

THE MAGAZINE OF THE MACDONALD-LAURIER INSTITUTE

# INSIDE POLICY

DECEMBER 2019

*2019 Policy-Maker of the Year*

## XI JINPING

Spinning his web of influence  
over Canadian public policy



### Also INSIDE:

Reckless  
deficits

Canada's energy  
advantage

The Marshall  
decision's legacy

Treading lightly  
with telecom

*MLI*  
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# INSIDE POLICY

THE MAGAZINE OF THE MACDONALD-LAURIER INSTITUTE

## *Published by the Macdonald-Laurier Institute*

Brian Lee Crowley, Managing Director

David Watson, Managing Editor and Communications Director

David McDonough, Deputy Editor

### **Past contributors**

|                   |                     |                     |                     |
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**Cover illustration:** Bruce MacKinnon

**Production designer:** Renée Depocas

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For advertising information, please email: [david.watson@macdonaldlaurier.ca](mailto:david.watson@macdonaldlaurier.ca)

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*Inside Policy* 323 Chapel Street, Suite 300, Ottawa, ON, Canada, K1N 7Z2 | Ph 613-482-8327

# From the editors

Welcome to MLI's Policy-Maker of the Year issue! In the past, we have included such Canadian luminaries as former foreign minister **Chrystia Freeland**, former justice minister **Jody Wilson-Raybould**, former foreign minister **John Baird**, and former Bank of Canada governor **Mark Carney**.

This year, we opted for a more controversial choice: Chinese President **Xi Jinping**. As noted by **Charles Burton**, Beijing has negatively reshaped Canada in ways that most Canadians don't fully appreciate, whether on trade, foreign investment, national security or foreign policy. We ignore Xi's growing influence here at our peril.

Canada needs to show greater resolve in dealing with Mr. Xi, as pointed out by both **Duanjie Chen** and **Margaret McCuaig-Johnston**. Canada has an opportunity, as outlined by **Joseph Quesnel**, to help break China's market dominance in rare earth elements. We also need to stand up to China when it comes to its heavy-handed response to the democracy protests in Hong Kong, as noted by **Dawn Brancati** and **Nathan Law**.

Greater attention should be paid to Canada's overall place in the world, according to **Richard Fadden**. **Jeff Kucharski** also points to our potential role in meeting growing Indo-Pacific energy demand, while **Marcus Kolga** explains how we can help Europe reduce its energy dependence on Russia.

Of course, as noted by **Quesnel**, we need to work closely with Indigenous peoples to fully develop our natural resources. **Ken Coates** makes clear that this means having a better understanding of what the *UN Declaration on the Rights of Indigenous Peoples* is about.

Indeed, as shown by the 20-year-old Marshall fishery ruling, plenty of economic benefits can be accrued from greater Indigenous and non-Indigenous cooperation – a point raised by **John Paul** and **Coates**.

Yet, despite all these challenges and opportunities, Canada faces an uncertain domestic political situation. As **Brian Lee Crowley** laments, our politics has become divisive and fractured – and that can be attributed to the failure of political parties in articulating or defending our deeply conservative mainstream.

**Hannah Ahrendt** offers a deeply personal perspective on what it means to parse through the controversial issue of medical assistance in dying.

Also in this issue, **Jack Mintz** warns that the government will go on a spending binge, **Linda Nazareth** wonders if the Liberals are ready for the global economic challenges ahead, and **Peter Menzies** asks what the future holds for the Canadian telecoms industry.

This being the last issue of the year, Merry Christmas and happy holidays from MLI!

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# Understanding UNDRIP as a call-to-action, not a plan

*Relations between the Government of Canada and Indigenous peoples work best when good faith negotiations are used to resolve outstanding issues.*

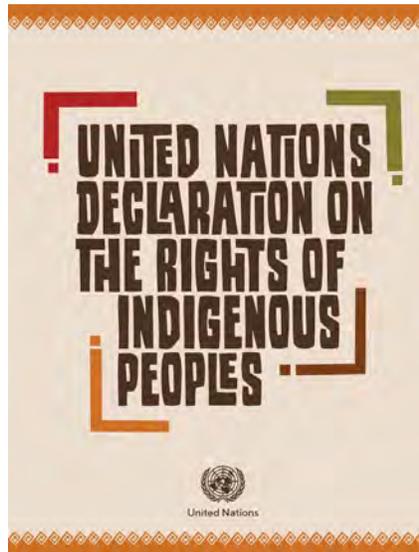
## Ken Coates

The *United Nations Declaration on the Rights of Indigenous Peoples* (UNDRIP) has been a prominent issue in Canadian politics since it was adopted by the UN in 2007. Canada voted against the measure at the time, not changing its position until 2010. More than a decade of government reticence has changed to political urgency.

British Columbia adopted UNDRIP as provincial law in October 2019 and is working on implementation. The re-elected Liberal government is likely to re-introduce legislation pertaining to UNDRIP's implementation that stalled when the federal election was called. UNDRIP is once again a feature of Canadian and First Nations politics and law.

There are significant issues involved on introducing UNDRIP into Canadian law. It is a sweeping document, drafted by Indigenous peoples from around the world and covering widely different national circumstances. Its value – and this is a great achievement – lies primarily in articulating the shared historical experiences and contemporary realities of Indigenous peoples. Further, in a long series of clauses, UNDRIP itemizes the complex web of cultural, linguistic, social, economic and political measures needed to give Indigenous communities opportunities for prosperity and re-empowerment.

For countries that have ignored Indigenous demands for justice and fair treatment, UNDRIP highlights the mistreatment of Indigenous peoples and



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identifies areas for urgent government action. For those countries, Canada among them, that have taken significant steps toward addressing Indigenous needs and rights, UNDRIP provides a checklist of remaining action items.

Viewed as a list of aspirations for Indigenous peoples and government,

UNDRIP is far from frightening. Much of what is outlined in UNDRIP is either obvious or tied directly to the survival of Indigenous culture and traditions in an age of rapid globalization. Surely Canadians can see fit to share in these aspirations and agree to take steps to address them.

To the degree that the government has acted in good faith, negotiated fairly with Indigenous governments, and sought real and sustainable opportunities for Indigenous peoples, there is little to worry about from UNDRIP. Where government policy and action are deficient – and even federal politicians and civil servants agree that major efforts are still needed – then UNDRIP describes what Indigenous peoples around the world have agreed has to be done. In these instances, UNDRIP provides guidance to Indigenous groups willing to use the court system to seek justice when governments refuse to act.

One section, the requirement for “free, prior and informed” (FPIC) consent before development on Indigenous territories, has attracted a great deal of public debate. Many people worry that FPIC approaches a veto. Many key Indigenous leaders have said that this is not their interpretation, although others argue precisely that. Yet the country has comparable Indigenous rights in place, introduced through the 2004 Supreme Court decision that outlined the “duty to consult and accommodate” Indigenous interests. These requirements provided the foundation for hundreds of impact and benefit agreements and other corporate-

Image: [un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html](http://un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html)

*Continued on page 32*



# Marshall decision redefined First Nations relations in the Maritimes

*Today, relations with non-Indigenous communities are significantly stronger, thanks to the 20-year-old fishery ruling.*

## John Paul and Ken Coates

In September 1999, the Supreme Court of Canada issued its ruling on the Indigenous commercial fishing case brought forward by Donald Marshall Jr. Mr. Marshall was already well-known in Canada for his mistreatment at the hands of the Canadian policing and judicial system. In this instance, however, the member of the Membertou First Nation wanted the Government of Canada to recognize the continued authority of 18th-century “peace and friendship” treaties between the Mi’kmaq, Maliseet and British authorities.

