JEFFREY SIMPSON: Thank you, Joseph, and good morning, ladies and gentlemen.

Americans in their constitutional parlance have this phrase, "cruel and unusual punishment." To have to listen to a discussion of Canadian politics on a Saturday morning is a definition of cruel and unusual politics. I apologize in advance. I would have preferred it some other time or maybe not at all. It's cruel and unusual for the Canadians too by the way. I don't want our foreign friends to get any idea.

Yes, since the international meeting in Washington, we've had an election, and the election produced a majority conservative government.

So unlike Mexico, which has a division between the Congress and the president in terms of parties, and unlike the United States where the House and the Senate and the House and the Administration are different stripes, we have a majority Canadian government. And for those of you who know the parliamentary systems, if you have a majority in a parliamentary system, and not unfairly, it's been called an elected dictatorship. So that's what we have, for reasons I'll get to in just a moment, I think they probably will be in office for the better part of a decade.

There were five narratives that came out of that election. In ascending order of importance they were, we elected, or the people elected, the leader of the Green Party, first time. I think that's great, because the issues that she talks about have largely fallen off the political screen in Canada. That is to say, climate change, greenhouse gas emissions, et cetera, where we continue to have one of the very worst records of all industrialized countries. Almost defiantly so, I would say. So it's good to have a voice in Parliament. One, I wouldn't call her small because she's large both physically and with her voice, so good for her in getting elected.

The second narrative is that for six consecutive elections, including many of those minorities, the largest party in the Province of Quebec was the Bloc Quebecois, which was a Party that nominally favored the separation of Quebec from Canada, but brilliantly positioned itself as the defenseur des intérêts du Quebec, the defender of Quebec's interests. And finally the gig went up and they were almost wiped out, part of a general implosion going on in Quebec of the Secessionist Movement. In provincial politics the
Secessionist Party is down to 18 percent. They are having all kinds of internal factional fighting. They were almost wiped out in federal politics. And so for one of the rare times in the last 40 or 50 years, the issue that has episodically haunted Canada of its own dismemberment has for all intents and purposes disappeared, which is a great thing if you're a Federalist.

The third narrative is, some of you of a historical bent may have read — I know Joseph will have because he's a wonderfully read man — the great English book, *The Strange Death of Liberal England* by George Dangerfield, about what happened to the British Liberal Party during and after the First World War. We may be witnessing the strange death of liberal Canada. The Liberal Party from 1896 to 1904 was in power for almost 80 percent of the time.

No party in a Western democracy was as dominant as the Liberal Party of Canada. I say with deference to my Mexican friends, yes, the PRI were in office for a very long period of time, but the so-called democratic system in Mexico during those years was rather different than ours. Let's put it that way.

So among Western democracies, this was the most successful party, and contemporary Canada is more than anything else the creation of the Liberal Party. Many of the institutions that are now part of the warp and woof of the country were produced by the Liberal Party. In the last election they got 19 percent of the vote and ten percent of the seats. As recently as 1993 to 2004, they enjoyed three straight majority governments. Now they are the third party, and it's a very open question whether they will survive.

Parties don't last forever necessarily. Our American friends know that the Whigs were a prominent Party in 19th century America, Henry Clay and so on, and they've disappeared. They've gone. The Liberal Party of England disappeared — remained as here and there in the Celtic fringe, joined with other parties to create Liberal democrats of today. So parties are not immutable, and it's very much open whether the Liberal Party has a future in the country.

The flip side is that the New Democratic Party is now the official opposition. What is the New Democratic Party? The New Democratic Party is the Social Democratic Party in Canada, which has been from time to time in office in British Columbia, in Saskatchewan, in Manitoba, in Ontario briefly, and in Nova Scotia, and is the provincial government today in Manitoba and Nova Scotia.

The Provincial in the (phonetic) Democratic Party tend to be of a very moderate social democratic variety, partly because they've been in office and they've had to make the compromises that you have to make whatever your political stripe when you're in office.

