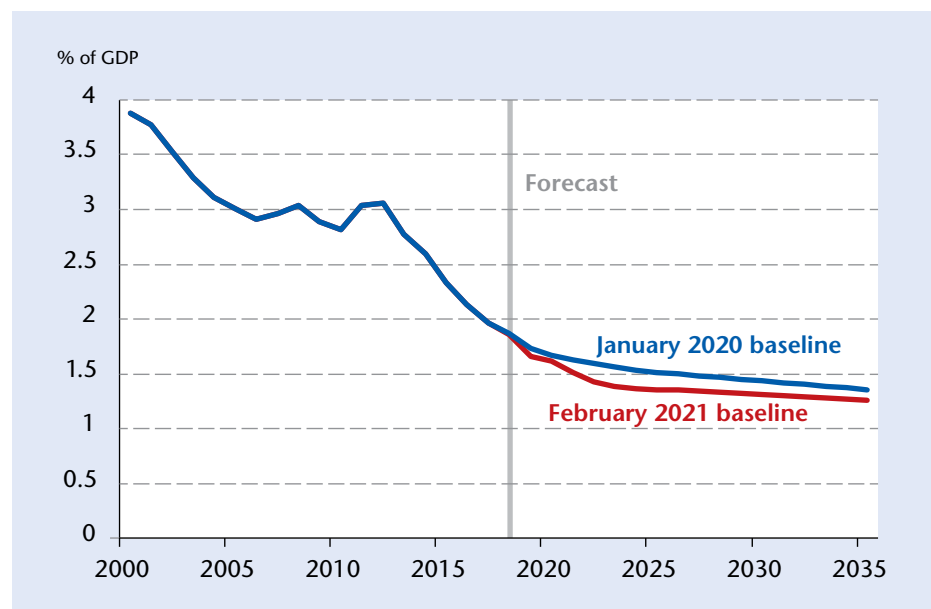
sis a decade ago, ultimately resulting in slower economic growth in the countries that embraced it, which undermined the recovery and worsened the fiscal outlook.

Thankfully, it appears that the fiscal lessons of the sovereign debt crisis have been learned, as the focus of policy makers remains squarely on economic growth and recovery. Budget plans submitted by European na-

tional governments show that fiscal policymakers don't intend on tightening prematurely, avoiding the errors of the sovereign debt crisis. Furthermore, governments have not hesitated to expand and extend the myriad pandemic support programs in response to the resurgence of the virus late last year.

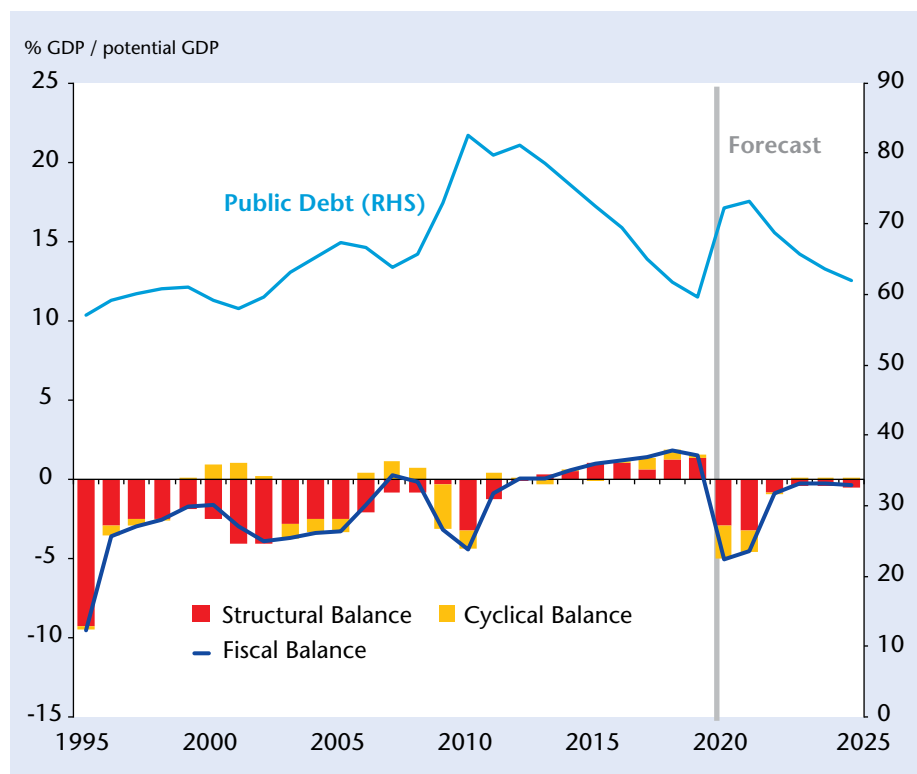
“Fiscal hawks might fret about sky-high debt levels when pushing for a quicker dialing back of fiscal stimulus, but the fact of the matter is that the eurozone isn't on the brink of another sovereign debt crisis.”

Chart 1: Eurozone: Government Debt Service Cost



Source: Oxford Economics / Haver Analytics

Chart 2: Germany: Fiscal balance and Public Debt



Source: Oxford Economics/Haver Analytics

Fiscal hawks might fret about sky-high debt levels when pushing for a quicker dialing back of fiscal stimulus, but the fact of the matter is that the eurozone isn't on the brink of another sovereign debt crisis. The fiscal burden from additional stimulus amid a second wave looks manageable and we think concerns over debt sustainability are overblown.

A far more relevant barometer of debt sustainability is the cost of servicing it, as it accounts for the level of interest rates. Debt servicing as a share of GDP has halved over the last two decades and we forecast it to remain much lower than over the last decade.

Even under a scenario of increasing long-term interest rates, debt levels look sustainable into the foreseeable future. Even if 10-year bond yields were to return to their pre-financial crisis level (due to, for example, a sharp increase in term premia akin to what happened following the global financial crisis), we find debt service cost as a share of GDP for the

eurozone as a whole would remain roughly constant at its current rate of 1.6 percent for the indefinite future. The reason for this is that the effective interest rate on government debt is expected to remain at or below the rate of nominal GDP growth under plausible assumptions.

Also, a rise in interest rates now would still take years to fully translate into a higher cost of debt, as most countries typically finance public debt at long maturities. This mathematically means that the debt-to-GDP ratio can decline even in the context of small annual deficits, and it's encouraging that Germany is expected to maintain modest fiscal stimulus over the next few years, in sharp contrast to the period following the global financial crisis.

Even though it is economically defensible (and advisable) to maintain a relatively loose fiscal policy over the next couple of years, EU fiscal rules could present a complication. These provisions of the EU Fiscal Stability Treaty that came

into force in 2013 to pre-empt a future debt crisis such as the one that had just imperilled Greece's eurozone membership—and made “Grexit” a word before “Brexit” was—are highly complex. Broadly speaking, they prescribe roughly balanced budgets in normal times with tougher targets for countries with higher public debt levels. While Germany may be able to comply with the rules again in 2022, other countries with higher debt burdens will find it challenging to revert to the EU fiscal rules. But if they succeeded, the bloc would face a potential repeat of the austerity mistakes following the global financial crisis. To avoid this, a change of the EU fiscal rules would make sense especially against the backdrop of low interest rates.

“Debt servicing as a share of GDP has halved over the last two decades and we forecast it to remain much lower than over the last decade. Even under a scenario of increasing long-term interest rates, debt levels look sustainable into the foreseeable future.”

Of course, debt cannot grow indefinitely, but in the context of rock-bottom interest rates and continuing need for policy support amid an uncertain recovery from the coronavirus pandemic, there is no need to rush in reducing its size. **P**

Jeremy Leonard and Angel Talavera are respectively Director of Global Industry Services and Head of European Economics at Oxford Economics, a global economic forecasting and advisory firm based in London. Leonard previously served as a research director at the Montreal-based Institute for Research on Public Policy.



Finance Minister Chrystia Freeland and Prime Minister Justin Trudeau, the two central figures in Ottawa's first budget in two years—the buck stops with them. *Adam Scotti photo*

The Great Budgetary Pivot: But to Where?

*It has been a long two years since Ottawa's last budget in March 2019, before the Liberals were reduced to a minority government in the fall 2019 election, and a year before COVID-19 struck in early 2020 with devastating consequences all round. "Health and economics are uniquely intertwined in this crisis, and they will be equally so in the recovery," write Kevin Lynch and Paul Deegan, expanding an earlier analysis in the *Globe and Mail*, and offering some thoughts on a way ahead. "The key," they conclude, "is political will and public support."*

**Kevin Lynch
and Paul Deegan**

What a difference a year makes. We are living with unprecedented economic uncertainty and personal insecurity that harken back to the Great Depression of the 1930s. The deadly, global pandemic was the dominant health, political and economic story in 2020, and continues to be in 2021. Indeed, its aftermath will affect future generations.

Today, we are at war on two fronts—against a virulent pathogen and against a pandemic-induced reces-

sion—but not always on a war footing. Canada’s early efforts to contain the virus deserve a passing grade. But our capabilities to test rapidly, to contact trace effectively, to acquire and distribute vaccines reliably, and to actually vaccinate Canadians at scale and with urgency, get a failing grade. Health and economics are uniquely intertwined in this crisis, and they will be equally so in the recovery.

In the economic battle to contain the liquidity shock from the sudden and deep recession, the federal government deserves good marks for rolling out massive temporary income supports quickly. But, while the perfect is the enemy of the good, more attention to the designs of the programs would surely have avoided the moral hazard of excessive insurance—government support replaced more, much more, than 100 percent of lost household income during the 2020 recession. Further, the last Budget was delivered to Canadians in March 2019, projecting a deficit of just under \$20 billion—a too-long gap for what is the annual public blueprint of the state of the nation and its finances.

The 2021 federal budget provides an opportunity to begin the pivot from reacting to a two-pronged crisis to planning for sustained economic growth in the post-pandemic era, which will take time; targeted public and private investments in skills, digital technologies, and infrastructure; more agile regulation that eases doing business, and an innovation mindset.

The timing and vigour of the recovery depends almost solely on a novel fiscal instrument: vaccinations. The slower governments are to vaccinate Canadians—and the track record to date is anything but encouraging—the more delayed will be the recovery and the greater the attendant health consequences.

A decade ago, as Canada and other countries emerged from the global financial crisis, there

“The last Budget was delivered to Canadians in March 2019, projecting a deficit of just under \$20 billion—a too-long gap for what is the annual public blueprint of the state of the nation and its finances.”

was a vigorous debate between those who argued for fiscal consolidation to rebuild resiliency and those who advocated for sustained stimulus to reduce excess capacity. Just as then, it is never a simple either-or choice—governments can neither cut their way to growth, nor spend their way to prosperity through unconstrained deficit spending.

“Sustainable fiscal management will be crucial to our success in increasing public and private investment, improving productivity and competitiveness, and anchoring business and consumer confidence.”

Sustainable fiscal management will be crucial to our success in increasing public and private investment, improving productivity and competitiveness, and anchoring business and consumer confidence. It has a number of essential elements.

First, we need to set a clear, credible fiscal anchor to earn the confidence of rating agencies and impose budget discipline within government. A fiscal anchor cannot wait for better days, and its absence is a flashing red light to international investors who do not have to hold Canadian dollar assets in their global portfolios. We are not a reserve currency.

Fiscal limits are needed now to force governments to make tough but necessary spending and revenue choices. But more than this, the government has to set out a credible path to longer term fiscal sustainability, one that rebuilds our resiliency for the inevitable future shocks.