Surprisingly, the courts agreed. The decision ensured First Nations had the right to engage in the commercial fishery in the Maritimes, albeit with the odd restriction that limited their earnings to a “moderate livelihood.”

Twenty years on, the decision has had a positive impact for the Maritime

provinces and for the economic realities of its Indigenous peoples.

When the ruling came down in 1999, the government was ill-prepared. Concerned about the potential impact on local fisheries, non-Indigenous people pushed back with anger and protests. Authorities worried about potential violence. First Nations, banned for generations from access to commercial opportunities, demanded immediate attention to the court’s decision.

Cooler heads prevailed. Ottawa bought out commercial licences, quotas and boats, which were allocated to First Nations across the region. Soon, dozens of First Nations boats and hundreds of Indigenous workers were active in the industry. The government provided substantial support for the Mi’kmaq and Maliseet through the Marshall Response Initiative and a variety of subsequent government programs.

A new study from the Macdonald-Laurier Institute reviewed the impact

of the decision on Mi’kmaq and Maliseet communities and governments. The report describes the sizeable fleets of First Nations vessels in the sector, the dramatic increase in Indigenous workers and the substantial financial benefit to the communities. It describes, too, the development of onshore processing plants and related businesses.

Few in 1999 anticipated the impact of the Marshall ruling. Millions of dollars are transferred each year from First Nations-owned fisheries to community governments. Indigenous business people are expanding processing, service and related enterprises. More than a thousand Indigenous adults work on the water each year, with many more enrolled in training programs.

Quantifying the economic returns from Marshall tells only part of the story. The judgment validated First Nations’ confidence in Canada’s legal system,

*Continued on page 33*

# Indigenous participation in energy sector an exercise in self-determination

*Hardline positions on resource development will negatively affect commitments to improving Indigenous well-being.*

## Joseph Quesnel

Now that the dust has settled from the election, the newly re-elected Liberal government will have to take stock of this election campaign and what issues were missed. For Indigenous communities, much was lost or distorted.

When a group called Climate Justice Edmonton attempted to hold a “climate strike” in Edmonton on the Friday before election day involving famed environmental activist Greta Thunberg, they might not have expected a stern reminder from a group called the Indian Resource Council (IRC). After all, climate activists believe they are the ones who speak for First Nations’ interests.

The IRC, however, reminded the environmentalist group that Indigenous participation in the energy sector is an exercise in Indigenous self-determination and economic development. First Nations and Métis communities have the right to engage with and partner with resource companies in the interests of their members.

Some environmentalist groups act as “fair weather friends” with Indigenous communities, if the communities oppose what environmentalists oppose. But Indigenous people are realists and pragmatists, realizing that in the remote regions they occupy, sometimes the resource sector is the only game in town. So, they work with that reality.

They are certainly not doormats to developers. They insist, in no uncertain terms, on strong protections for the environment when assessing resource

projects. They have long traditions of environmental stewardship. They don’t need urban-based activists swooping down and telling Indigenous peoples what they should or should not do on their lands.

Some First Nation activists are noting this trend of environmentalists trying to influence and sometimes infiltrate their communities with one agenda in

mind. They have even coined a term for it: eco-colonialism. Like the colonial governments and missionaries of old, some environmentalist groups come in and tell people on reserves how to think about their own territories and economic options.

Indigenous businessman and author Calvin Helin and other prominent Indigenous movers and shakers, such as Cree business leader Blaine Favel, have spoken out against the eco-colonialism they see happening in their communities. This discussion about climate change – which is often falsely conflated with Indigenous rights within the eco-colonialism narrative – will inevitably impact Indigenous communities.

During the election debates, the focus was on the duty to consult and the right to build pipelines – which was good – but the

*Some environmentalist groups act as “fair weather friends” with Indigenous communities.*

*Continued on page 33*



Protest on climate change in Montreal in September, 2019.

# Why conservatives are grateful for the society we have

*Incremental adjustments that promise genuine improvements without endangering the gains of the past must continue.*

**Brian Lee Crowley**

Modern conservatism springs, not from a central idea or policy, but from an emotional disposition. Conservatives are first and foremost *grateful* for what we as a society have.

This gratitude arises from an awareness of where we have come from. Poverty, disease, ignorance and intolerance are humanity's default condition. Only a handful of societies have, slowly and painfully, evolved the institutions and behaviours that allow people to escape these ills on a broad front.

Canada is one of those nations. Our greatest endowment is thus neither our natural resources nor our people but a set of institutions and behaviours that includes the rule of law, judicial independence, robust property rights, respect of contracts, non-corrupt police and bureaucracy, a relatively stable regulatory and tax burden, non-violent resolution of disagreements, a strong work ethic and the certainty that elections actually choose governments, with the vanquished relinquishing power. Added to the civil freedoms of speech, religion, conscience and assembly, this makes an inheritance of order and freedom almost without peer in the world.

Conservatives do not think society is perfect; rather, imperfections signal that incremental adjustments that promise genuine improvements without endangering the gains of the past must continue.

This gratitude for our inheritance is in contrast to the left's obsession with our mistakes, our moral, environmental and racial failings, for example. The past is no



source of inspiration but is composed of endless sins whose stain can be removed only by endless apologizing, the abandonment of tradition and the reconstruction of our institutions and behaviours in accordance with fashionable opinion.

A corollary of our gratitude is a deep scepticism of grand schemes of social reconstruction. Too often have revolutions not only failed to improve conditions for the many, but they have destroyed the progress that had already been made in growing the institutions that confer success. Conservatives thus look with favour on the vast network of programs and private insurance that have grown up over the years to give most Canadians affordable access to prescription drugs but also agree that this must be supplemented by a scheme that extends coverage to the small minority not

served by the current system. A universal “pharmacare” system that sweeps away approaches that work well for an untried government monopoly unnecessarily risks compromising benefits enjoyed by the majority in order to worship at the left's altar of uniformity and bureaucratic control.

Moreover, conservatives understand that some of our greatest social challenges do not come from the failure of our institutions. In the case of Indigenous people, for example, the challenge is their long-standing exclusion from those institutions: opportunity, education, infrastructure, self-government and many other things the rest of us take for granted. Indigenous leaders are making a conservative case when they call for the yoke of Ottawa's bureaucracy to be lifted, for their communities to be granted self-government and for them to

be able to build their economies to generate enough wealth for Indigenous people to make their own choices.

