Ladies and gentlemen, it isn’t easy following Allan. We all live in awe of pollsters these days in all of our countries. They have all the numbers, they have all the answers, they make the predictions. I’m just a mere journalist, so I can just bore you with words. To my American friends, I’m acutely aware, because I’ve spent so much time there, that having to listen to a discussion about internal Canadian affairs is really the equivalent of what my mother would say was cod liver oil. I apologize in advance.

It was ten or twelve years ago that The New Republic asked its readers to enter a contest to give the editors the world’s most boring headline, and the editors chose the submission New Canadian Initiative Unveiled. Robert McNeill, the great ex-patriot Canadian of PBS fame, used to explain Canadians to his American audiences by saying that they are so polite that they say thank you to the automatic banking machines.

We journalists are natural skeptics, so before I engage in my natural skepticism and cantankerousness, let me do something out of character, and that is say a few positive things, which are rather strange given what Allan has correctly analyzed as the mood in the country.

We should give ourselves, if I may say this as modestly as I can, a Canadian, two pats on the back. First of all, we are the only G-7/8 country that has got our fiscal house in order. We’ve had eight consecutive surpluses. Secondly, we have absorbed, and continue to absorb, on a per capita basis more immigrants than any country in the world, and we’ve done it with less social tension, and absolutely no political backlash. You only have to read the papers about what’s happening in France to see that this is not an easy thing to do.

Economically speaking, the aggregate numbers of Canada are the best they’ve been in my lifetime. The paper reports this morning that Statistics Canada says that we have the lowest unemployment in 30 years. We’ve had eight straight fiscal surpluses. We have a very sharply declining debt to GDP ratio. We have a trade surplus, we have a current account surplus, and we have a budgetary surplus. We’ve got the AAA, if you like. Our inflation, although it’s recently spiked because of oil price increases, nonetheless has been in the 2 percent range. No other G-7 country, if I may say so modestly, has anything remotely like that record.

Now it’s conventional wisdom, but like all conventional wisdom, when things are going economically well, people should be satisfied. But as we just heard, people are not satisfied. Canadians being Canadians, if you point the numbers out to them, they either don’t believe it, they immediately begin to complain about something else, or as Allan correctly said, they enter into an existential issueless crisis, which is what we have, so I’m not going to talk, as Allan has correctly, about what’s happening now. I want to try to look five to ten years down the road and say that whichever group emerges from what he just described, these are the things I think they may have to face. And to do that, I just want to say to our American friends and Mexican friends that the art of political leadership in Canada is usually public management on variations of old themes.
We’ve never had the upheavals of Russia, we’ve never had the upheavals of Mexico, we’ve never had a Civil War. Our challenges require astute and subtle leadership that requires imagination and compromise, and accommodation.

Now there are three great axes along which Canadian history runs. This is not a history course, and I invite you to close your eyes—no, don’t do that because you might fall asleep, so keep your eyes open and imagine a map of Canada and the three axes are immediately obvious when you look at the map. They form the backdrop, therefore, for what the challenges will be in the next five to ten years.

Russia, as we heard last night, has many countries on its borders. Germany has nine. We have one, and 85 percent of our population lives within 200 kilometers, that’s 120 miles, of the United States. Therefore, we are always preoccupied with the United States and the relationship is, therefore, highly asymmetrical in the sense that it means more to us than to Americans. We pay more attention to Americans than vice versa, which doesn’t bother me in the slightest, but does occasionally bother some of my fellow countrymen.

Secondly, it being vast and more people being in the middle than in the periphery, there are always tensions between the center regions and the geographically peripheral regions. That’s a given. And thirdly, just walk outside and there are French Canadians, and there are non-French Canadians, and how to manage those two. The first great prime minister said that the test of leadership in this country is to keep the country going for a day so it can go for another day, so it can go for another year, so it can keep on going forever.

I like to say to Canadians, because they forget this, that although we are described as a young country, we’re actually an old federation. Only our American friends have been a federation longer than we have. We came together in the 1860s, when our American friends were having a rather ghastly time of it. And we came together at the same time as modern Germany, and modern Italy came together, and we’ve been somewhat less disruptive of world affairs than they have since then.