The C.D. Howe Institute’s Fiscal and Tax Working Group has provided timely advice on the politically difficult but necessary politically choices the budget must address. They advocated four principles for any new permanent spending:

- If this spending is not financed with savings from a review of existing programs, the majority should be met with increased tax revenues.
- To the extent new sources of revenue are required to fund permanent new spending, their design should do as little harm to investment and growth as possible, they should be predictable and reliable, and they should be as broad-based as possible.

They noted that reversing the two percentage points cuts to the GST by the Harper government, combined with a 40 percent increase in the GST tax credit, would raise nearly \$15 billion annually—a sizeable contribution towards fiscal sustainability.

Near zero interest rates make new spending fiscally affordable only as long as they stay low, and this is a big risk to the fiscal framework going forward as it ties our fiscal future to the bold assumption that inflation will not rebound and interest rates will remain at record low levels.

Second, we need a debt management strategy that significantly shifts the mix of federal borrowing from short-term maturities to longer term bonds to lock in today's ultra-low interest rates, which will not last forever. Those who argue that the massive increase in debt this year is affordable because interest rates are so low should also argue in favour of shifting as much of the new debt as possible to very long-term bonds.

Third, as the economy recovers and unemployment declines, we need to stop the extraordinary levels of spending on the temporary emergency support programs. Today, the block to recovery is not demand or income—household savings are at record levels thanks to government support payments—it is supply constraints due to COVID-imposed lockdowns of businesses. Temporary support programs have to be just that, temporary—Canada's fiscal credibility and sustainability depend on it.

“Temporary support programs have to be just that, temporary—Canada's fiscal credibility and sustainability depend on it.”

And **fourth**, we need to switch more of government expenditure towards investment spending to rebuild our long-term growth potential, which is the only way to manage the mountain of debt we are accumulating. We need more public investments in physical and digital infrastructure, in education, in innovation, and in border fluidity. They all raise productivity and growth. We also need pro-growth policies and investments to increase labour force growth through higher immigration and greater female

participation in the work force. And technology is key to meeting our climate change objectives.

But the tough challenge is the need for the government to do less of something in order to do more investing.

The **fifth** element is to start tackling Canada's other deficit, the one that few are talking about: the current account deficit. Our declining competitiveness in recent years, exacerbated by weakness in energy prices, has meant a substantial and persistent current account deficit.

We have to get more firms taking advantage of our trade agreements with the United States and Mexico, with Europe, and with the Trans-Pacific Partnership countries. Despite a relatively low dollar, we are racking up large trade deficits with our major trading partners, including the US and China, and this is increasing our foreign indebtedness just as we are rapidly accelerating domestic government and private sector debt.

And the **sixth** element is a combination of humility and agility in the face of uncertainty about how COVID-19 will reshape the world. In addition to how long the virus and its variants remain a global threat, Martin Wolf of the *Financial Times* has set out a daunting list of five known unknowns facing political, policy and business leaders in the coming years: acceleration of technology usage in everyday life and work; rising inequality and its economic and political impacts; huge increase in the indebtedness of governments, firms and households; deglobalization with pressures to near-shore and re-shore global supply chains; and, political tensions, both attacks on liberal democracy in countries like the United States and others, and worsening geopolitics, particularly between the United States and China.

Canada and its governments have to have the policy capacity, resources and flexibility to respond pro-actively—not reactively—in this dynamic and uncertain environment.

Fundamentally, just as after the Second World War, strong growth will be key to tackling the pandemic debt legacy. Governments cannot solve all problems, but they can help create the conditions to make the private sector more successful. We are at one of those pivotal moments, and this is a pivotal budget. It's an opportunity to begin rebuilding the Canada brand as an attractive location for investment and doing business. It's an opportunity to begin the pivot towards strong, sustained, long-term economic growth. It's an opportunity for government policy to be the recovery's resilient disruptor, rather than perpetually pandemic-disrupted.

The key is political will and public support – putting short term politics and pain aside for long-term public gain. As Winston Churchill once noted, “It's not enough that we do our best; sometimes we have to do what's required.”

Governments in the 1980s, 1990s, and 2000s made tough fiscal and policy choices in very challenging circumstances. Let's hope Prime Minister Trudeau and Chrystia Freeland follow this approach of sustainable fiscal management and avoid short-termism that passes the buck—and the risks of a massive debt hangover with sharply lessened resiliency—to the next generation. **P**

Kevin Lynch is former Deputy Minister of Finance and former Clerk of the Privy Council.

Paul Deegan is CEO of Deegan Public Strategies and former Deputy Executive Director of the National Economic Council, The White House.



“

From the beginning of my time as National Chief, I have made a priority of closing the gap in quality of life facing our people. This gap amplifies every threat and every harm from this pandemic, from the risk of infection to the stress of lockdown.

This gap denies our people access to quality health care.

This gap forces families to live in overcrowded, unhealthy homes.

This gap means that the simplest everyday act of turning on the tap to wash your hands is still denied to far too many of our people.

This gap makes it so that even when our people can get access to decent jobs, they are still the last hired and the first fired.

This gap between First Nations and all other people in Canada is a rift that is both deep and wide. It has been carved by decades and centuries of racism, discrimination and indifference.

And there is a risk – a very real risk –another pandemic like COVID-19 can sweep through that channel like a raging flood and make it even deeper and even wider than before.

And that's why it is so important that we finally close the gap.

”

National Chief Perry Bellegarde
In a speech to the Assembly of First Nations
on December 8, 2020

REBUILDING EFFECTIVELY MEANS CLOSING THE GAP

2021 Federal Budget Priorities



EDUCATION

Support for First Nations K-12 and post-secondary education

Further investments in virtual learning infrastructure



ECONOMY

Renew focus on priorities set out in *Closing the Gap* and *Honouring Promises*

Restart the economy through investment in First Nations jobs and procurement

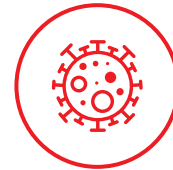


INFRASTRUCTURE AND CONNECTIVITY

Investment in clean drinking water and sanitation for all First Nations

Build new high quality sustainable housing and eliminate overcrowding

Expand broadband infrastructure for First Nations



HEALTH

Invest in greater support for First Nations mental health

Increase health supports to respond to and rebound from COVID-19

Emphasize prevention and early access to health care



ENVIRONMENT AND CLIMATE ACTION

Invest in green infrastructure as part of First Nations job creation

Transition First Nations to more sustainable economic models

Encourage First Nations to take leadership on preserving our natural world:

- To mitigate and adapt to effects of climate change
- Impacts & Planning
- Green Infrastructure
- Clean Energy
- Support international biodiversity commitments
- First Nations-led National Food Security/Sovereignty Strategy
- Canadian Environmental Protection Act reform



EQUITABLE FUNDING

Increase Band Support Funding

Keep promised escalator in the New Fiscal Relationship Transfer as detailed in Budget 2019

Invest in improved financial, administrative and political governance

Build and streamline institutions to support more efficient and effective fiscal relationships



POLICING AND JUSTICE

Establish First Nations restorative justice systems beginning with Community Safety Infrastructure

Re-establish the Law Commission of Canada

Implement the MMIWG Final Report Calls to Justice, including National Action Plan

First Nations rights

Establish a national Treaty Commission

“...a national estimate of \$27.67 billion is the amount by which Canada's GDP can be expected to increase as a result of closing the economic gaps between Indigenous people and the non-Indigenous population. This is about a 1.5% boost in the country's GDP.”

Learn more at [AFN.ca](https://www.afn.ca)

The Mood of Canada: People, the Pandemic and Politics

Most competence issues that can put a government in political peril have to do with logistical problems such as snow clearing, public transportation or natural disaster management. For the past year, the competence stakes have been raised by a pandemic that has killed more than 20,000 Canadians, that only mass vaccinations can end and for which the federal government is dependent on Big Pharma, among other players, for that solution. But Canadians have been taking out their fatigue, and frustration, on the prime minister who has become the face of the response.

Shachi Kurl

Remember, at the dawn of the COVID-19 lockdown, when the denizens of Pinterest told us we needed to have a “pandemic project” for the “two weeks” we were going “on break”? I’d like to stick a pin in them instead.

Twelve months into what has been the most significant event since the Second World War to so broadly affect the lives of Canadians, novelty has been replaced with fatigue, anxiety and yes, hope, as we find ourselves not only in the thick of the pandemic but also on its downslope.

To understand where Canadians are in the spring of 2021, we must better understand where we have been. This informs our personal mindsets, how we view pandemic management, and the ways in which these influence the calculus of federal politics.

People

COVID-19’s impact on economic growth, unemployment, deficit spending, and the financial prospects of individual Canadians has been well

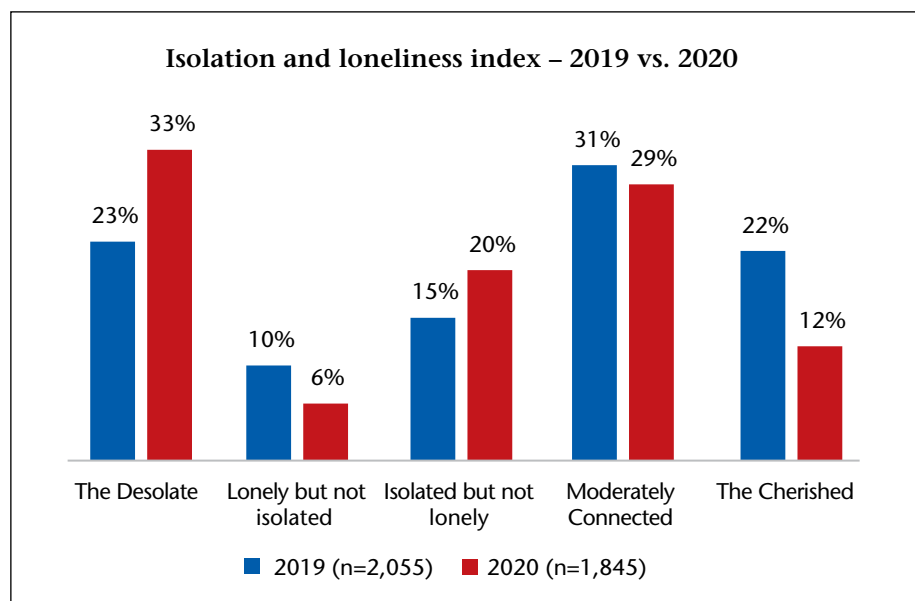
canvassed and chronicled. Years from now, we will have the available data and intellectual distance to understand what worked and what did not.

But there are things policymakers can neither fix nor mitigate: the pandemic’s impacts on the psyche, the heart. We have a limited window on what a year of uncertainty and isolation has done to our collective soul. An Angus

Reid Institute study last fall compared indexed data regarding self-described levels of loneliness and isolation from 2019 and 2020. The results confirmed what anecdotally seemed obvious. Canadians are less connected, and more bereft than ever.