Gratitude for what we have inherited from our forebears entails an obligation to resist those who, from ignorance or self-interest, would damage this patrimony. It is thus a conservative impulse that saw Canadians rise up in disgust against the corruption and the abuse of the rule of law that underpinned the SNC-Lavalin scandal. We are united in not wishing to import such behaviour and in rooting it out wherever it is to be found. That same impulse animated outrage at the attack on a rules-based society represented by

In the conservative world view people are not first and foremost black or transgender or Chinese or Muslim or Irish or Indigenous. They are Canadians who enjoy the freedom to choose the identities that matter to them. We do not protect only state-approved opinions, behaviours and identities because we are not servants of the state, but the other way around.

Progressives, who see these disparate identities as foundational, are outraged by the resistance shown by ordinary Canadians when they are told by law that they must use someone else's choice of a pronoun or refrain from saying anything that might be construed as critical of Islam or must

multiculturalism, but they are wrong to see these as what makes Canada great.

When my ancestors, Laurence and Honora Crowley, set sail from Ireland in the 1820s for what was to become Canada, they didn't come for free visits to the doctor. They didn't wrestle a prosperous farm from a hostile wilderness for the quality of our public services. There weren't any. And yet Laurence and Honora and millions of others flocked to Canada. Why? Plenty of people move to Canada from countries with more generous social programs, but few Canadians move the other way.

Multiculturalism isn't the explanation. The USSR was hugely ethnically diverse but



*Multiculturalism in Canada isn't the cause of our success, but a result. Diversity isn't our strength; our strengths attract diversity.*

asylum-seekers letting themselves into Canada by simply walking across the border at Quebec's Roxham Road in defiance of the spirit of a fair and orderly immigration system.

Conservatives believe that the greatest achievement of 1867 was a parliament and government endowed with the power and authority to act in the interests of Canada and are thus repelled by politicians' failure to stand up for this authority, as when they offer a veto to provinces over infrastructure of national significance, such as pipelines, or refuse to use federal power to sweep away barriers to trade between Canadians.

On the vexed question of identity, conservatives hold that in a society of free people it is neither possible nor necessary for us all to agree with each other's choices of how to worship, conduct our sex lives or interpret our history.

renounce their religious convictions to obtain government grants.

Conservatives say that all identities are private and must be accepted, just as others must not be forced to endorse them. When Justin Trudeau says he has spent the past four years bringing Canadians together, what he really means is he has demanded that ordinary Canadians be forced to embrace ever smaller and more militant minorities who demand not acceptance but enthusiastic endorsement. It is not enough to say that sexual minorities are entitled to the same protections as all other Canadians. You must march in the Pride Parade or be labelled a bigot. Conservatives believe in a single public Canadians-of-All-Identities Pride Parade, followed by private side parties for those who want to celebrate particular identities.

Progressives want us to celebrate Canada because of social programs and

people had to be prevented from leaving at the point of a gun. Multiculturalism in Canada isn't the cause of our success, but a result. Diversity isn't our strength; our strengths attract diversity. People from all nations come here because of the freedom, stability and opportunity Canada offers, not because people from all nations come here.

There is thus a Canadian mainstream after all, and it is the foundation on which repose the diverse identities of Canadians which so preoccupy progressives. That mainstream is deeply conservative. The fact that no political party has been able to articulate and defend it is the greatest reason for our divisive and fractured politics. This is a moment of great danger for Canada, but also great opportunity for those who know how to seize it. ✨

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Brian Lee Crowley is the managing director of MLI.

This article first appeared in the National Post.

# Sorry Mr. Trudeau, there's nothing "progressive" about reckless deficits

*Expect the federal government to go on a spending binge, making it much more difficult to keep debt as a share of GDP from rising.*

**Jack Mintz**

**W**ith a federal minority government, I can state the obvious. Expect even more spending and bigger deficits than those promised by Liberals during the campaign. After all, the way to gain a majority in the next election, possibly in two years, is to bribe the voting base with largesse for which someone else will ultimately pay the cost.

It seems that fiscal responsibility is only something for households with limited budgets, not governments that have a short-term perspective. Future voters have no choice but to accept the eventual tax and interest cost pressures brought on by profligate governments supported by those euphemistically called "progressive" voters. Tomorrow's voters don't have a say in democratic elections today, but they pay the price when the bill must be paid.

I am not quite sure how use of the term "progressive" became so common to describe what is basically old-style socialism. Britain's Labour Leader, Jeremy Corbyn, promises to nationalize companies, but that idea has been around since the First World War. US Democratic contender Sen. Elizabeth Warren and our own federal NDP party call for a wealth tax, but that old concept has been a dying breed for at least three decades. Of the 12 OECD countries that had wealth taxes in 1990, only four survive today. Nothing progressive about that.

The "progressive" Trudeau government promises deficits, which have been common from 1968 to 1993. This old idea of creating a sugar-high in growth sure left a headache for the Chrétien government to deal



Prime Minister Justin Trudeau addresses supporters on election night. [flickr.com/justintrudeau](https://www.flickr.com/photos/justintrudeau/)

with in the 1990s. Nor are corporate subsidies, targeted tax preferences, trade barriers, state ownership and labour restrictions new concepts. They have been used in spades since Canada was born, but all they have done has been to protect industries from competitive forces. Where are the "progressive" ideas here?

So let's consider three facts today about our current public finances as of 2018-19.

1. Total federal government spending was \$346 billion and revenues \$332 billion, leaving an operational deficit of \$14 billion.

2. Provincial and territorial spending totalled \$449 billion and revenues \$440 billion, leaving an operational deficit of \$9 billion.

3. Debt has been growing to fund these operational deficits and capital expenditures. Total federal and provincial government net debt totals \$1.4 trillion, which is 61 percent of GDP. Canada's net debt, however, does not include the promised pension and health liabilities over

the next 30 years. Using somewhat different methodology, the recent fiscal International Monetary Fund (IMF) report estimates total debt liabilities for all levels of government in Canada, including public pension and health liabilities, to be 104 percent of GDP or a whopping \$2.31 trillion.

While Canada's debt burden is much better off today than during the mid-1990s crisis, we seem to be forgetting the hard fiscal lessons won after governments painfully retrenched to curb excessive spending, taxes and deficits experienced throughout the 1970s and 1980s. Because Canada was fiscally prudent after 1995, we were able to withstand better the 2008-9 recession caused by the global financial crisis. This fiscal prudence is now being lost in today's political discourse.

It is far too enticing for "progressive" governments these days to promise hikes to social spending to benefit the majority, saying that they will cover the costs with taxes on the minority. Unfortunately, there aren't enough rich people to cover all the bills, so they decide they might as well run a bigger deficit instead and let future voters pay. Besides, given that the top 10 percent of taxpayers already cover well over half of the taxes paid in Canada, it is now harder to keep punishing skilled workers and entrepreneurs for their hard work and risk-taking without eventually shrinking the economy. Governments already absorb two-fifths of the economy – isn't that enough?

This gets me to the Alberta budget, which is opposite to what we can expect at

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# New/old government faces a much different global economy

*Much has changed since the Liberals were first elected four years ago; they must be ready for the challenge.*

**Linda Nazareth**

**S**o we have a new government, which is more or less the old government, and now things can more or less go back to normal, right? Maybe not, at least as far as the economy is concerned.

As the new-old government takes office, they will be doing so against the backdrop of a much different economic environment than they have enjoyed over the past four years. Or to put it more bluntly, the past four years are likely to soon seem like a piece of cake as the global economic environment shifts and the markets look at the new government with something approaching suspicion.