To geography you add three demographic facts, since Bismarck said, “Geography makes prisoners of us all.” That’s true, but demography is something that we all have to take account of too. Number one, immigration, I just spoke about. Number two, urbanization. Canada is a more urban place than the United States, a higher percentage of Canadians live in cities and suburbs than in the United States. And thirdly, we have a population that is undergoing, to invent a word, an "aboriginalization." The fastest growing share of the Canadian population is aboriginals, Indians if you like. You only have to go to cities in the Canadian west, Regina, Saskatchewan, Winnipeg, to see the aboriginalization of the country. Given that context, what are the challenges of the next five years? You’ll note that each of these challenges I’m going to identify runs along those three axes peppered with these three demographic changes.

First of all, I think it is highly likely there will be another referendum on Quebec secession in the next five to ten years. There are many reasons for that, but nationalism is alive and well in this province. It has two political parties, one federal and one provincial, that espouse it. And something rather odd has happened in Canada, maybe because of that McNeill thing about being polite and the automatic banking machine. In other countries, if you preach the breakup of the country, you either produce a civil war, which our American friends are aware of, or they throw you in jail, or you get sort of one kick at the can every hundred years, like there was a referendum in Australia in 1905 to separate Western Australia from Australia. It didn’t work, and it’s never come up again.

But here we have this kind of interesting tradition where you have a referendum on breaking up, as I say, the world’s second oldest federation. You lose it, feel bad about it, regroup, have another one. Lose it
narrowly, regroup, have another one. Nobody throws you in jail, there’s no civil war, nobody says this is unacceptable, you just keep on going until you win one, at which point the debate is over.

This is a very strange way to proceed, it’s a dangerous way to proceed, it’s a democratic way to proceed, but that’s the situation that we’re in. Convention has established that you can continue to have referendums every—well, we had one in ’76, ’95, we might have one in 2000 and I don’t know, 7, 8, 9—so every 15 or 20 years we have an existential referendum on the breakup of the country. Dangerous, strange, but that’s the way it is. In the Province of Quebec, given the fact that the two parties are lined up as Federalists or anti-phonotists, the ins sometimes boot the outs out, and the outs take over from the ins, and back and forth, and so at some point they’ll come back, the anti-phonotists. The number one reason they exist is to break the country up and create their own country, so there’ll be another one at some point. I don’t know when. I don’t know what the question will be.

The essence of it is, the harder the question, the less likely it will be to succeed. If you ask Quebeckers do you want to break up Canada or form a separate state, the answer is no. Do you want an independent Quebec with an economic association with Canada, and all these other guarantees, the answer might be yes. Anyway, that’s one.

Number two, management of relations with the U.S. go back to one of the basic axes. I think there are, I stand to be corrected by my American friends here, some very fundamental shifts going on in the U.S. society that for us will make the management of this relationship more difficult. I say this as a pro-American Canadian. I should say to my American friends that the Canadians who are with you today are in the pro-American Canadian camp, but I don’t think they’re representative of the Canadian population, eminent though they are, and distinguished as they are, and friends of mine as they are, I would not suggest that they are representative at the moment.

We have to manage and work with the United States because 40 percent of our GDP depends upon the United States, and the number one foreign policy priority for Canada, although no Canadian government would ever say it this way, is to keep the Canada-U.S. border open. That’s the number one foreign policy consideration. But, in the short term, the Bush administration is very unpopular in this country. Canadians preferred Kerry four to one. They usually prefer Democrats but this has never been this wide, very unpopular. Therefore, the temptation, which should always be resisted, but which frequently is not by our leaders, is not to play to that sentiment, but to deal with the United States in a constructive way, but there is this temptation, for short-term political gain in a minority situation that Allan just described, which is likely to prevail, to do things to curry political favor at home, which given the unpopularity of the Bush administration means taking some shots and saying some things, and doing some things that responsible politics would indicate you shouldn’t do.

In the longer term, I think the “War on Terror” has produced a kind of muscularity in U.S. foreign policy that Canadians as a smaller country, and other countries, find troubling. That is likely to persist. In the United States there is a movement that’s been going on for quite a long time of population towards the west and the south, further away from Canada. We have traditionally, in a sense, felt more culturally comfortable with northern Americans, if I can put it that way. Sometimes I think Americans look at Canada in a kind of blurry way and think of us as sort of Minnesotans that got away, that will be coming back soon, not sure how that happened. But the Deep South and the Far West are simply geographically further, fewer family links, fewer business and historic ties. And that’s just what’s going on in the states. Nobody is to blame for that. It’s just what’s happening.