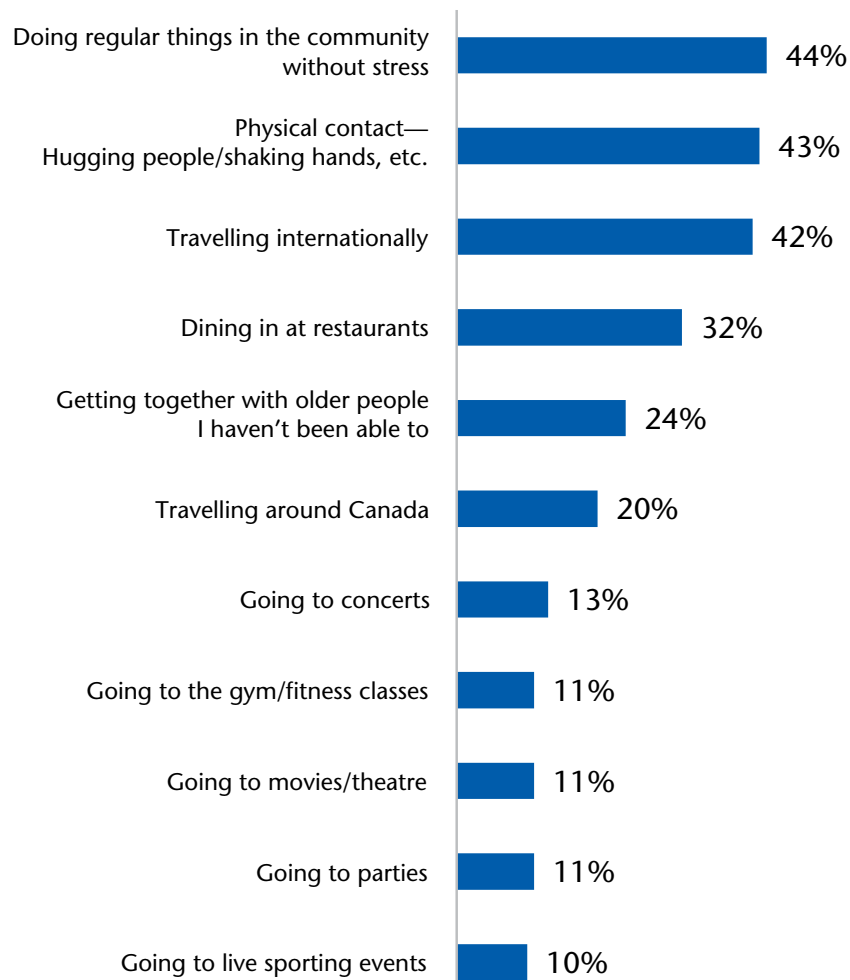
Further, people in this country are under little illusion about the road ahead. A new year is traditionally supposed to bring new hope, but at the beginning of February, while Canadians projected the coming 12 months would indeed be better for them than the 12 months past, they nonetheless viewed the next year soberly. Nearly half expect 2021 to be a “tough” year personally, more than twice the number who projected it would be “good” or “great”.

Still, we have dreams of what we’ll do in a post-pandemic reality. At the top of the list? Just living stress-free, hugging loved ones, shaking hands, and the chance to travel abroad again.



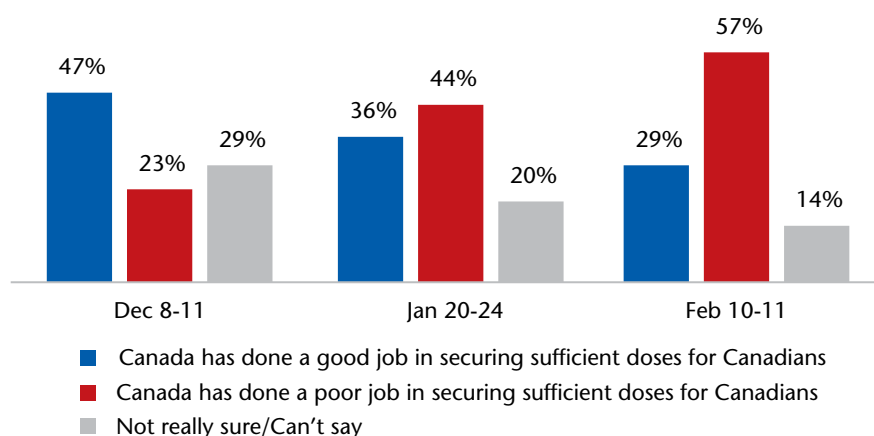
Source: Angus Reid Institute

Activities Canadians are most looking forward to when the pandemic passes (All respondents, n=1,603)



Source: Angus Reid Institute

Based on what you have read, seen, or heard, what is your assessment of Canada's efforts to secure doses of a potential COVID-19 vaccine



Source: Angus Reid Institute

Pandemic Management

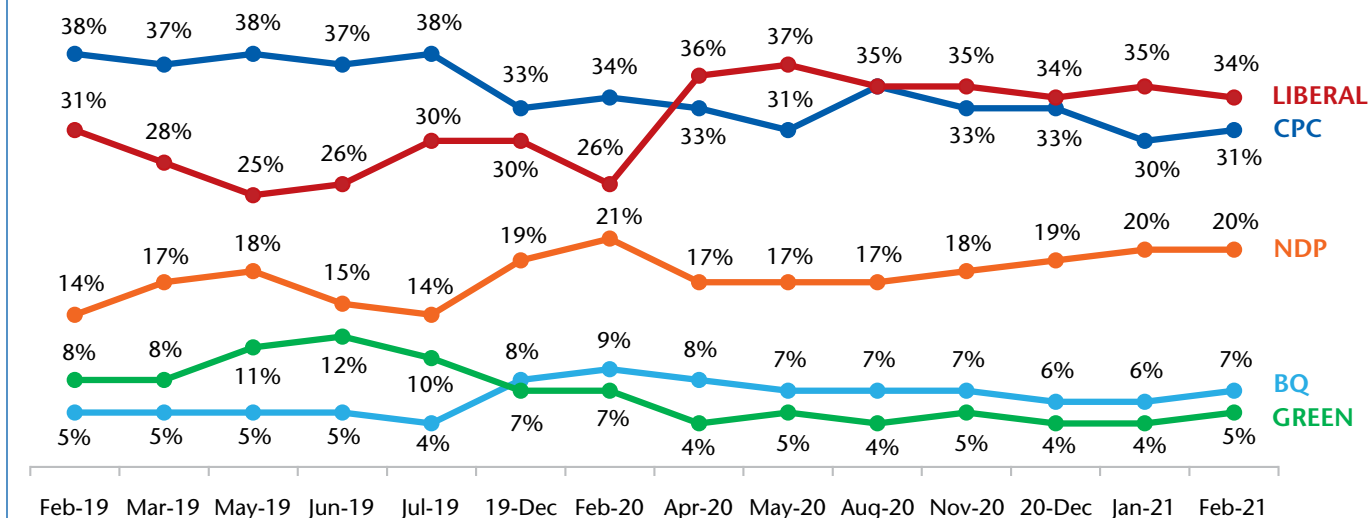
Of course, planning one's next vacation or showering grandma with kisses requires an end to the tragic daily toll of new infections, hospitalizations and deaths. And we have very little doubt about what will bring an end to all this: vaccinations. In late January, a majority told the Institute being vaccinated was the only thing that would end the pandemic for them or those in their household. In 2021, "pandemic management" at the federal level means finding vials of the stuff that will save us from getting sick.

Little wonder then, that the Trudeau government has been under so much pressure to deliver on those precious doses. Let's be real though: politically speaking, the prime minister may well have done this to himself. A December announcement that this nation would be among the first countries to receive vaccines, combined with previous announcements that we had ordered and secured significant amounts, set up expectations that our federal government was especially on the ball. Little wonder then, that in early December, nearly 60 percent of Canadians were expressing confidence in Ottawa to effectively manage vaccine distribution.

“By mid-February, the number of people who expressed to ARI the same ebullience in the Liberal government's ability to distribute vaccines had plummeted 30 points.”

What a difference two months make. No sooner had the Christmas decorations been stored and the post-festive season diets begun than we learned of delays in vaccine shipments, of supply drying up, of uncertainty over timelines, of the delayed realization that quarterly delivery tar-

Federal vote intention over time: Leaning and decided voters



Source: Angus Reid Institute

gets meant that while allies such as the US and UK (both capable, unlike Canada, of producing their own vaccines) pressed ahead with mass vaccinations, Canadians were left watching, and waiting.

By mid-February, the number of people who expressed to ARI the same ebullience in the Liberal government's ability to distribute vaccines had plummeted 30 points. Meanwhile, the number of Canadians who felt their country had done a "bad job" had more than doubled.

“The PM who pulled his way back into the good books of at least half of Canadians post-WE Charity scandal has since seen his personal approval sink five points to 45 per cent on dim views of a deficient delivery.”

And, as the mood of the nation soured on the not-great news, so too did the perception of Prime Minister Justin Trudeau. The PM who pulled his way

back into the good books of at least half of Canadians post-WE Charity scandal has since seen his personal approval sink five points to 45 per cent on dim views of a deficient delivery. Indeed, the same mid-February survey found that most describe Canada's vaccination efforts relative to other nations thus far as a "failure".

Politics

So, one might think if the country is ticked off at the PM, his party's electoral fortunes (with apologies to Bruce Springsteen) would be similarly riding a down bound train. But ... not really. In fact, the Liberals retain a lead in vote intent (albeit a tiny one).

What gives? Well, if Canadians are feeling frostier towards Trudeau, they're not exactly warming up to Opposition Leader Erin O'Toole. The Conservative Party chief has held the position for less than a year but has yet to endear himself to many Canadians. His favourability rating continues to fall while his unfavourability continues to rise. Toward the end of February, half of Canadians told ARI they viewed him in a negative light.

Over more than a five-year tenure, Trudeau has proven time and time again his dual talents for getting into spectacular trouble, and then getting out of it. Canadians are a "seeing is

believing" bunch. Watching our elderly compatriots bravely get their jabs significantly changed the level of enthusiasm and urgency we collectively felt about being vaccinated.

“If Canadians are feeling frostier towards Trudeau, they're not exactly warming up to Opposition Leader Erin O'Toole. The Conservative Party chief has held the position for less than a year but has yet to endear himself to many Canadians.”

Will the spring—and an anticipated surge in vaccine supply—not only hearken a thaw in temperatures but also a thaw in the Canadian electorate's sentiment towards Trudeau? Only Pfizer, Moderna and maybe AstraZeneca know. **P**

Contributing Writer Shachi Kurl is President of the Angus Reid Institute, one of Canada's leading national public opinion and research firms, based in Vancouver.



It's a deal! British Prime Minister Boris Johnson is exultant at 10 Downing Street after a call with European Commission President Ursula von der Leyer last December 24, announcing the Brexit agreement for the UK to leave the EU. *Pippa Fowles, No 10 Downing Street photo*

The Brexit Post-Mortem: Now What?

After five years of bilaterally draining, intellectual capital-preoccupying focus on the divorce between the United Kingdom and the European Union, the economic and social consequences of a Brexit 'accompli' are just beginning to play out. Policy contributor and veteran diplomat Jeremy Kinsman, who served as both Canada's high commissioner to the UK and ambassador to the EU, situates the new status quo within the dramatic arc of postwar history, and turns an eye toward the future, in and out of the continent.

Jeremy Kinsman

Ravaged by the COVID-19 pandemic, the world welcomed the end of the *annus horribilis* of 2020. In Britain, it also meant a game-ending whistle on the Brexit process. But a staggering economy and a grim daily death toll muted celebration by English nationalists.

Brexit was always an emotional exercise about identity over economics, energized through scapegoating the European Union for difficulties that the United Kingdom had a major hand in—the shambles of the Iraq war, the continental migrant crisis, an EU expansion too far and fast, the Great Recession, globalization.

Brexit cast old against young, and countryside against cities, fueling a wedge of resentment toward educated “elites.”