Let's come right out and say it: The next year could bring us a recession in North America. Oh, things overall in Canada may not be that dire right now (although Albertans might disagree), but the global economy is showing troubling signals.

With a trade battle between the United States and China still raging, the International Monetary Fund (IMF) recently published a sobering warning about the possibility of a "synchronized slowdown," a situation in which all of the large economies in the world sink at the same time. China's economy is growing at the slowest pace in 30 years, while in the US the 123-month-long economic expansion is looking a little tired. The New York Federal Reserve's Recession Probabilities Model (which is based on the yield curve) puts the odds of a recession over the next year at 34.8 percent, which is, at the very least, alarmingly high.

If the global economy does go down, Canada will be hit by lower demand for

our exports and lower prices for our commodities. Then, as the effects of that seep through the economy, pressure will be on the federal government to do something about it – and fast. Up to now, everyone has been looking to the Bank of Canada to do the heavy lifting regarding economic stimulus, which works well enough up to a point. However, once things slow more significantly, lopping a bit off already-low interest rates is unlikely to be enough. As the IMF said in its report, in the case of a slowing world economy, "Monetary policy cannot be the only game in town."

So expect the next couple of federal budgets to be even more expansionary than we have become used to. Indeed, they may need to be jam-packed with goodies such as tax cuts, new program spending and special incentives to industries. It all sounds kind of fun, except it will put off balanced budgets even further into the future. Canada's debt is projected to increase by \$32 billion over a second Liberal term but, if the economy sours and deficits widen, that could turn out to be a woefully low estimate.

But, for a moment, let's ignore the possibility of a recession. More immediate will be the markets' reaction to the new government, which may be heavily influenced by the NDP, a party the markets see as being ideologically socialist in orientation. Any skittishness about what new policies might do to the Canadian economy will no doubt be reflected in a lower Canadian dollar and perhaps upward pressure on market interest rates as a risk premium gets baked in. Ultimately, that could mean an increase in the cost Canada

pays to borrow abroad and the beginning of a whole new ugly spiral into higher debt-service costs.

Still, as unsettling as the picture for the near term may be, the deeper challenges for the second Liberal term will actually come from a world that is dealing with the exponential changes emanating from the Fourth Industrial Revolution. The past four years have represented the easy part of it, a world where toasters started to talk and online ordering made it easier to get your latte. Over the coming four years, as cyber-physical systems and artificial intelligence go mainstream, industries and employment will be hit in a much more profound way.

Although Canada has had some success in bringing in jobs around tech, we are woefully unprepared to deal with the fallout from some of the less-positive changes that are ahead. Creating a new, skilled, adaptable labour force is a long-term project and one that is going to be more difficult than putting a tax credit or two into the next budget.

Given what lies ahead, it could well be that the new-old government looks back on the period from 2015 to 2019 with nostalgia, a halcyon time when record numbers of jobs were created and the unemployment rate slipped to generational lows. But now the government will have to take the problems of a new world and a new economy in stride, hopefully while implementing policies that work in the short and long term. ❁

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*Linda Nazareth is a senior fellow at MLI. This article first appeared in the Globe and Mail.*

# Ministers must tread lightly with the telecom industry

*New communications legislation must make it clear that the affordability and availability of the online world are vital to all industries.*

## Peter Menzies

The first priority for Canada's freshly installed ministers responsible for the overhaul of broadcasting and telecommunications legislation will likely be to do no harm.

And in the short term, that might mean doing nothing at all.

Veteran Navdeep Bains returns to cabinet as Minister of Innovation, Science and Industry (ISI) along with rookie Heritage Minister Steven Guilbeault. Early next year, they will receive the recommendations of the Broadcasting and Telecommunications Legislation Review (BTLR) panel established in 2018. In a less volatile political environment, the next step would be to create new legislation recognizing that much has changed since the current acts were put in place, and a country of spectrum scarcity has been replaced by a world of global access on infinite platforms.

But we have a minority government. That means framing sensible new legislation involving broadcasting will be a delicate matter because when a cultural discussion happens in Canada, language politics become involved, which means the issue of Québec's cultural autonomy comes up. Keeping in mind Québec has never really conceded its jurisdiction over communications matters, that means it will be extremely difficult to frame any new legislation that could not be used by the Bloc Québécois and others to inflame francophone sensibilities.

Given that francophone creative work is already funded at about \$1.50 per capita

compared with 75 cents per capita for anglophone work along with the rise of sentiment favouring Western independence, it seems risky to poke that hornet's nest of linguistic anxieties, existential angst and transfer payments/pipelines resentments. When it comes to broadcasting and cultural funding, the matter is quite simple: Québec will be angry if it doesn't get more, and the West, already in an explosive state, will be even angrier if it does.

two decades prior to its embrace of the same in its 2018 report, knowingly titled "Harnessing Change."

That regulators and legislators would frame the Internet as little more than the new cable betrays a very poor understanding of what is now the country's most vital communications tool. The Federal Court, upheld by the Supreme Court in 2012, has already ruled that Internet service providers are not broadcasting distribu-

*Québec will be angry if it doesn't get more, and the West, already in an explosive state, will be even angrier if it does.*

Mr. Guilbeault will be very aware that one of his predecessors and colleagues, Montreal MP and now Economic Development and Languages Minister Mélanie Joly, was undone as Heritage Minister when her 2017 deal with Netflix failed to carve out a specific piece of the Netflix pie for francophone production in Québec. (Despite the fact it took Netflix less than two years to invest the \$500 million it promised to invest in five, that sentiment remains.)

Her replacement and now Government House Leader Pablo Rodriguez adamantly maintained that carriers of online video should be drawn into the broadcasting system – an argument rejected by the Canadian Radio-television and Telecommunications Commission (CRTC) for

tion units (BDUs), and yet this notion – reminiscent of when automobiles were called "horseless carriages" – persists.

New communications legislation, if it is to be progressive and capable of building a 21st-century foundation for economic success, must make it clear that the affordability and availability of the online world are vital to the productivity of all industries – not just the 2.8 percent of gross domestic product generated by the creative/entertainment sector. To do that, a new act must clearly dictate non-interference in the flow of legal content and sever the financial dependency between cultural financing and BDU revenue by funding creators directly. Principles of net

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# Let's not rush to expand eligibility for medical assistance in dying

*Medical assistance in dying should not be allowed for minors or in cases where mental disorder is the sole underlying condition.*

**Hannah Ahrendt**

**M**edical assistance in dying (MAiD) has been a controversial topic since its legalization in 2016. In most of Canada, MAiD is restricted to legal adults with physical illnesses or disabilities who are nearing death; however, there is a growing sentiment among Canadians that MAiD should be permitted for minors and those with mental disorders such as dementia.

Dr. David Amies, former member of Dying With Dignity's Clinicians Advisory Council, argues that "it is illogical and cruel to deny the mercy of MAiD" to a minor who demonstrates maturity. The Alzheimer Society put out an official statement that dementia patients deserve access to MAiD.