But the Federal in the (phonetic) Democratic Party was never better than the third or the fourth party, so they never had to make any of those compromises. And they therefore could be much more ideological, much more tied in with the trade union Movement. Never in their wildest dreams did they imagine when the campaign began that they would be the official opposition. If you just read their platform, you knew that because it was “written in the sky,” as they say. But what happened was that in the Province of Quebec, and
Andre if he wishes can speak to this more, certainly more authoritatively than I can, the people in francophone Quebec said we're tired of this Bloc Quebecois game. We don't trust the Liberals. We don't like the government. The NDP has a nice leader. Their social values are close to our social values, so we're going to vote for them en masse. And they did. And they're now the dominant party in Quebec, and they had never had more than one or two seats in the province.

The morning after the election, we in the media had a great fun because there was a woman who was working in a bar at a university in Ottawa who presented herself as a candidate in a riding in deepest, darkest, rural Quebec, and she won. She didn't speak very good French, and her riding was 98 percent French.

And there were four students from McGill University who signed up to run in different ridings, and they won. They signed up as a lark.

Now in fairness, there were also some very serious and very good candidates that won. But I have a wonderful cottage in Quebec, and three days after the election I was up speaking to the guy who looks after my boats. I said, Evon (phonetic), I'll say this in English, we were talking in French, I said, “Did you vote?” He said, “I voted.” I said, “Who'd you vote for? Do you mind if I ask?” He said,”J'ai vote pour le NPD” (I voted for the NPD). “Can I ask you why?” “Nous voulons un changement” (We want change). I said, “Well, what kind of change?” “Je ne sais pas” (I don't know). I said, “Well, I don't know the new MP. What's his name?” “Je ne sais pas son nom” (I don't know his name). There was a kind of just a wave. So they're now the official opposition. Their leader very tragically died of cancer soon after the election, and they're having a leadership race.

The big story, of course, is we have this majority conservative government, and the question will be, what will they do with it?

Let me just say for the benefit of our American friends, they're not at all like the Tea Party, this conservative crowd. Okay. Don't think Tea Party and (inaudible) conservative. They are a much more pragmatic conservative crowd with — there's a couple of conservatives in the room, they won't like me saying this — kind of some weird internal affectations.

This week, Canada's homicide rate hit the lowest that it had been in 40 years, 30 years. I don't know. This is the safest North American city. But this government is transfixed with “tough on crime” measures, many of which have been tried and demonstrably failed in the United States. But they're transfixed by this and they're going to push more of these things forward.

Their economic management has been solid and very good. The Canadian economy, relative to everybody else's is good. But we are going to take on water if there are big waves in the international community, economy. We have no choice.

Now I would say one of the things that's hanging over Canadian affairs — it's certainly preoccupying the government of Canada, although they don't talk about it much publicly for obvious reasons — and I say
this with the greatest possible delicacy, where I go back and forth across Canada and talk to folks in business and I talk to folks in government and I talk to folks in a lot of positions, there is a mixture of dismay and apprehension about what's going on in the U.S.

If you're a small country like this with 34 million people, you are inevitably affected by what happens south of the border. As we heard last night, the difficulty of the American institutions to cut the grips with serious problems has consequences for folks outside the United States, so if you're trying to prepare your budgetary estimates, if you're trying to prepare your investment plans, this situation is worrisome. Let's put it that way.

The last thing I'll say is foreign policy. It's almost an oxymoron to say that Canada would have a muscular foreign policy. We don't have that many defense muscles, but we're flexing them.

We were very active in Libya right from the beginning. This government was very active. The bombing of Libya was coordinated by a NATO general who was a Canadian. We deployed a number of planes. We ran many sorties. The government has just announced shipbuilding a major, over the next 20 or 30 years, to re-equip the Canadian Navy. The government is still committed to purchasing F-35 aircraft from the United States, 65 of them. We'll see whether in fact they come in anything remotely like the price they've been promised at. They are favoring a strong military presence for Canada and a very strong pro-NATO position and a very, very, very strong pro-Israel position.