Prime Minister Boris Johnson is trying to repair those breaches. But half of Britain—and, ominously, more than half of independence-inclined Scotland—still resent the Brexit narrative denying the European facts of British life. News that Stanley Johnson, the PM’s father (a former official of the European Commission), was applying for French citizenship thanks to a French grandmother, summed up both the ambiguities of identity and the attractions of mobility.

Now what, for Britain and Europe?

How will the new dynamic affect British diplomacy, given that British officials are no longer, strictly speaking, European? Tony Blair used to say, “I won’t choose between Europe and America. I’ll have both.” But at the moment, Britain risks having neither.

Brexit archives London’s pose as trans-Atlantic bridge, interpreting to Americans the state of mind of 450 million Europeans. The US now looks to Berlin and Paris to interpret the EU, and as prime partners in setting trans-Atlantic relations. Does this end Britain’s “special relationship” with Washington (“so special that only one of them can see it,” as one German official huffed)?

English ambivalence to EU membership has old roots. Charles de Gaulle held from wartime experience that the UK was too tied to Washington to commit to Europe’s postwar political project, which he envisioned as a primarily Franco-German alliance. In 1952, Foreign Minister Anthony Eden explained that “we know in our bones” that joining “would contradict the inalterable marrow of the British nation.” In 1958, when de Gaulle returned to power, even though the Treaty of Rome had committed France to the European project a year before, Prime Minister Harold Macmillan told him that Britain “cannot accept” the

“The objective global assessment is that Britain is a diminished proposition from its abandoned role as a leading member of the half-billion strong European Union whose collective economy rivals the US and China.”

Common Market. “I beg you to give it up.” Still, as the EEC countries began to gain clear economic advantage, Macmillan convinced his government and Conservative Party in 1961 to launch an accession bid.

Ever the nationalist, de Gaulle vetoed successive UK applications—first in 1963, then in 1967—believing that once in, the UK relationship with the US would hinder Europe’s “strategic sovereignty.” The star-crossed Macmillan-deGaulle EU accession courtship included Macmillan bursting into tears during a hunting party at Rambouillet over de Gaulle’s intransigence and de Gaulle witheringly telling his cabinet he was nearly moved to quote Edith Piaf at the sight: “Ne pleurez pas, milord.”

History matters. The First World War was a shared tragedy. Wounded generations were lost to cynicism, insecurity, and susceptibility to escapist competitive nationalisms.

But the catastrophe of the Second World War is remembered differently on either side of the Channel. On one side, the trauma of defeats and destructive occupations, great crimes, and wanton cruelty drove the postwar project to end Europe’s murderous wars forever by forcing functional cooperation and a shared beneficial social model.

This over-arching redemptive ethos eluded the British, whose island victor’s wartime narrative remains heroic in nostalgic re-telling. The EEC’s economic relevance mattered in Britain, not the European project’s essential political purpose that never engaged British—or at least English—identity. As the great journalist Hugo Young recalled, “Europeanism” was viewed in Whitehall as “an eccentric allegiance.”

Empires foregone also condition collective memory, not that the British yearn nostalgically for days of glory of their empire on which the sun never set. But the exceptionalist legacy of a global and transcendental history helped sustain the enduring gut feeling EU membership was just not in “their bones,” even though top British politicians like Roy Jenkins and Chris Patten, and some of the EU’s best and brightest officials, made the European venture work and shine more plausibly to the rest of the world. EU governance and diplomacy miss their voices of British liberalism.

The UK’s challenge is to succeed as a single nation in an increasingly interdependent world. Having narrowly won its Brexit referendum with a cynical nationalistic slogan “take back control,” the government needs comparably imaginative investment and commitment to the future of “global Britain.” Team Johnson argues that British talent, experience, and entrepreneurial energy can forge success with global soft power brands such as Shakespeare, Manchester United, BBC World, the Beatles and AstraZeneca.

Nonetheless, the objective global assessment is that Britain is a diminished proposition from its abandoned role as a leading member of the half-billion strong European Union whose collective economy rivals the US and China.

Luckily, international opportunity knocks. This year, the UK chairs two international summits—in June the G7 (succeeding the wasted year under Trump). Turning to President Joe Biden’s plan to convene a wider summit of democracies, Johnson is inviting Australia, India, and South Korea to join the G7 meeting, creating a way station in the campaign to recu-



PM David Cameron with then-US Vice President Joe Biden in London in 2010. Cameron's win in the Scottish referendum rejecting independence in 2015 led to a Conservative majority in a subsequent election and emboldened him to call the 2016 referendum on EU membership won by the Brexit insurgency and forcing him out. No 10 Downing Street Flickr photo

perate democracies' reputations and self-confidence, and to align them in a cautionary message to others, especially China.

In November, COP 26, the annual United Nations Climate Change Conference, or conference of the parties, meets in Glasgow in the next defining stage in the alliance against global warming, pivotal to Biden's climate agenda. The UK government hopes its multilateralist leadership dims the Biden administration's memory of Tory over-the-top courting of Brexit-supporting and diplomacy-averse Donald Trump.

Globally, London banks on leadership opportunities to vault its prestige and influence above its actual weight, including leveraging its anachronistic UK standing as one of five permanent members of the UN Security Council, and as the con-venor of the neglected Commonwealth, as well as building on its status as NATO's second-biggest defence

spender. Britain has to exploit its new advantage of agility outside the EU. Notably, the UK has outperformed the flat-footed EU on COVID-19 vaccinations, validating for some the optimistic case for leaving. But already the government has cut its exemplary performance on Official Development Assistance (ODA) from 0.7 per cent back to 0.5 percent of GDP.

But the irresistible counterpoint to the UK's identity-based decision to go it alone is the pull and reality of the EU's gravitational economic weight. The UK can't compensate for the EU's economic importance to Britain with lesser trade relationships. It will have to specialize in allocating creative resources.

“Trading its nameplate at the EU table for a negotiator's seat across the table may seem a satisfying assertion of sovereign independence for some, but it shouldn't delude the British side that it's a negotiation between equals.”

The UK and the EU will be negotiating crucial details of their bilateral economic and trading arrangement for years. Trading its nameplate at the EU table for a negotiator's seat across the table may seem a satisfying assertion of sovereign independence for some, but it shouldn't delude the British side that it's a negotiation between equals.

Mutual incomprehension conditioned the Brexit negotiations. The EU underestimated the profundity of the UK's identity beliefs. “We never really understood each other,” an EU negotiator confided. The UK never empathized with the EU commitment to a fair European social model, most theatrically under Margaret Thatch-

er, who famously insisted there was no “such thing as society.” For the EU belief system, common policy is all about “society.”

The Brexit endgame left scars on both sides. There were pointless British flourishes—for example, exiting the EU's remarkable Erasmus Plus program that has exposed a million university students to other countries' realities, and other nationalistic cut-backs on interchange between UK and EU citizens.

Impatient Europeans want now to get on with the building of their “ever-closer union,” spared at last from UK haggling and opting-out of key policy areas. The EU is already a global rule-maker for key areas of economic life, such as governance of the Internet and social media, and Britain will be compelled to take some EU-mandated rules, like it or not. Political coherence remains problematic for a union of 27 still-sovereign nations, some of which—Poland, Hungary—are increasingly nationalistic and illiberal, though populations remain broadly EU-supportive. Brexit has definitively discouraged any other EU defection. France's Emmanuel Macron wants to boot up the EU's world role but the EU's forward momentum may depend on how German leadership evolves when Angela Merkel steps down in September. In any event, Britain's island history will inevitably stay keyed to Europe's. The UK will likely align with the EU on most value-based foreign policy issues, especially the overarching climate and health crises.

In assessing the project by Europeans to end their wars forever by creating a humane model for economic and political unification while maintaining cultural and other diversities, a Chinese ambassador described it in 2006 as the sort of geo-political event that occurs every 500 years. In or out of the EU, the UK is part of its epic story. **P**

Contributing Writer Jeremy Kinsman served as Canadian ambassador to the EU, high commissioner to the United Kingdom, and ambassador to Russia. He is a Distinguished Fellow of the Canadian International Council.

The Biden Agenda

RESTORING WORLD LEADERSHIP FOR PROSPERITY AND STABILITY

On the one hand, with his love letters to dictators, random and arbitrary attacks on the rules-based international order and use of his Twitter account as a multilateral irritant, Donald Trump is not a tough foreign policy act to follow. On the other, the domestic and foreign legacies of the twice-impeached president demand a significant amount of remedial work by his successor. Earnscliffe Principal and former US diplomat Sarah Goldfeder outlines President Joe Biden's plan to accelerate that process.

Sarah Goldfeder

"Every action we take in our conduct abroad, we must take with American working families in mind. Advancing a foreign policy for the middle class demands urgent focus on our domestic economic renewal."

President Biden on America's Place in the World, February 4, 2021

The United States of America has a mixed legacy on the world stage. While the post-World War II era was a high-water mark, there have since been more than few times when American involvement has been nothing less than disastrous. US involvement in Latin America from the Eisenhower era on, for example, was often catastrophic. On February 15, 2003, the entire world came out to protest the American proposal to invade Iraq on the basis of questionable evidence on the existence of weapons of mass destruction. Later, in Syria, America drew a red line that it then ignored and with that, lost virtually all credibility in the Middle East.

In some ways, the work the Biden team has in front of them is reminiscent of what the Obama team faced in 2008. At that point, the world had

grown weary of America's anger and bad faith as it attempted to find allies willing to join in actions against perceived enemies of democracy and freedom. In what could be argued to be a global sigh of relief, the Nobel committee awarded President Obama the Peace Prize after less than a year in office.

President Biden is re-entering the world stage with a team of seasoned foreign policy professionals. Many of them have spent the past four years considering how to remake American foreign policy after witnessing the effects of the shortcomings of the Obama years. Many, including the President himself, have articulated the need for American foreign and trade policy to benefit America's middle class. That feature, more than anything else, will define the Biden administration's global profile. What does that mean, in terms of policy decisions?

These next four years offer a period of re-set in almost every way. Politically, with the change of administration, but also economically. What we learned about the recovery from 2008 was that our thinking was flawed and many were left

behind. The economy needs not only a post-pandemic restart, but adjustments that ensure that no group is left behind in the recovery. Additionally, there are also opportunities for resets in foreign policy. Multilateral institutions such as the World Health Organization and the United Nations always have benefitted from American involvement, but it is in no one's best interest for them to be dependent upon American largesse or leadership.

Rebuilding and buttressing alliances will be critical. The Trump years will be remembered for a president who preferred to go it alone—to negotiate bilaterally and neglect alliances, seeing them as outdated tools that required too much compromise. On trade, the United States could have chosen a route that brought along like-minded, rules-based trading partners. In discussions with Russia, alignment with NATO partners and others would have made the negotiating position of the United States stronger. In choosing the bilateral path, Trump turned his back on allies and allowed rivals to gain the global high ground.

The appointment of Secretary of State Antony Blinken along with a robust national security team brings decades of experience in diplomacy and intelligence. Guaranteeing dialogue, exchange and debate is part of the Biden plan to make policy that meets the national interests of all Americans. The positioning of Vice President Kamala Harris in a lead foreign policy role, where she is cultivating relationships with foreign leaders and within executive branch agencies at home, also telegraphs a level of commitment to a whole-of-government approach to foreign policy development.