As right-to-die activists and organizations push for the expansion of MAiD, it is important to understand the severe consequences of such a decision. In order to protect vulnerable Canadians, the option for MAiD should not be allowed in cases where mental disorder is the sole underlying condition, especially in the case of mature minors.

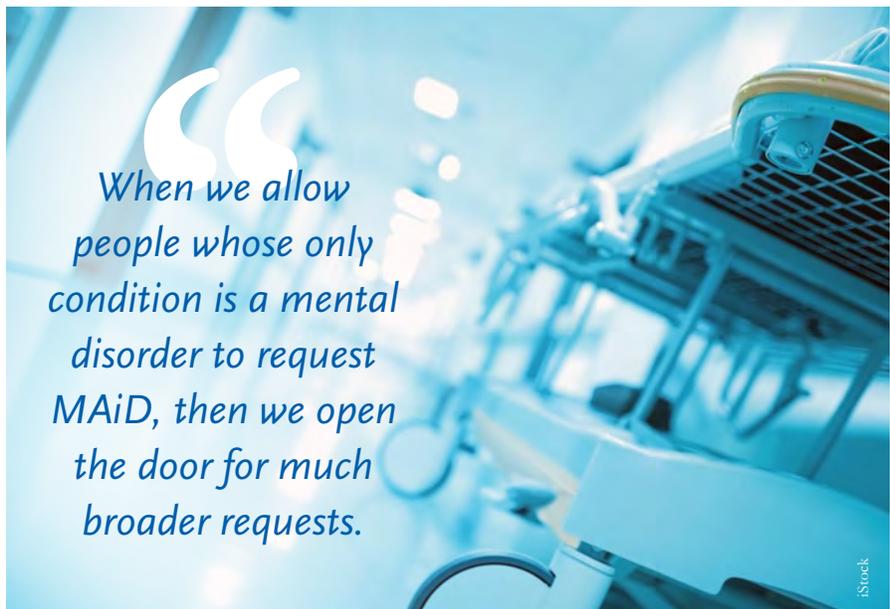
In June 2016, royal assent was given to Bill C-14. This bill made an amendment to section 241 (b) of the Canadian *Criminal Code* to allow physicians to assist in ending the life of a terminally ill patient.

Bill C-14 defined a set of criteria of eligibility for those seeking MAiD. To be approved, one must be "eligible . . . for health services funded by a government in Canada," be at least 18 years old and "capable of making decisions with respect to their health," and "have a grievous and

irremediable medical condition." They must also be making the request entirely of their own volition without any external pressure. Consent for the procedure must occur only after the patient has been informed of other options that are available to relieve suffering.

not a valid reason to seek MAiD, some physicians have found a loophole.

It has recently come to light that in 2017, Alzheimer patient Mary Wilson was granted the death she requested. Her only underlying health condition was dementia. This is the first time that the MAiD law has been



These conditions are limited, and for the safety of all Canadians, they must remain so.

A "grievous and irremediable medical condition" is defined as being incurable, irreversible, and causing intolerable physical or psychological suffering that cannot be relieved under conditions deemed acceptable to the patient. The patient's natural death must be "reasonably foreseeable," however, no prognosis need be made as to the length of time the patient has remaining.

While a mental disorder is currently

applied to those with a mental disorder as their only condition, which sets a dangerous precedent for putting MAiD into practice.

When we allow people whose only condition is a mental disorder to request MAiD, then we open the door for much broader requests than we are prepared for. If we agree that the psychological suffering experienced from fear of late stage dementia falls under the "grievous and irremediable medical condition" provision in the law, how do we distinguish between different forms of psychological suffering and why?

Mental disorders all cause some degree of psychological suffering. For myself, I have struggled with severe depression for most of my remembered life. I have been alive for 20 years and I have no memory of a time where I was not depressed. The first suicidal thought I can remember was when I was 10 years old. For most of my life, I had not experienced a single day where I did not think about suicide, rationalize why I was suicidal, think about ways I could commit suicide, or create/review a plan for suicide. These thoughts affected my sleep, my appetite, my ability to socialize, and my relationships with others.

Someone who is extremely suicidal also experiences intolerable psychological suffering, and yet, it is illegal to aid and abet

altering serotonin levels, an overdose can potentially be deadly.

By these arguments, it would seem there is no logical reason to allow a dementia patient access to MAiD but not allow it for someone who is suicidal. Any distinction we make between the two cases is purely emotional. Though we currently find the idea of a depressed person accessing MAiD distasteful, when that shock wears off, it will become normalized. However, this is not something we should normalize.

One of the reasons for this is that mental disorders do not fall into the classification of “irremediable” as neatly as physical ailments do.

In 2016, Minister of Health Jane Philpott and Minister of Justice and

symptoms of a mental disorder.

The need for the illness to be irremediable further complicates the issue. According to the CCA, “there is usually less stability in diagnosis, and poorer predictability in prognosis and treatment effectiveness, for mental disorders compared to the physical conditions that typically motivate MAiD requests.” It is difficult to know how a mental disorder will progress and what the quality of life for the patient with the disorder will be. There is often a chance for recovery, mitigation of symptoms, and/or managing symptoms.

If Canadians want to avoid unneeded deaths of people who might not be suffering from incurable illnesses, then Canada needs to exempt those with mental disorders as their sole underlying condition from being granted MAiD.

My story brings up the intersection of mature minors and requests where mental disorder is the only underlying condition. If I, as a mature minor suffering from an incurable mental disorder, did not have access to the therapy and antidepressants that I needed, or if my depression was treatment-resistant, is it acceptable that I should be able to access MAiD?

The question we ought to consider very carefully is: do mature minors have the capacity to consent? People of all ages can make many kinds of decisions. A 5-year-old is able to make some simple decisions while a 15-year-old is able to make more complex ones. However, the decision to end one’s life in response to a serious medical condition – especially if that condition is a mental disorder – is an extremely nuanced one.

While mature minors are permitted to make some kinds of decisions with regard to their health, death is a very permanent and important decision. The prefrontal cortex – responsible for complex decision-making, weighing risks and rewards, and planning ahead – is not fully developed until the

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## The question we ought to consider very carefully is: do mature minors have the capacity to consent?

someone who is simply suicidal. It would offend our sensibilities to allow someone who simply does not wish to be alive to end their life, but it does not bother us to allow a dementia patient access to MAiD. One might say that this is because depression is not irremediable, but in cases like mine where the depression is linked to a hormone imbalance in the brain, it can be incurable.

My depression and suicidal thoughts caused unbearable suffering and only improved with a combination of medications and therapy. However, therapy is expensive and often not covered by medical insurance. Additionally, medications can be expensive and have unwanted side effects, such as difficulty sleeping, problems with memory and concentration, and strange dreams that can be unsettling. Some can even make the patient more suicidal or have more serious side effects. Since these medications often seek to rectify a hormonal imbalance by

Attorney General of Canada Jody Wilson-Raybould asked the Council of Canadian Academies (CCA) to review Bill C-14. The CCA put out three reports in 2018 on the three areas where MAiD is restricted.

The CCA report, *The State of Knowledge on MAiD Where a Mental Disorder is the Sole Underlying Medical Condition*, acknowledges that some mental disorders can be classed as treatment-resistant. Though there is no set definition for this term, it is usually applied after a variety of treatment options have been explored and none have produced the desired outcome of mitigation of symptoms. A mental disorder might also be considered chronic or incurable even if symptoms are reduced.