The Hispanicization of American society is something that has no relevance for us in Canada. The social conservatism, I think, there’s a third great religious revival underway in the United States, and, as a very
secular place as we are, this is difficult to understand, and it is estranging. I don’t pass judgment on whether it’s right or wrong, I simply say it’s estranging. It’s not the America that we were familiar with, so I think that’s another factor.

Another is the U.S. has these persistent trade and fiscal deficits, which are perplexing to us because, as I say, we went through the hell of 22 consecutive years of deficits that piled up enormous debts, which meant that we were paying an enormous price every year to finance the debts, and we finally got wisdom on this and balanced the budget. And now we’ve inoculated ourselves. No Canadian politicians left, right, or center, in any part of the country, can stand up and say that he or she favors a deficit. And if you happen to have one, you’ve got to have a credible and coherent plan for eliminating it as quickly as possible. You just cannot be in favor of a deficit. You can’t defend a deficit, so you look south of the border and you say why is that?

Well, it’s leading to protectionism in our largest market. Since these deficits are so large and so structural, that protectionist tendency is likely to be there for quite some time, regardless of who’s in the White House, so managing relations will be a big challenge.

A third big challenge—we’ve got a serious productivity problem, which, if we don’t address it over the next five to ten years, will mean our standard of living will fall further behind that of the United States, and we won’t have the money to do the social programs that Canadians really like, including the public healthcare system. So we need to do a lot of different things on the productivity front.

I think at the moment there is kind of political groping, politicians are looking for the right vernacular to talk about this issue, because if you use the word “productivity” in this country, maybe even in the United States, it connotes the idea of that *Hard Times* film with Charlie Chaplin, where he was chained to the wheel and the wheel kept going around, and he couldn’t get off it. People think that’s what productivity means. Work harder, lose my job, get paid less. People fear the word, so people are looking for the vernacular. They kind of know that there may be a problem, but they’re looking for the vernacular. I think over the next little while, and I totally agree with Allan, this crowd that’s running the show in Ottawa will be gone soon, all of them. We’ll get new leadership, and they, because I know a lot of these people, and I’ve spent a lot of time talking to them, get this productivity stuff. They’re just looking for the vernacular and the policies.

The fourth problem—challenge, I shouldn’t say problem—is if energy prices stay very high, we have a petro currency. Okay? Most of the revenues are going to be in the places where the oil and gas are, and that’s Alberta, principally, but also Saskatchewan and British Columbia. Now if the price of oil goes to whatever it’s going to go to above where it is now, there’s going to be a disequilibrium in the country because a couple of places are going to be so rich. Alberta already has no debt, big surpluses, is kind of trying to figure out how to spend the money that it has. If Alberta doesn’t do this in an intelligent way, which I think they’re going to do, by the way, because the next generation of political leadership is good there, they could spark resentment in the rest of the country. The rest of the country would say look, it’s not because you’re so smart that you’re so rich, it’s because you put some things in the ground, or because they discovered all those oil things, so we have to manage this file carefully in a regionally diverse country. I think it can be done.

The last big challenge is this ongoing integration of immigrants. It sounds easy, we’ve done it pretty well, but it can produce flashpoints. There were a lot of shootings last summer in Toronto. This is very upsetting for Toronto, which considers itself to be an extremely safe city. The shootings were by a lot of gangs of black youths, black-on-black crime. This was very upsetting. Similarly, we had some groups in Ontario that said that we want to introduce Sharia Law for the resolution of family disputes. That, too,
immediately became a flashpoint and was knocked down. So when you have as multicultural a country as we have, and are becoming, it’s a highly advantageous situation, because it puts you in touch with so many other places in the world, but it has to be managed properly, and that’s going to require quite a lot of political skill.

I think that there are these issues that have to be managed along the traditional axes of Canadian life, and I believe after the next election we’ll begin the process of trying to get rid of some of the people we have running the show now and get better people. Thank you.

Jeffrey Simpson is national affairs columnist for The Globe and Mail, Ottawa.