The past four years have demonstrated the need for the United States to be



Vice President Kamala Harris looks on as President Biden signs executive orders in the Oval Office. Sarah Goldfeder writes that her “lead foreign policy role, where she is cultivating relationships with foreign leaders...also telegraphs a level of commitment to a whole of government approach to foreign policy development.” *White House photo*

part of the equation for global stability. Now we are facing a period of crisis and instability created not just by COVID-19, but by a series of climate and humanitarian disasters around the world. Moving forward without the leadership of the United States is possible, but not desirable. President Biden has articulated a vision of United States involvement to create stable and prosperous partnerships that provide jobs and security to Americans.

Foreign aid and the administrative costs associated with the dispensation of it make up less than one percent of the US total federal budget. In actual aid dispersed, the US sits at 0.2 percent of Gross National Income, well shy of the UN recommended 0.7 percent. That said, the US still accounts for 23 percent of the overall spending by Organisation for Economic Cooperation and Development (OECD) countries. The disconnect in the domestic conversation reflects the actual share of the burden the US takes on, not the amount of spending it does in relation to the size of its economy.

Demonstrating the benefits of foreign aid and investments in foreign policy to working class Americans may be next to impossible, but it is possible to design foreign policy so it reflects those priorities. In 2020, the Carnegie

Endowment for International Peace brought together a task force to identify how to make foreign policy work for America’s middle class. More than one of the authors is now part of the administration, most notably Jake Sullivan, Biden’s national security advisor. With globalization assailed since the 2008 financial crash, the articulation of a foreign policy framed for domestic stakeholders is bold.

Moving beyond the traditional, siloed conversations of foreign policy elites to a conversation about investing in American communities, demonstrating the value of having partners on the world stage as part of attracting that investment, and moving beyond partisan divisions will be critical. The use of foreign policy as a political football puts the entire country at a disadvantage and erodes trust between Americans and their government.

Those are the challenges for the Biden foreign policy team: regaining the trust of both allies and Americans alike, investing in policy that demonstrates benefits at home as well as abroad, all while preserving a position of strength that facilitates leadership on priority issues. Climate policy has already emerged as the defining issue of global leadership, even more strik-

ing for the contrast with the Trump administration’s neglect of an issue seen by most allies and adversaries alike as key to global stability.

The concept of fairness being at the heart of the American psyche, the Biden climate team will have to bring evidence that America is not shouldering more than its share of the economic burden of mitigation. That means working with rivals like China to demonstrate a global unity of purpose. Compartmentalizing relationships with geostrategic rivals is nothing new, but this new front will be rife with challenges. Americans will have to trust evidence of China’s commitment to zero-emissions vehicles, carbon capture technologies, and a move away from fossil fuels.

Finally, a challenge to any progressive policy is the integration of rural economies and communities to that vision. The discussion on energy transitions, reduction of defense spending (in the American context), and the innovation economy isn’t as easy a sell in rural communities. Pointing to the importance of global markets may work in some of the agriculture-supported areas, but overall, rural America is suspect of any treasure spent on what is perceived to be the interests of elites.

At Foggy Bottom on February 4th, the President noted that “Investing in our diplomacy isn’t something we do just because it’s the right thing to do for the world. We do it in order to live in peace, security, and prosperity. We do it because it’s in our own naked self-interest.” The challenges that he and his foreign policy team will have in the coming months are multi-faceted. Proving the naked self-interest will be foundational to the credibility of his administration at home, and proving that America is once again a willing partner and advocate for democracy and good governance will be another. **P**

Contributing Writer Sarah Goldfeder, a Principal of Earncliffe Strategy Group in Ottawa, is a former career officer of the US State Department who was an adviser to two US ambassadors in Ottawa, as well as serving in Mexico.

Building Back Better, Together: Lessons from Virtual Davos

Every year, the world's most politically and economically engaged leaders gather in Davos for the World Economic Forum meeting. Nearly a year into the COVID-19 pandemic lockdown, Davos, like most events of its kind, was held virtually this year. Suzanne Fortier, Principal and Vice-Chancellor of McGill University, who has attended Davos since 2016, has filed her annual Letter from Davos to Policy, this year from Montreal.

Suzanne Fortier

In the past year, COVID-19 has transformed nearly every aspect of our lives, shifting the bulk of our activities to the virtual realm. Like all participants in this year's World Economic Forum (WEF) Davos Meeting, I attended from home, starting with the opening ceremony, which included a beautiful rendition of Beethoven's "Pastorale" performed by musicians from around the world.

As I planned my agenda and attended the online sessions, the parallels between my virtual Davos experience and the new reality of university students pursuing their education during a pandemic quickly became obvious.

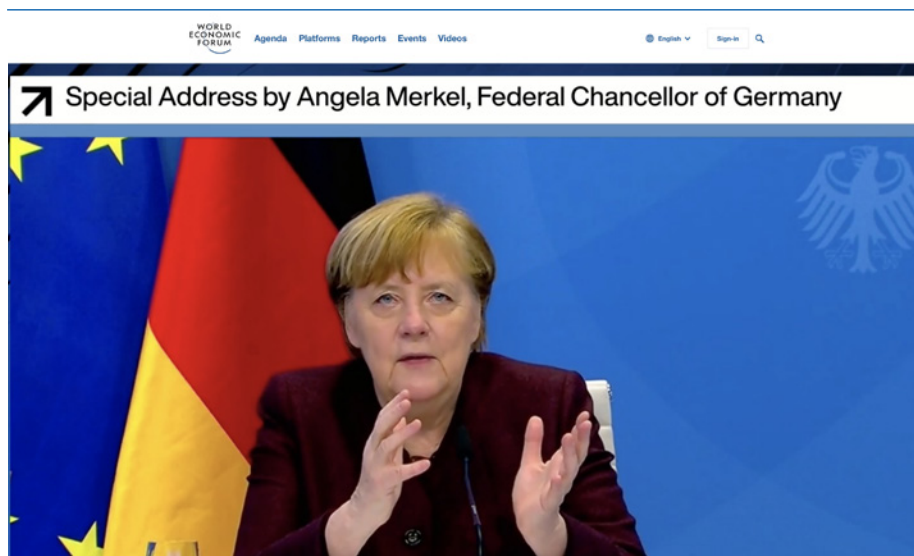
On the one hand, virtual Davos afforded remarkable flexibility. The online sessions and recordings allowed me to maximize my Davos experience without the constraints of time zones or travel time.

On the other hand, I missed the interpersonal interactions with the extended WEF community: the chance encounters on the shuttle bus and the interesting discussions at the congress centre. This reminded me of how students—at McGill and other universities around the world—must now manage the competing demands of their remote studies while missing many aspects of the in-person campus experience.

During a time of border closures and turning inward, the WEF constituents have shown a remarkable commitment to interconnectivity across nations, organizations, and disciplines to address the most pressing global challenges. In the lead up to Davos, the Global University Leaders Forum (GULF), which I chair, held over a dozen meetings—an unprecedented number—which enhanced our ability to interact, cooperate, and establish common goals.

While Davos 2021 was a unique experience, what remained consistent was the richness of ideas exchanged around some of the most consequential issues of our time. The ongoing impact of COVID-19 framed discussions across topics, as did the ever-pressing needs for climate action and social inclusion.

The recurring theme of *building back better* infused most sessions, including an address from German Chancellor Angela Merkel. Drawing from the experience of a long and effective political career, Merkel explored the pandemic from multiple angles, making her session, which is available online, a valuable point of reference for anyone navigating the disruptions of COVID-19. In her re-



German Chancellor Angela Merkel in her Davos session, Fortier writes, "highlighted the ways in which the pandemic exposed grave disparities in our societies and our lack of preparedness in the face of a global crisis." *World Economic Forum image*



McGill Principal Suzanne Fortier (bottom right) at one of her virtual Davos sessions, which allowed her to participate online from her Montreal office, though she also writes she missed “the interpersonal interactions with the extended WEF community.” *World Economic Forum image*

marks, she highlighted the ways in which the pandemic exposed grave disparities in our societies and our lack of preparedness in the face of a global crisis, suggesting that a return to “normal” cannot be the way forward. With her sights set on the future, Merkel underscored the advantages of a robust research and development policy, which, as we have seen, can catalyze breakthrough innovations such as the COVID-19 vaccines. She also prescribed an approach of “precautionary agility,” as well as cohesive, concerted action to tackle other global emergencies such as climate change.

There was no shortage of sessions on climate action at this year’s meeting. Politicians, financiers, and private sector leaders all placed carbon neutrality at the heart of their discussions, making it clear that transitioning to a net-zero economy has crystallized into a serious commitment. Countries and organizations worldwide are heeding the call. Canada and the EU have pledged carbon neutrality by 2050; McGill University has committed to meet this objective by 2040. As France’s president, Emmanuel Macron, underscored, a priority moving forward must be to establish shared net-zero measures and norms for greater accountability.

New technologies and innovations

will be essential to meet the Paris Agreement goal of containing global warming to “well below two degrees above pre-industrial averages.” It will also require resolve, open-mindedness, and meaningful lifestyle changes from all members of society.

“There was a widespread uptake among discussants of stakeholder capitalism: the philosophy that business decisions should reflect the interests of multiple constituents, not only the shareholders.”

Measures such as a carbon tax, while recognized as potentially highly effective, have proven politically difficult to implement. Signaling, or issuing advance notice of change, was broadly acknowledged as an effective tactic. For example, to facilitate the mass adoption of electric cars, the Quebec government announced in 2020 that the sale of gas-powered vehicles will be banned by 2035. I anticipate that we will see more signaling in the future, particularly to curtail the effect of e-waste, which also has a major environmental impact.

Many of the ideas about ESG (Environmental, Social and Corporate Governance) in BlackRock CEO Larry Fink’s annual letter to CEOs were echoed in the conversations on financial sustainability. There was a widespread uptake among discussants of stakeholder capitalism: the philosophy that business decisions should reflect the interests of multiple constituents, not only the shareholders. The increasing variety and affordability of sustainable investment options, particularly with regards to pension investments, are directing significant capital towards companies that are better prepared to address climate risk and improve society—another tangible sign of progress.

A year into the COVID-19 pandemic, the drive to confront the threat of climate change has taken on renewed vigor. There is palpable momentum behind these topics, which will likely intensify at the 26th UN Climate Change Conference (COP26) in Glasgow this November.

Other highlights for me were the sessions on the future of education and work. I had the privilege of contributing to a panel dedicated to *Reimagining Education*, which emphasized the importance of adopting a farsighted approach with a focus on the skills that will prepare students for the future, such as: creativity and innovation, digital literacy, global citizenship, civic responsibility, and “learning to learn.” Given the inevitability of continuous, rapid change, instilling these skills in students, even as early as primary school, will be essential. The discussion also emphasized the importance of providing access to quality education across the world, noting that new learning platforms developed in response to the pandemic are creating greater opportunities for more inclusive access.

Delivering the Reskilling Revolution and Harnessing the Fourth Industrial Revolution were two of many sessions that

expanded upon the findings in the latest WEF *Future of Jobs Report*. According to the WEF, 94 percent of business leaders expect employees to learn new skills on the job, a significant increase from 65 percent in 2018. As we live and work longer, we must encourage both “work-integrated learning” and “learning-integrated work.” Lifelong learning is no longer optional but essential for employers and employees alike.

From working remotely to balancing the converging demands of work and life, many employers are concerned about employees’ mental health—a topic explored in *Prioritizing Workplace Mental Health*. While the pandemic has taught us some lessons, much of what we currently know is anecdotal, reminding us of the importance of conducting rigorous research and collecting data to inform policy design.