However, symptom reduction is only one way to measure patient recovery. A patient might regain their will to live after learning ways to manage their symptoms and live with their disorder. One can have a great quality of life even while experiencing

# Canada's place in the world in 2020 and beyond

*Fundamental global changes are upon us that represent a mix of challenge and opportunity.*



## Richard Fadden

Individuals are often told that self-awareness is an important part of being a balanced and successful person. This principle applies as much to countries as it does to individuals – and it applies especially to Canada. I do not believe we are being very honest with ourselves. In particular, I would like to address two main elements in how we should think of ourselves as a country.

The first element is our international environment. In our interconnected world, the description can consist of issues ranging from nuclear proliferation to climate change to migration and everything in between. I suggest another way of looking at the world – through four main “meta-issues,” so named since they affect all other issues, that need to be taken into account in relation to Canada’s national security.

These meta-issues are (1) the rise of revisionist states, (2) a dysfunctional West, (3) the growth of radicalization to violence, and (4) cyber in all its manifestations.

Revisionist states, profoundly unhappy with the international order and their place in it, are prepared to use virtually any means – short of war – to change that order and their place in it. China and Russia are the two “biggies” (with smaller ones being the likes of Iran and North Korea). Examples of their revisionist behaviour can be seen in Russia’s invasion and annexation of Crimea and its ongoing destabilization of Ukraine, and China’s massive world-wide intelligence gathering program, its activities in the South China Sea, and its “diaspora” management program.

China and Russia are intent on advancing their interests to the detriment of the West. Their activities span the political, military and economic spheres. We need to recognize that they are not just aggressive competitors, but strategic adversaries.

My second meta-issue is a “dysfunctional West.” The West includes those democratic states with a basic respect for human rights and international law generally, e.g., our NATO allies, Australia, New Zealand,

Japan, South Korea, Taiwan, among others.

The West is dysfunctional for a number of reasons. First, some have turned away from our democratic ideals towards right-wing authoritarianism and excessive nationalism. Second, there is a significant lack of global leadership on the part of the United States, which predates Trump, and an equal inability or unwillingness among the second-tier countries – the United Kingdom, France, perhaps Germany – to fill that gap. And, third, the West displays a significant loss of coordination in dealing with Chinese and Russian revisionism, as well as other issues.

My third meta-issue is the growth of radicalization to violence, most notably Islamist and right-wing extremism. At one level, the West has won the so-called “War on Terror” – there have been no 9/11-level attacks for some years now. But we should not forget Nice, Brussels, and London, to name a few other serious attacks, or the appalling level of terrorist or insurgency violence occurring in large parts of the developing world. And we have not

managed to deal with the root causes of why many groups around the world continue to use terror to advance their agenda.

The risk of massive attacks may be less than it was, but the risk of attacks is still there virtually everywhere on the planet. Right wing terrorism is also growing and like its cousin jihadist terrorism, it is a globalized threat. We ignore it at our own peril.

My last meta-issue is “all things cyber.” In fact, I am using cyber as a shorthand to encompass the brave new world of technological leaps forward – AI, quantum, space and so on.

We have *cyber-war*. Russia’s action in Ukraine/Crimea was effectively made possible by the former’s massive use of cyber tools to attack communications, command and control and other systems. If the disabling of communications systems had been accomplished by kinetic means, it would have entirely changed Russia’s operation and the West’s reaction to it. Cyber war becomes an easily useable tool to anyone wanting to make a point short of traditional armed conflict.

And then we have *cyber-espionage*, including IP (intellectual property) theft, of which it is estimated amounts to a trillion dollars a year. This is a major threat to both our national security and our economies. And, then there is traditional espionage directed at state or strategic secrets but now conducted using cyber tools.

*Cyber-crime* includes identity theft, ransomware, blackmail, denial of service, old-fashioned theft using cyber tools, and many other possibilities. These tools are used by states, organized criminal groups, individuals and other kinds of organizations.

The last cyber challenge is *cyber-propaganda*, e.g., using the Internet or social media to spread an ideology or false information meant to recruit individuals to violence or to disrupt institutions. It is used by some states, radical groups, and likely others. It threatens the integrity of our institutions and the ability of governments to act, given that

misinformation narrows the range of actions the population will support or tolerate.

This leads us to our second element, Canada itself. Despite our problems, we are – compared to virtually every other country – rich, peaceful, and safe. Yet, I suggest we are resting on our laurels more than we are entitled to. We emerged as one of the main economic and military contributors to victory in the Second World War. During the Cold War, we were a quintessential “middle power.” But, today, where does this leave Canada?

“One of the greatest issues faced by the West is the lack of a common ‘threat assessment.’”

I am not certain the concept of a middle power works today. To be in the middle, we need some countries “below” us and one or more above us. There are certainly countries below us but many are now vying for what is left of middle power status – a field possibly so numerous as to be meaningless. The other requirement is for a “top” power.

China will continue to be more of a world power than the Soviet Union, the United States is no longer the G-1 power it was when the USSR fell, and many Western countries are pre-occupied with their internal issues. And some NATO countries are falling to the blandishments of China. Perhaps one of the greatest issues faced by the West is the lack of a common “threat assessment.” This issue is especially visible in Canada – we are surrounded by three oceans and the US, so we don’t really feel threatened.

Now where does all this leave Canada? In particular, what can we do to deal effectively with these meta-issues? More than anything, we need to shed the blinders of the past and see the world and our place in it as it is. This is not a G-1 world, so we need to stand on our own with values and ideas more than we have in the past. And,

to do this we must bring to bear patience and consistency along with the resources to match.

I suggest that Canada’s place is as one among any number of Western countries, without the special position we enjoyed as a traditional middle power. This means we have to stop assuming other countries will eventually see issues as we do. We need to work harder and consistently with other countries on an issue-by-issue basis – sometime leading, sometime not. And not just assume the US will be able to or want to lead.

In practical terms, we need to recognize our adversaries for what they are. We have to deal with them but also draw clear limits to what we will accept. The G-1 world with comprehensive US leadership is gone and is not coming back. We are one among many Western countries adjusting to this new world. For that reason, we should accept that the meta-issues outlined require a multinational approach. It is important for Canada to work to develop a common Western worldview and prioritize where our national interests are greatest.

More than anything, we need a clear-eyed view of the world and of our place in it. Fundamental changes are upon us that represent a mix of challenge and opportunity – as a country we need to see the world as it is and make the changes that will allow us to remain one of the most fortunate countries on the planet. ❁

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Richard Fadden is former national security advisor to the Prime Minister of Canada. He is also a member of MLI’s Advisory Council. This article is based on his remarks at the CDA Institute’s Vimy Dinner on November 8, 2019, where he was awarded the 2019 Vimy Award.