We're now the most pro-Israeli government in the world. After the speeches that were given at the U.N. General Assembly, the Israelis, as is sometimes their want, immediately announced new settlements in East Germany, East Jerusalem. That was denounced by the Obama Administration and by the European Union. The Chancellor of Germany phoned Netanyahu and said, please don't do this. And, of course, there was silence from the Canadian Government. So we are now completely ready with the Israelis, and that is a bit of a change because we'd always been pro-Israel but never as unreservedly and unflinchingly and unquestioningly as we are at the present time.

So, a more muscular foreign policy, a steady-as-she-goes economic policy, which will be influenced by commodity prices and what happens in the United States, and a very solid majority government, and I think they're going to be there for two terms because the Left is divided and because the new seats in Parliament are in the West, which is where the conservatives are strong, and because they're wonderful at fund raising and because they may have caught a bit of the zeitgeist at the time, which is when economic circumstances are tough, sort of a small C, conservative steady-as-she-goes government seems to be what a lot of people want.

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CHAIRMAN NYE: Jeff, I was intrigued by your point about the strange death of liberal England, and it is a fascinating story that Dangerfield tells, but if I remember correctly, about two decades ago, it was the strange
death of the Conservative Party of Canada. Remember Kim Campbell? What did she leave with, two or three MPs at the end? And we were told, that's it, it's consolidated, the Liberal hegemony. We'll never see a two-party system in Canada. This is the LDP or PRI or whatever. So, what happened? Are we seeing yet another strange death which doesn't turn out to be a strange death?

MR. SIMPSON: Most democratic societies, as you know, have a group of people whom you could loosely call on the center right or the right and another that are center left — sorry, these are loose categories. What's interesting about the last election, I'll come to your point, is that although the conservatives have a majority, their share of the popular vote went up only three points.

It's not like there was a big landslide across the country for the conservatives. They did better and they got a majority. But 60 percent of the people voted for other parties, and what happened was that the non-conservative groups split the vote. Just as at the time that you were talking about, the center left was more or less liberal with a little NDP, and the right fractured. They had internal fratricide, and it broke up the great Progressive Conservative Party into different factions. They then regrouped. They went into opposition and they regrouped the center right vote. The center left is now split. That's one of the reasons why I think the center right, i.e., the conservatives, are likely to be in office for two terms at least.

The question various think tanks are asking is, has the country fundamentally changed? Have its values become more conservative? Are the demographic trends heading in a direction of a more conservative country? And I think my answer to that is, a little bit, but that Canada fundamentally remains still a very centrist, pragmatic, problem solving, non-ideological country with ideological wings off on the left and right.

I think what you're going to find, Joseph, with this New Democratic Party being the official opposition, who have never been close to power before, they're going through a leadership race, and like all political parties, if they're serious about taking power in an essentially centrist pragmatic country, they themselves are going to have to become more centrist and pragmatic.

That's not going to be easy because they've got strong ideological components within their coalition. But the closer they come to power, the more they're going to have to expand their appeal, and that means appealing to people who don't traditionally vote for them.

Put it another way. I knew Stephen Harper. Nobody knows Stephen Harper well. I knew him fairly well when he was in opposition, when he was out of politics. We used to have lunches in Calgary or dinners in Ottawa. He's not a small talk kind of guy. So you sit down, you order the food, and let's get right into it. Okay. And he was very ideological on a whole range of issues. Hardline on Quebec. Hardline on making the economy work better by reducing the size of government. Hardline on some social issues.

He's a different cat now as prime minister. I think the country has basically sent him a whole series of messages that if you want to be successful, you have to change your thinking, and you have to comport yourself in a more modern and pragmatic way, which by and large he's done. He has therefore, I think, been
more changed by the country than he's changing the country.

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CHAIRMAN NYE: Let me, Jeff, ask a question that's a little less about partisan politics but about an issue that has been very important in the United States right now, and that's immigration.