I concluded my virtual Davos exper-

“ I am reminded of how privileged we are in Canada, where the representation of women among those enrolled in higher education institutions nationwide is nearly 60 percent. I am also mindful that there is still much work to be done in many other parts of the world. ”

ence with renewed optimism and am carrying forward many insights into how we can emerge from the pandemic stronger and better prepared.

One insight that especially resonated with me was shared in the session, *Harnessing Technology for Environmental Sustainability*. When asked what

single action would have the most impact, one participant responded that it would be to provide access to education to all women in the world.

I am reminded of how privileged we are in Canada, where the representation of women among those enrolled in higher education institutions nationwide is nearly 60 percent. I am also mindful that there is still much work to be done in many other parts of the world.

To build back better together as a global community, women everywhere must be given the opportunity to play a leading role; increasing their access to education globally is an essential first step. **P**

Suzanne Fortier is the Principal and Vice-Chancellor of McGill University. In 2019, she was appointed Chair of the World Economic Forum’s Global University Leaders Forum (GULF). She also co-chairs the Global Future Council on the New Agenda for Education and Skills.

Policy Online

Policy’s guaranteed readership of decision makers is expanding daily with *Policy Online* at policymagazine.ca. With Analysis from Canada’s best policy minds, Columns from our most talented political players, our weekly global review—*The Week in Policy*—Book Reviews and Special features, there’s always something new at *Policy Online*.

As our political and policy community faces unprecedented challenges, *Policy* has become a forum for innovative ideas, serious solutions and great reading.

We now offer combined rates for ad space in our print edition, at *Policy Online* and/ or in *The Week in Policy*.

For further information, contact: lianmacdonald@gmail.com

Canadian decision makers and opinion leaders are turning increasingly to *Policy Online*.

PolicyMagazine.ca

Official Languages Reform: Failure is not an Option

The current prime minister of Canada shares a father with the country's seminal official bilingualism policies of half a century ago. That makes the protection of the French language more than a Liberal Party legacy for the Trudeau government. With the working paper on the modernization of the Official Languages Act now public and a likely election looming, updating Pierre Trudeau's vision of a bilingual Canada for the 21st century will be a challenge.

Stéphanie Chouinard

On February 19, Official Languages Minister Mélanie Joly presented her working paper on the modernization of the Official Languages Act (OLA). Breaking from Liberal tradition, which always placed French and English on a scrupulously equal footing, the document recognizes the vulnerability of the French language in Canada. It vows to implement “substantive equality” between the two official languages, while also calling for a further integration of protections for Indigenous languages.

This document is a step in the right direction toward necessary reforms. But the OLA being only one of many pieces of legislation targeted by the minister, her mission is still far from accomplished. In her handling of an issue as contentious, yet as fundamental, to Canada's national fabric as official languages, failure should not be an option.

But neither time nor context are on her side to make her plan a reality. She's dealing with a minority House in which anything could happen, especially with the Liberals, the Con-

servatives and the Bloc Québécois all sensing the opportunity of winning more seats at home.

To some observers, this working paper was an unnecessary step, even a delaying tactic, towards the presentation of a full-fledged bill in the House of Commons to go ahead with the reform. Several years have passed since the beginning of consultations on this issue; both the House of Commons and the Senate have published reports on the matter, following the testimonies of myriad experts and minority-language community members. Even Official Languages Commissioner Raymond Thériault himself put out a paper highlighting, among other things, the ways his powers should be amended.

Other issues with the OLA, a legislation last revisited in 1988, are well known. Part IV of the Act, concerning communications with the public, needs to encompass the government's use of electronic and social media—a matter that came under increased scrutiny since the beginning of the COVID-19 pandemic. Problems with Part V, which grants the right for bureaucrats to work in their official

language of choice, have come up as recently as last month, when the Official languages commissioner reported the difficulty of working in French in the federal civil service. Part VII of the Act is seen as an empty shell since a 2018 Federal Court decision found that the obligations it states regarding the promotion of both official languages are too broad to be adjudicated. These issues were on the minister's radar, and she promised to address them in her plan for the modernization of the OLA.

More urgently, the federal language regime is perceived as failing francophones, who are slowly but inexorably becoming less visible in Canada. Between rampant assimilation in anglophone parts of the country, the arrival of large contingents of immigrants to Canada in recent years, the vast majority of whom have (or choose) English as their official language, and few opportunities for anglophones to learn French in Canada, francophones are becoming an increasingly smaller minority of the total population. Even in Quebec, and particularly in Montreal, French is perceived as threatened, with English becoming an increasingly important language of work. This challenge was top of mind for the minister, as is evident in her approach to the reform.

To target this issue, Joly promises to support francophone minority institutions, especially in the domain of early education as well as post-secondary education, where a crisis is looming in places like Ontario and Alberta. She also wants to reach the target, set in 2006 but never met since, of 4.4 percent of all immigrants coming to Canada outside of Quebec having French as their first

official language. She wishes to recruit massively from other francophone countries to address the teacher shortage in French immersion programs throughout the country, in order to give more anglophone children the opportunity to learn the other official language—a measure that should spur the interest of the linguistic majority in the OLA, perhaps for the first time.

Joly responds, in part, to Premier François Legault's wish to see Bill 101 be applied to federally regulated private businesses, by encouraging French as the language of work in such businesses in Quebec as well as in other regions, yet to be determined, where there is a strong francophone presence. She also wishes to bolster the protection and promotion of French in the country, notably through the reinforcement of Radio-Canada's mandate in the dissemination of French-language cultural content.

Will these measures be sufficient to reverse the current linguistic trends in Canada? While some of her proposals respond to minority communities' demands and answer pressing needs, none of them directly address some of the most important factors behind the assimilation of francophones, such as a lack of support for exogamous families, who make up the vast majority of households to which French-language speakers outside Quebec belong.

There are several hurdles to the implementation of Joly's plan, and they won't all be coming from the opposition bench. Her reforms will be rendered meaningless if the appropriate resources are not invested by the government to make them reality.

In the context of a weakened Canadian economy already reeling from the pandemic, and facing the biggest deficit of the country's history, it is unclear how much supplementary funding will be made available to her, as different cabinet ministers will also be seeking their piece of a shrunken budgetary pie.

In times of financial constraints, minority communities are often among the first to be short-changed by governments; avoiding this trend will ne-



Official Languages Minister Mélanie Joly is carrying the burden of reforming the Official Languages Act, the first effort to update the OLA since 1988. Is she up to it, in what may be an election year, with major parties vying for seats in *la belle province*? Adam Scotti photo

cessitate a strong resolve from PMO and cabinet to ensure official languages are—and remain—a priority.

“In times of financial constraints, minority communities are often among the first to be short-changed by governments; avoiding this trend will necessitate a strong resolve from PMO and cabinet to ensure official languages are—and remain—a priority.”

Moreover, the bill that should emanate from this working paper is still in preparation, and it is uncertain at this point when it will be tabled in Parliament. In the context of a minority government, this means two things.

Firstly, the opposition will need to be convinced that the minister's reform is sound. The Conservative Party of Canada has taken a keen interest in this file in the past months, and while

elements of the working paper echo the official opposition's demands, some others, such as mandatory bilingualism for all Supreme Court appointments, run against the traditional conservative stance. It remains to be seen whether Erin O'Toole will change his tune to better align with Quebec nationalists, whom he has been courting relentlessly since he was named party leader. The NDP, for its part, has not yet presented a coherent point of view on official languages since it lost its “champion” on this file, François Choquette, in the 2019 election.

Secondly, the Liberals appear to be readying their troops for an election. It is expected the writs will be dropped as soon as vaccination rates make it safe to do so, possibly as early as late spring. Joly's window of opportunity won't be open for very long and her bill, if introduced, may very well die on the Order Paper... Right on time to be relegated yet again, like it was two years ago, to the status of an electoral promise. **P**

Contributing Writer Stéphanie Chouinard is an Assistant Professor of Political Science at Royal Military College in Kingston, cross appointed to Queen's University. She specializes in language rights, Indigenous rights, federalism and judicial politics.

The Atlantic Bubble and Nova Scotia Politics

Among the many political knock-ons of the COVID-19 pandemic has been the emergence of a hierarchy of political successes and casualties. Stephen McNeil, who had been Liberal premier of Nova Scotia for more than six years when the pandemic hit, left the office on his own timeline and terms on February 23. Dalhousie University's Lori Turnbull looks at the province's transfer of political power to his successor, Iain Rankin.

Lori Turnbull

In August of 2020, Stephen McNeil, then premier of Nova Scotia, announced his intention to leave politics by early in the new year. He had been leader of the Liberal Party since 2007 and Premier since 2013. He led two back-to-back majority governments and decided not to go for a third, thereby creating a need and an opportunity for new leadership as the province begins its vaccine rollout and embarks on a process of social and economic rebuilding. Some were shocked to see him leave. "I'm tired," he explained.

Premier McNeil has something of a mixed legacy. He was known for being decisive (for better or for worse), and for not always listening. He did not always consult and could be accused of not living up to modern expectations when it comes to openness and transparency. His relationship with the province's labour unions was rife with conflict and mistrust, due in large part to his government's implementation of back-to-work legislation for teachers and essential services legislation for health care workers. McNeil would defend these decisions as efforts to rebuild the province's finances.

McNeil's last year in the Premier's Office was marked by tragedy in the province. On top of the public health and economic challenges related to the global pandemic, the largest mass shooting in Canadian history occurred in Portapique, NS in April 2020. Just days later, six members of the Canadian Armed Forces were killed in a helicopter crash into the Ionian Sea near Greece; four of them were from Nova Scotia. In May, Captain Jennifer Casey, originally from Nova Scotia, was killed in a Snowbirds plane crash in Kamloops. In December, a crew of scallop fishers went missing in the waters off the southwestern part of the province. During this period of overwhelming loss and sadness, the premier was strong and thoughtful.

Going forward, memories of Premier McNeil's time in office will be shaped by his management of the COVID-19 pandemic. The province's case numbers remained low throughout the year as compared to other jurisdictions in the country. However, the outbreak at the Northwood nursing home in the north end of Halifax shone a light on the inadequacies and vulnerabilities of long-term care facilities in the province.

In July, when case numbers across the Atlantic provinces were stabilized, the four premiers entered into an agreement to create an "Atlantic bubble" that permitted unrestricted travel within Atlantic Canada but required all others traveling to the region to self-isolate for 14 days upon arrival. This initiative was meant to support business, tourism, and mental health in the region. It stayed in effect until November, when the second wave of the pandemic took hold.

“The four premiers entered into an agreement to create an “Atlantic bubble” that permitted unrestricted travel within Atlantic Canada but required all others traveling to the region to self-isolate for 14 days upon arrival.”

The leadership race to replace McNeil was a quiet one. After McNeil made clear his intention to resign, there was speculation that either Halifax Regional Municipality Mayor (and former Liberal Member of Parliament) Mike Savage or former Liberal cabinet minister Scott Brison would run. Both declined, as did Nova Scotia minister Kelly Regan and McNeil's former chief of staff, Laurie Graham. After a period of time when it seemed that no one was interested in the job, McNeil ministers Labi Kousoulis, Randy Delorey, and Iain Rankin left cabinet to put their names on the ballot.