*CCP General-Secretary Xi Jinping  
as the top Canadian policy-maker? Sadly, yes. Beijing has reshaped  
Canada in ways that most Canadians don't fully appreciate,  
and we ignore Xi's growing influence here at our peril.*

## Policy-Maker of the Year: Xi Jinping

**Charles Burton**

Each year, the Macdonald-Laurier Institute looks back at who or what had the greatest impact on Canadian federal public policy over the past 12 months. That person or institution is named the Policy-Maker of the Year, and always graces the cover of the December issue of the institute's flagship magazine, *Inside Policy*. This year is no exception.

Of course, this does not necessarily mean the most positive impact, although some of Canada's leading lights have been so recognized, including Truth and Reconciliation Commission chair Murray Sinclair, former foreign minister Chrystia Freeland, former justice minister Jody Wilson-Raybould, former foreign minister John Baird, and former Bank of Canada governor Mark Carney. But what we are really looking for is the one figure who has had a dominant role, for good or ill, in shaping government policy on the issues that matter most for Canadians.

Yet, this year a disheartening and desultory election campaign capped what has been a rather sorry year for fans of visionary political or policy leadership. We realized

that the person who had done the most to shape public policy in Canada wasn't even a Canadian. Indeed, on the question of who has done the most to reshape government policies, only one name truly comes to mind – Chinese Communist Party (CCP) General-Secretary Xi Jinping, though his impact on public policy is decidedly not in the best interests of Canadians.

serious accusations of fraud, the People's Republic of China (PRC) opted to pursue an aggressive, grossly disproportionate, and unlawful response – one that is leading Canada to compromise on our commitment to the rules-based international order.

The PRC arrested Canadians Michael Kovrig and Michael Spavor on specious grounds of stealing state secrets, when in

*Xi Jinping has forced more policy responses  
on Canada than any foreign leader,  
including even the US President.*

Xi Jinping has forced more policy responses on Canada than any foreign leader, including even the US President. What follows lays out for our readers what we think has been Mr. Xi's outsized policy influence in Canada.

### ***Meng Wanzhou and the rule of law***

Following Canada's lawful detainment of Huawei executive Meng Wanzhou, pending a court process to determine her eligibility for extradition to the United States to face

fact it was clearly retaliation for Meng's detainment. Notably, Canada has made no meaningful response to the lack of due process of law (neither man has seen a lawyer and there have been no formal charges against them), and utterly unjustified harsh treatment. Kovrig is a Canadian diplomat on leave working for an NGO, and he has been interrogated on sensitive matters related to his past position in Canada's Embassy to China, in gross violation of the 1961 *Vienna Convention on Diplomatic Relations*.

Not satisfied with hostage-diplomacy, Xi has also gradually ramped up his coercive tactics against Canada – from re-evaluating the case of our citizen Robert Schellenberg, which resulted in him being sentenced to execution on drug charges, to applying unjustified non-tariff barriers on Canadian agricultural exports to China. The latter has led to billions of dollars of lost income for

Even worse, it would signify that Canada's policy paralysis gives tacit consent for China to break down established global norms and institutions, which were designed to ensure fairness and reciprocity between nations. Mr. Xi's success in perverting the Canadian policy process would only embolden China to engage in further coercive acts against Canada.

Party's politics and law committees to which judges and lawyers are subservient.

Certainly, there have been hints of a more hard-headed approach when it comes to China's human rights abuses, such as Canada leading a letter writing campaign with its allies that openly criticized the PRC's mass internment of millions of people in Xinjiang. But a few

“Mr. Xi's success in perverting the Canadian policy process would only embolden China to engage in further coercive acts.”

Canadian soybean and canola producers as well as the Canadian beef and pork exporters. More retaliatory measures have been threatened.

Canadian business leaders and retired politicians – including such luminaries as Olivier Desmarais of Power Corporation and former senior political leaders like John McCallum, John Manley, Jean Chrétien and Brian Mulroney – have lobbied the Canadian government to show restraint, even going so far as to propose the abrogation of Ms. Meng's extradition process currently under the purview of the BC Superior Court. In so doing, they promote a *de facto*, and false, moral equivalence between the actions of Xi Jinping's Communist China and rule-of-law respecting Canada, exemplified by Manley's recent plea for a “prisoner exchange” between Meng and Kovrig and Spavor, despite the completely lawful detainment and treatment of Meng versus the completely unlawful arrests and brutal treatment of Spavor and Kovrig.

If these views held sway – and they certainly do among a certain segment of our political class – Canada would be crying uncle over and over in the face of improper Chinese pressure, abandoning the principle of political non-interference in judicial processes to get the PRC to stop bullying us.

### **Complicity in silence**

Back in 2018, MLI rightly recognized then Foreign Minister Freeland as Policy-Maker of the Year, thanks to her tireless efforts at promoting Canada's interests and values abroad, defending human rights, and helping to strengthen the rules-based international order. Indeed, under her leadership, Canada has taken the lead in standing up to human rights abusers around the world – from a lead in the Lima Group against the Maduro regime in Venezuela to applying Magnitsky sanctions against officials from Russia, Venezuela, and even Saudi Arabia following the gruesome murder of Jamal Khashoggi.

Yet, in contrast, Canadian policy-makers of all stripes have tended to be highly complaisant rather than critical when it comes to China's abysmal human rights record and many repressive policies, such as the mass internment and cultural genocide of the Uyghurs and other Turkic Muslim minorities in Xinjiang, political and religious repression of Tibetans, arbitrary arrest of lawyers defending political dissidents and oppressed religious minorities, lack of electoral accountability of political leaders, and a judicial system subject to arbitrary manipulation by the

hand-wringing letters from a government that has made battling Islamophobia at home and abroad a signature policy underlines the extent to which Xi's policy influence in Canada has often been subtle and indirect, exemplified often by Ottawa's silence on issues that, in other contexts, one would have expected a loud and vigorous Canadian response. Xi's influence is often detected by the realization that Ottawa's policy dog does not bark in response to Chinese provocation.

It has been far easier to stay silent completely or to offer only the most perfunctory of criticisms. Chrystia Freeland's comments on Hong Kong, where she merely urged restraint on all sides rather than explicitly condemning China's increasingly violent and heavy-handed actions, are a clear example of the latter. Another is her predecessor's equally mild comments when an international tribunal in The Hague offered a stern rebuke of China's claims to and militarization of the South China Sea, in which Stéphane Dion simply urged all parties to comply with the ruling. Remember that Canada is a proud signatory of the *United Nations Convention on the Law of the Sea*, in whose formulation we played an important role, and normally a staunch defender of the rule of law, as

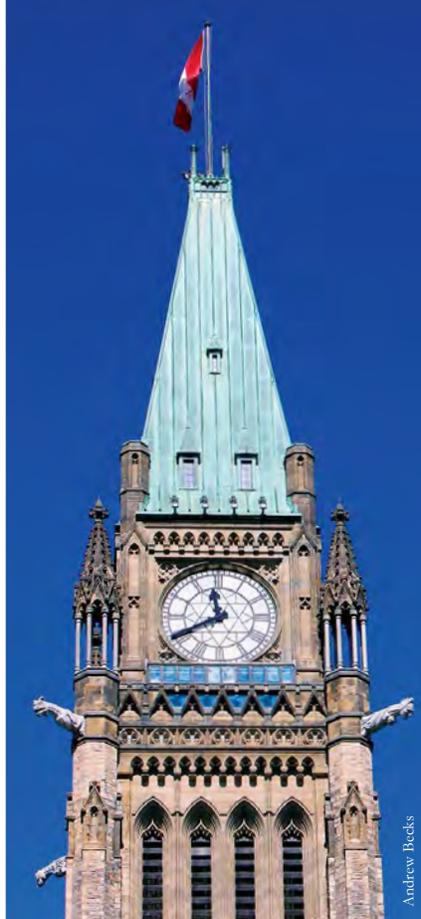


we have been in response to Russia's illegal annexation of Crimea and slow motion invasion of eastern Ukraine.