I think it was in Mexico last year that Art DeFehr presented a very broad view of Canadian liberal, with a small L, attitudes toward immigration. Is this an issue at all? Right now immigration has Americans tied up in knots. It's a great source of strength for the United States. We're doing our best to shoot ourselves in the foot about it, but the contrast between the U.S. and Canadian politics on this I think would be interesting. What's going on? Is Art right that it's all so benign?

MR. SIMPSON: If you ask me to speak about the things that we've done wrong in Canada, I could bore you for a long period of time. But one of the things we've done right, maybe through good luck or whatever, is to become a very large immigrant country with no political backlash, with widespread consensus that immigration is a public good, and with a degree of social friction that is extremely minimal.

This city, Toronto, metropolitan Toronto, every year takes 43 percent of the country's immigrants, and since we take 250,000 legal immigrants a year, *grosso modo*, that means 100,000 immigrants arrive in Toronto every year. They come from everywhere, and they have integrated in a remarkable way.

Now there are a couple of factors that have helped us. One is that there's no one group that dominates among immigrants. So, for example, in a highly multicultural city like Toronto where white folks like this room are now the minority, there's no one minority group that wants special privileges because of its size. So when you have 30, 40, 50 different multicultural groups, they all are in a sense, to use a cliché, on the same playing field and none can demand special treatment.

It's the demand for special treatment or the sense of menace by the majority that this one minority is getting very big, that sometimes causes trouble, as in Europe with Arab communities, in the United States sometimes with Latino communities, et cetera. We don't have that. So that's number one.

Number two, because we're in this very fortunate position of having a demand that greatly exceeds our supply, that is to say, we're willing to take 250,000 a year but the demand is much greater than that, we put in place a point system. That means that the immigrants that we receive either come here because they've got family here already, so that makes the integration easier, okay, you're bringing your brother or a loved one, or because under our point system you've got high levels of education and so you're not falling onto the welfare rolls right away, which, again in other countries, causes people to be resentful of immigrants because they think you're a drain on society. And the third class is if you're an entrepreneurial immigrant where you bring in a certain amount of money.

The notion of immigrants as a public good is reinforced by the fact that the quality, what the French would call, *la formacion*, the educational training of the immigrants before they get here, is actually higher
than for the average Canadian. There's a sense that we're importing brains and talent from other places which, in effect, we are doing.

We then have an integrative problem of people with very high skill levels who find it hard in the short term to match those skill levels with occupational positions in Canada, but that's a nicer problem than having very low-skilled people whom you then have to raise up to a level where they can get jobs.

My pop psychology on this is that the nature of Canada helps in the sense that you could never in Canada, as in the United States, define what a Canadian.

The Americans have a strong sense of, this is the American Way. Well, when you have Quebecers, you've never been able to say in Canada, this is the Canadian Way, because the Quebecers would either object or the West would object, or somebody would object. We all are kind of loosey-goosey with this, and so we don't demand of immigrants that they take an oath other than of citizenship. We're trying now to give them some tests about what it means to be Canadian, but it's kind of ironic that in a country that puts multiculturalism in the Constitution as we have, we then don't apply any real test to it. We just live and let live. We don't demand a certain way of being Canadian, and I think that actually, in a perverse way, helps people integrate more easily.

CHAIRMAN NYE: I must interrupt with an anecdote on this. When I was a college student I worked in a mining camp in British Columbia, and I remember listening to two Scots-Irish Canadians conversing in the wash-up shed after shift. And Evon said to Floyd, “You know, Floyd, you and I are the only two white men left in camp.” And I looked around and everybody else in the camp was white. They were referring to French Canadians and to Eastern European immigrants. They've come a long way since then.

MR. SIMPSON: Just because a Canadian never wants to leave people on an upbeat note, let me say that there is a lot of evidence in social science literature now that more immigrants are falling into poverty faster than previous generations of immigrants, and more immigrants are taking more time to reach that national level of income than previous generations of immigrants, and there are some neighborhoods in Toronto, you can speak better about Montreal, that do have some social friction and criminal problems. I don't want to leave you with an upbeat note because that would be very un-Canadian.

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