Nova Scotia's new Premier Iain Rankin at the swearing-in of his cabinet on February 23. While Nova Scotia has contained the pandemic in the Atlantic Bubble, the unhappy experience of the Newfoundland election shutdown is a constraint against an early call to the polls. *Government of Nova Scotia photo*

With due respect to all three it was noted that there were no women on the ballot, no Black Nova Scotians, and no Indigenous people. Given the important conversations both across the country and around the world about equity, diversity and inclusion, it seemed that the party was missing an opportunity for growth and change.

There was never an apparent front-runner, and Rankin won on the second ballot after having promised generational change, green growth, and social progress.

As a new premier, he faces a number of serious challenges. First, as is the case with every political leader, he faces the urgency of the COVID-19 pandemic. Nova Scotians await the delivery of the vaccine so that business, travel, and social life can return to some kind of normal. Second, he has a very short runway before he has no choice but to call a provincial election.

Nova Scotia is the only province without fixed election dates. However, the House of Assembly Act and the Charter of Rights and Freedoms re-

quire that elections be held roughly every five years. The last election in Nova Scotia was held in May of 2017, so Rankin has, at most, a year and change to build his own brand while channelling the successes of the McNeil government.

Third, the fact that the Liberals have been in power since 2013 could mean that voters are inclined to give the Progressive Conservatives a shot at government under Tim Houston's leadership. Three back-to-back Liberal governments could be too much to ask of voters, even with a new leader.

On the other hand, it could be that many voters choose continuity over change given the circumstances of the pandemic. Fourth, there is the timing of the election call itself. When does he go? The premier would want to avoid, at all costs, the scenario playing out in Newfoundland and Labrador, where the general election has been moved to a special ballot because of an unexpected outbreak of COVID-19. Rankin also needs to be mindful of the possibility of a federal election call sometime in the next year.

In the meantime, Rankin has chosen a cabinet that speaks to his priorities and vision for the province. Notably, he has created a new Department of Infrastructure and Housing. This comes at a critical time, as pandemic evictions brought to light the crisis in affordable housing in the province. Also, the premier has created the Office of Equity and Anti-Racism and an Office of Mental Health and Addictions. There are only four women in Rankin's 16-member cabinet; as he campaigns in the next election, he will face questions about how he will improve these statistics.

“The premier would want to avoid, at all costs, the scenario playing out in Newfoundland and Labrador, where the general election has been moved to a special ballot because of an unexpected outbreak of COVID-19.”

In the short term, Rankin will be expected to meet the legislature as soon as possible. In 2020, the House of Assembly met for a total of only 13 days and did not convene at all after the COVID-19 lockdown in March. The opposition is waiting anxiously to question the government on a range of issues, including its handling of COVID-19. His relationships with the business sector will be key as he generates support for his plans for green growth. At the same time, it is imperative that he take an inclusive approach to governance that brings more voices to the table, including younger voters. It's been a long time since Nova Scotia had a new premier; time will tell whether Rankin will have the chance to be more than a placeholder. **P**

Contributing Writer Lori Turnbull, co-winner of the prestigious Donner Prize, is director of the School of Public Administration at Dalhousie University.



Column / Don Newman

Lessons from the Pandemic

As 2021 unfolds and the COVID-19 pandemic, hopefully, recedes, Canada will have to adapt and adjust to some of the lessons we have learned from the pandemic and other events of the past year. Some of the adjustments will be difficult. Some will appear contradictory.

We will have to be more independent and assertive, both domestically and internationally. Canada must make sure we have the capacity to manufacture the equipment, vaccines and other material needed to face crises in the future without relying solely on the good will of others. But the trade agreements, defence alliances and international relationships that are vital to governing in an ever-more connected world must be strengthened and enhanced.

And Canada must raise its diplomatic profile, to strengthen its role in the struggle in what will be the most important international contest of the next 50 years. That is the struggle between liberal democracies led by the United States, and authoritarian-totalitarian states led by China. Ironically, to get in a position to play an important role in that ongoing struggle we will first have to accommodate China and disappoint the United States before we join Washington and our other natural allies in countering Beijing.

That can be done by using the months ahead to try and finally resolve the “Two Michaels” hostage situation. Canadian citizens Michael Kovrig and Michael Spavor have been languishing in Chinese jails for over two years, seized in retaliation for the detention of Meng

Wanzhou in Vancouver on an extradition request from the US. Madame Meng is the daughter of Huawei founder Ren Zhengfei, and CFO of that company. She is accused of bank fraud for lying to American banks about financial transactions between a Huawei subsidiary and Iranian companies between 2009 and 2014, when those transactions were illegal because of sanctions against Iran for pursuing its program to acquire nuclear weapons.

The extradition request came from the Trump administration, which, in 2018, had pulled the United States out of the Iran nuclear agreement of 2015. That agreement, between Tehran and the P5+1 countries (permanent members of the UN Security Council plus the EU) cancelled the sanctions in exchange for restrictions on and monitoring of Iran’s nuclear enrichment program. The Biden administration aims to restore the deal.

Meanwhile, the American extradition request remains in place and is winding its way through the Canadian courts, but sanctions or not, now is the time for Canada to exert its independence and try to cut a deal that would return the Michaels to Canada and Madame Meng to China. Until now, Canada has relied on the US and other allies to keep the pressure on China to release our hostages. Now, we must try to negotiate a hostage swap with Beijing to get the Canadians back.

Canada’s ambassador to China, Dominic Barton, is the ideal man to do it. Barton’s expertise as a business executive and avowed Sinophile dates to when he

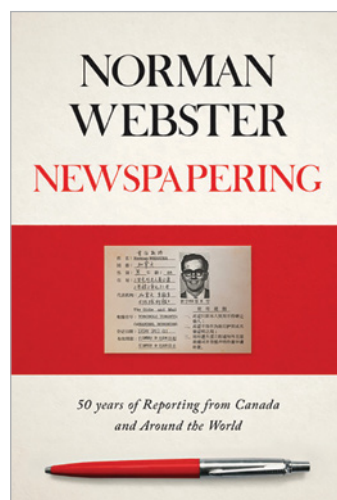
headed the Asian practice of McKinsey from 2004-09, based in Shanghai. While Barton walked back his enthusiastic support for Beijing last May, saying he’d “probably drank the Kool Aid for too long” on China, that public reality check and his record with the regime make him best interlocutor. Beijing has already linked the release of Meng and the release of the Michaels as a viable quid pro quo, so the cost in terms of “liability” or losing face, has been processed. If there was ever a time to make a deal this is it.

When the two Michaels are safely home, Canada can normalize its relations with Beijing absent the distorting coercion of hostage diplomacy. Issues from whether to bar Huawei from our 5G high speed telecommunications network as our Five Eyes intelligence partners have done, to whether to identify China’s persecution of Xinjiang’s Uyghurs as genocide and how to respond to Beijing’s violation of its treaty obligations to the people of Hong Kong, will be managed with moral clarity.

For the foreseeable future, the geopolitical competition will be between the repressive regimes of China, Russia, Iran and their acolytes, and the liberal democracies of the United States, Europe, Australia, Japan, South Korea and, hopefully, India. It is time for Canada to clear up our unfinished business with China so we can move forward in that battle. **P**

Columnist Don Newman, Executive Vice President of Rubicon Strategies in Ottawa, is a lifetime member of the Parliamentary Press Gallery and author of the bestselling memoir, Welcome to the Broadcast.

BOOK REVIEWS



Fifty Years of Being in the Right Place at the Right Time

Norman Webster

Newspapering: 50 Years of Reporting from Canada and Around the World

Barlow Books/2020

Review by Graham Fraser

In 1971, Norman Webster was *The Globe and Mail's* China correspondent, covering ping pong diplomacy: the arrival of an American ping pong team that laid the groundwork for the beginning of diplomatic relations between Richard Nixon's United States and Mao Zedong's China.

After days of scrambling about, writing about the visit and taking photographs of what had become, as he put it, "not just a big story...a Big Story," he shipped off his material the way he had learned was most efficient: on a flight to Shanghai, and then by Air France to Paris and on to Toronto. He then asked the American correspondents travelling with the team how they were doing it, and learned they were sending their stuff to Canton, across the border to Hong Kong, and then to the US. Nor-

man was elated. He knew this was a recipe for disaster, or at least lengthy delay by Chinese officials.

"I wrestled with my conscience, lost the battle and returned to the counter," he wrote, years later. "Guys, I said, there's something you should know. And I told them the whole story, including the Shanghai escape route."

He was greeted with polite condescension; the Americans had everything taken care of. "Thanks anyway. And they left." So did Webster, whistling.

"What happened? Well, the Canton-bound film somewhat got misplaced in transit and took days to reappear," he wrote. "The Shanghai package, meanwhile, bumped along to Toronto, where *The Globe and Mail* ran a world scoop of photos of the Great Ping Pong Adventure. It also flogged them to *Time* (colour cover), *Newsweek*, *Paris Match*, *The Australian*, the *Honolulu Star-Bulletin*, and others around the world."

That one anecdote in this wonderful collection captures the essence of Norman Webster: cheerful, well-informed, shrewd, honourable,—and highly competitive. He is an athlete, and until recently played hockey and competed in triathlons.

This collection of Webster's reporting ranges from London to Beijing, Oxford to Mogadishu and Quebec City to Queen's Park with brilliant thumbnail sketches of Bill Davis, Mike Pearson, Daniel Johnson Sr., Zhou Enlai, Margaret Thatcher, Princess Di and many others. The texts, originally published in *The Globe and Mail*, *The Gazette* and *Maisonneuve*, are a blend of stories filed from the spot at the time and later, longer, sometimes nostalgic recollections. The result is a delight.

I first met Norman Webster in the fall of 1973. I had just joined *The Globe and Mail*, and had been sent—perhaps to learn from the best—to Queen's Park for a few weeks, where Norman was the bureau chief. He was furious; he had just spent days following a Liberal leadership candidate around northern Ontario, and the story he

had filed had been cut to ribbons.

The lesson I learned from this was that whoever you were, *The Globe* owned your labour. I suspect that one of the lessons Norman may have learned was how to write in a way that made his stories difficult to cut. The pieces included in this collection are perfect examples: almost every one of them ends with a sting in the tail that no cynical copy editor would dare remove.

The insights stand up, years after they were written. The only case where he felt obliged to write a postscript was about Aung San Suu Kyi. While she was, as he wrote 11 years ago, "courageous, beautiful, eloquent, winner of the Nobel Peace Prize (and) authentic leader of her people," her "cold-hearted actions against the Rohingya Muslim minority" left him wondering. "Did we make a bad call here? Did a world and journalists looking for a heroine go overboard in our evaluation of Burma's beautiful lady of the lake?" he wrote in 2018. "When she finally came to power after a long struggle with her generals, did she revert to the thuggish ways of those same generals?" He concluded that "the world may now be seeing the downside of the determination and ambition that served her so well under house arrest."

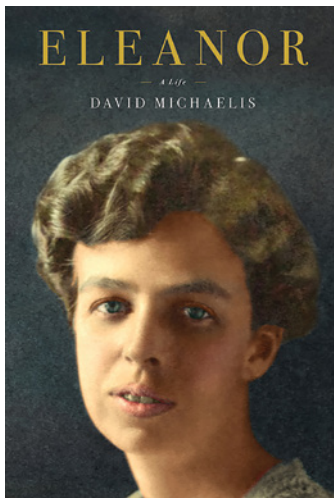
Born and raised in Sherbrooke, Quebec in the Eastern Townships, Webster went to Bishop's University, worked part-time for the *Sherbrooke Record*, and then won a Rhodes Scholarship. When he returned from Oxford, he was hired by *The Globe* and in 1965, at the ripe old age of 24, was sent to Quebec City where the Quiet Revolution was in full swing. After a stint at the long-gone *Globe Magazine*, he went to Queen's Park: first as bureau chief, and then as a columnist. Then China. Then London—which, in those days, meant those parts of the world that were not Asia or the Americas.

This is a collection, not a memoir. It includes nothing about his time as editor-in-chief of *The Globe* or *The Montreal Gazette*. But Norman Webster's

character shines through: his wry sense of humour, his respect for the people he writes about, his nuanced insight into their character, his deep historical understanding, his belief in bilingualism, his hatred of smoking and separatism, his affection for Montreal, *les Canadiens*, the Eastern Townships and the monarchy.

As he wrote about the Queen Mother, he “went to bat for decency, honour, love, family, freedom, royalty and good cheer.” Plus, of course, hockey and clear prose. **P**

Contributing Writer Graham Fraser spent 19 years at The Globe and Mail, in Toronto, Quebec City, Ottawa and Washington. The author of several books, he served as Canada's Commissioner of Official Languages from 2006-2016.



Eleanor Roosevelt: From Cloistered Girl to Global Rights Champion

David Michaelis

Eleanor

Simon & Schuster/2020

Review by
Rosalie Silberman Abella

I've always found that one of the most fascinating aspects of biographies

of “famous” people is how often their childhoods were marinated in unhappiness, loss or failure. The process of transcending these traumatic anchors and enjoying a productive adulthood usually reflects resilience, forbearance and serendipity.

Eleanor Roosevelt was no exception. She emerged triumphantly singular from the insularity of Oyster Bay and Edith Wharton's New York, two worlds guided by “ought to” rather than “want to”. Unless you were male, in which case you could usually do what you wanted to because it was quietly tolerated by a social code that protected its own from reputational damage and thrived on the permissive air of entitlement.

According to David Michaelis, Eleanor's latest attentive biographer, the Oyster Bay Roosevelts had, above all other impulses, “the resolve to transform private misfortune into public well-being”. Throughout her life, both were her frequent companions. She adored her father, Elliott Roosevelt, brother of the intrepid Theodore, but despite the adoration he returned, he was intermittently present and when he was, often incapacitated by alcohol, or distracted by his financial and extra-marital missteps. Eventually his forays into disgrace could no longer be hidden, but no one shared them with Eleanor. With a mother who ignored or humiliated her relentlessly, he remained the man she lived to please until he died when she was ten.

She moved to her grandmother's house, where she was further trained in the expectations for “wellborn” girls of her generation to be “mistress of a household”. She seemed to “need only to please, and to be good, strong and brave for others”, including for her younger brothers. Her nearest companions were books and some relatives who excelled at the lifestyle of the “idle rich”. Yet her heavy sense of duty remained sturdy, and she coped with her insecurities by making herself “more or less invisible”.

Two events transformed her. The first was Allenswood, a bilingual academy outside Paris run by a highly cultured and worldly woman, Marie Souvestre. Souvestre mentored Eleanor, nurtured her confidence, and planted the seeds that would grow her aspirations

beyond the borders marked by her grandmother's admonition that “All you need, child, are a few social graces to see you through life.”

The second transformative event was her marriage to her distant cousin Franklin Delano Roosevelt, a merger of Hyde Park and Oyster Bay, one family but different worlds. Much has been written about Eleanor's role in helping her resolutely ambitious husband when he became the navy's youngest assistant secretary, then governor of New York, then president; about her challenging relationship with his ever-present mother; about her indispensable role in his rehabilitation after his shocking polio diagnosis; about her unquestioning acceptance of the bigotries of the day—antisemitism, (she described Felix Frankfurter as “an interesting little man, but very Jew”), racial segregation, and women's roles (she was originally against women having the right to vote); and about her growing recognition and acceptance that their marriage was based more on mutual respect than on romantic love. But it remains riveting to read about her evolutionary shedding of the skin of Wharton's Brownstone Society, and blossoming into a national and global leader who shattered stereotypes and delivered fairness for women, workers, immigrants, minorities, and children.

It started in earnest in 1917. In her words “The war was my emancipation and my education”. And what an emancipation it was! She became active in the American Red Cross, The New York League of Women Voters, and The Women's City Club of New York as legislative director advocating for child labour laws, worker's compensation, literacy, and legalized birth control for married couples. She got a voice of her own when she became chair of the Women's Division of the Democratic Party, broadening her social and religious network. She supported the League of Nations and the World Court of Justice, and championed better housing for the poor and aging, help for Southern tenant farmers, and reforms to working hours and wages.

She took on Tammany Hall, Bull Connor and Father Coughlin. She joined the Washington, D.C. chapter of the NAACP, and opposed segre-



Eleanor Roosevelt tours camps of Jewish Holocaust survivors in 1948, including Stuttgart, where this faded photo was taken. She was presented by Jacob Silberman, a lawyer and community leader who passed the family photo on to his daughter Rosalie. Photo courtesy of Rosalie Silberman Abella.

gated public schools. In 1939, when the Daughters of the American Revolution banned the Black contralto Marian Anderson from giving an Easter Concert in Constitution Hall, she resigned from their organization and invited Anderson to sing at the White House for the King and Queen of England. She travelled extensively across America and visited foreign countries by herself to assess their social and economic conditions—a first for a president's wife—and all with the president's approval. She travelled so much that a *Washington Post* headline in 1934 trumpeted: "First Lady Spends Night in White House". During the Second World War, she vigorously opposed the shameful internment of Japanese Americans under Executive Order 9066, warning that: "If we cannot meet the challenge of really believing in the Bill of Rights and make it a reality for all loyal American citizens, regardless of race, creed or color; if we cannot keep in check anti-Semitism, anti-racial feelings, as well as anti-religious feelings, then we shall have removed from the world, the one real hope for the future on which all humanity must now rely."

She became, as *Time* magazine noted, "a woman of unequalled influence, superlative in her own personal right" and, as Michaelis notes, the "advocate for the voiceless".

When his staff would urgently ask him to ask her to stop generating controversy over these issues, the President shrugged it off, saying it would "blow over". When Eleanor

asked him how he felt about her contrary stance on some legislation he supported, he said "you go right ahead and stand for whatever you feel is right." She had come a long way from his Inauguration Day as New York Governor in 1929, when she told a reporter: "I don't exactly know what is before me, but I expect to solve problems as they come along. That has always been my way and things always get done."

She kept getting things done even after her husband died in 1945, participating, at President Harry Truman's request, in the creation of the United Nations, accepting an appointment as chair of the UN Human Rights Commission, and reifying the Universal Declaration of Human Rights, becoming the world's foremost champion of human rights. It is hard to argue with the moniker H. L. Mencken gave her when he said she was "the most influential female ever recorded in American history."

“All the pieces fit perfectly and luminously reveal the astonishing story of Eleanor Roosevelt’s metamorphosis from a compliant woman of her times into a woman who reshaped them.”

Her private life was complicated. The book extensively chronicles her loving relationship with the journalist Lorena Hicks, her husband's with Lucy Mercer, her familial disappointments, and her omnisciently disapproving mother-in-law. Yet none of it blocked her courage. Brought up in a world that embraced the status quo, she embraced change. Trained to serve her household, she served her country instead. Told that women were silent marital adjuncts, she became her husband's closest and most vocal advisor—and the most famous feminist in the world.

All this and more is chronologically delineated in this engrossing book.

The degree of detail can sometimes get in the way of the narrative flow, but it's worth the effort because by the end, all the pieces fit perfectly and luminously reveal the astonishing story of Eleanor Roosevelt's metamorphosis from a compliant woman of her times into a woman who reshaped them.

Of all the mesmerizing details in the book, one struck a personal chord. During the Second World War, she had "made it her mission to save as many Jewish European children as she could", along with pressuring an unreceptive State Department to expedite 4,000 visitors' visas for Jewish refugees including Marc Chagall, Max Ernst, Hannah Arendt, André Breton and Marcel Duchamp. Near the war's end, on April 16, 1945, the day after President Roosevelt died, Edward R. Murrow broadcast the first eyewitness account of a Nazi concentration camp, Buchenwald. Neither he, nor *Time* or *Life* magazines which reported several days later from Dachau, identified the victims as Jewish. It took Eleanor Roosevelt in her column, at the end of that month to admonish: "Are our memories so short that we do not recall how in Germany this unparalleled barbarism started by discrimination directed at the Jewish people?"

She decided to visit some Displaced Persons Camps in Germany to see the state of the Jewish survivors for herself. In 1948, she visited the one in Stuttgart, where my father Jacob Silberman, a lawyer, was head of the D. P. Camp. He introduced her by calling her "the protector of human rights, fighter for freedom, peace and justice" and added: "You, Mrs. Roosevelt, are the representative of a great nation, whose victorious army liberated from death the remnants of European Jewry and highly contributed to their moral and physical rehabilitation... We are not any longer in a position of showing you here assets such as factories, farms, establishments and the like. The best we are able to produce are these few children. They alone are our fortune and our sole hope for the future".

I was one of those children. **P**

Justice Abella is on the Supreme Court of Canada.



Kelly Sikkema, Unsplash photo



1st Lt. Lauren Warner, Flickr photo

Helping Charities Bring Canadians Together—An Open Letter to Members of Parliament and Senators

Dear MPs and Senators,

As you know, the government has implemented the Government of Canada Workplace Charitable Campaign, reaching out to 500,000 federal retirees and 280,000 public servants, asking them to consider donating \$130 to charitable organizations to help them deal with the financial challenges of the pandemic. If half of them contributed that amount to their charities of choice, they would receive about \$50 million in donations.

It's a laudable initiative, but it could be just the beginning, if the government were to follow through by including a measure in the 2021 Budget to remove the capital gains tax on charitable donations of private company shares and real estate.

Long advocated by the charitable sector, this would cost the government only a foregone \$50 million a year, while stimulating at least \$200 million a year in donations to healthcare, educational, arts and cultural, religious and community organizations, creating hope and help where it is much needed and, not least, creating many new jobs along the way. In its important pre-Budget report, *Investing in Tomorrow*, the Commons Standing Committee on Finance recommends eliminating the capital gains tax on such charitable donations.

Thousands of charities and millions of Canadians need help more than ever during the pandemic. This isn't about a tax break for the rich. It's about enabling Canadian charities to hire thousands of Canadians and help millions of their fellow Canadians in need.

As hospitals and universities would be significant beneficiaries, and the provinces provide healthcare and education, they should be supportive and appreciative.

All stakeholders in our healthcare, social service agencies, universities, arts and cultural and religious organizations, as well as the millions of Canadians they serve, would be very appreciative of this additional support as a timely reminder that we are, indeed, all in this together.

Budget 2021 presents an important opportunity to get this done.

Yours sincerely,

Donald K. Johnson, O.C., LL.D.

Director, Toronto General & Western Hospital Foundation
Chair, Vision Campaign, Toronto Western Hospital
Member, Advisory Board, Ivey Business School, Western University
Chairman Emeritus & Director, Business / Arts
Member, 2021 Major Individual Giving Cabinet, United Way Greater Toronto

**Cost of eliminating
the capital gains tax**

\$50

MILLION PER YEAR

**Benefit to
Canadians in need**

\$200

MILLION PER YEAR

**Create hope and
help where it is much
needed, and**

Jobs

IN THE CHARITABLE SECTOR

BARRICK

WORLD CLASS MINES. WORLD CLASS PEOPLE.



To learn more, visit Barrick.com