### ***Failing to blunt China's sharp power***

To understand such deference, it is useful to turn to PRC's sophisticated engagement of Canada's business and political decision-makers. China has built up this network over many years, but Xi has substantially upgraded his CCP United Front Work Department's capacity to implement "sharp power" influence campaigns around the world. And, according to Australian scholar Clive Hamilton, China's influence operations have been more successful in Canada than in other democracies, such as Australia and New Zealand.

"Yes, Australia's economic dependence is higher – in terms of trade," observes Hamilton. "[B]ut when I look, as I have been doing, at the subtle but intense influence of China on Canadian institutions – parliaments, provincial governments, local governments, universities, the intellectual community, the policy community – it makes me deadly worried." As he adds, "I have also been dismayed by the brazenness of friends of the Chinese



Communist Party and their activities [in Canada]."

Yet unlike, say, Australia, Canada's efforts to protect its citizens and residents from improper pressure and interference by agents of the Chinese state have been positively snail-like. Indeed, Canada has yet even to acknowledge openly that such a problem exists.

Much of Mr. Xi's sharp power hold on Canadian policy-makers can be attributed to the power of money. China's enormous market has proven a bonanza for some major Canadian agricultural commodity producers, mineral exporters and companies who have relocated production to China for its lower wages, and loose labour and environmental standards. They get the message from their Chinese state-owned enterprise partners and through the Chinese Embassy in Ottawa: China is vengeful if provoked. As a result, it seems that concerns about human rights, cyber-espionage, and harassment and intimidation of Canadian Tibetans and Uyghurs are simply set aside.



# ***AECOM***



It is remarkable how China has been able to reach deep into Canadian society – whether we are talking about Canadian businesses, universities and college campuses, diaspora groups and associations, and politicians of all political stripes and levels of governments – with little in the way of public response.

Instructively this can be contrasted sharply with Ottawa's attitude to the United States. It is a longstanding theme of Canadian politics to bemoan our southern neighbour's undue influence and dominance, and legislation has even been passed purportedly to limit American influence in cultural and other spheres. Simply put, we would never tolerate outsized foreign influence from the USA or other countries, yet when it comes to China, we do so with nary a comment. Surely the explanation is at least in part that while we are far more dependent on America than China, we know that America will not kidnap our citizens and respects and shares our commitment to the rule of law. We keep quiet because we fear China's vengeful and lawless response.

Any hope that Xi Jinping's regime will continue to allow us market access if we have the temerity to displease him



*If Huawei is finally permitted to supply the equipment for Canada's 5G network, it could be Xi's greatest achievement in shaping Canada's international policy.*

has surely been crushed by Beijing's harsh and disproportionate reaction to Canada's decision to detain a member of his Red élite, Meng Wanzhou. Similarly, Canada's "timid and craven" attitude toward the protest in Hong Kong, despite 300,000 Canadians currently living in that territory, is informed by such a view. So too is Canada's relative silence when it comes to Beijing's shunning of democratic Taiwan in international fora.

### ***The challenge of Chinese foreign investment***

China has also shown a significant appetite to slowly accumulate stakes in valued strategic industries in Canada – from natural resources and infrastructure to advanced technology. Sometimes such efforts are blocked, such as when China's state-owned enterprise CCCI attempted to acquire Canadian construction giant Aecon, which would have given it access to data on critical infrastructure, such as nuclear power plants. But, more often than not, such acquisitions succeed, such as China's National Offshore Oil Company's (CNOOC's) takeover of Canadian oil company Nexen in 2013.

In either case, China's aggressive attempts to gain a stake in key sectors of our economy have led to significant debate about the proper review of foreign investment but notably no comprehensive policy designed to protect Canadian companies from the predatory behaviour of Chinese companies that are not simply garden variety market players but active agents of the interests of Mr. Xi and his

authoritarian national security state. Yet another Canadian policy dog that did not bark in response to Chinese trespassing.

As befits a country whose economic and technological rise has been premised on widespread pillaging of Western technological innovation, a particular priority of Xi Jinping's China has been to loosen restrictions on the export of advanced technology with strategic or military applications. In 2015, the Liberal government allowed China's O-Net Communications to acquire Montreal-based ITF Technologies, whose technology has applications for a new generation of directed energy weaponry. Equally controversial was the 2017 sale of Norsat International to China's Hytera Communications. Norsat, it should be noted, had developed satellite-communication systems used by the US and Taiwan militaries, resulting in a rare rebuke by the Pentagon that it would review its dealings with the Vancouver-based company.

Now we face the prospect of Ottawa under pressure to risk our telecommunications and data security. As former National Security Advisor to the Prime Minister and MLI Advisory Council member Richard Fadden has made clear, the security implications of allowing Huawei's equipment in our 5G network should not be underestimated, even if accompanied by Canada's Communications Security Establishment monitoring of the installation for any hidden connections to Chinese intelligence gathering. Once Huawei is installed, any Chinese commitment to allow Canadian

monitoring of Huawei systems – to prevent them from purloining data or threatening critical infrastructure – will likely be revoked. And there won't be much we can do about it.

If Huawei is finally permitted to supply the equipment for Canada's 5G network, it could be Xi's greatest achievement in shaping Canada's international policy. It will almost certainly lead to a substantial weakening of Canada's participation in the US-led Five Eyes intelligence sharing partnership. This would be a major advance for the PRC's overall geostrategic ambitions, weaken the Western alliance of which Canada has hitherto been an indefectible member, and render Canada even more susceptible to covert, corrupt or coercive approaches by Chinese agents of influence.

### ***What "community of common destiny"?***

The CCP United Front propaganda strategy promotes the idea that China's rise to global dominance is preordained and inevitable. So Canada, to ensure its economic prosperity, must adjust its policy to the "reality" that the US is in decline and will continue to decline until China takes its place as the new global hegemon. This perspective is then reinforced by lobbying efforts by the major Canadian corporations enjoying associations with Chinese business networks. Canadian think tanks connected to China-related funding sources produce reports affirming this line.

The message is that Canada has no choice but to make compromises based on a doctrine

of “if you can’t beat them, join them.” After retirement from public service, politicians and civil servants seen as collaborative by the Communist regime find themselves on lucrative boards, associated with law firms who represent China business, and bring new people into the circle of “friends of China,” as the PRC rewards them with awards and banquet toasts.

Building on the assertion that China’s rise to power in the world is essentially unlimited, Mr. Xi has expounded his vision for the future of international relations as “the community of the common destiny of mankind.” This doctrine implies the existing rules-based international order based in institutions such as the UN and WTO gradually fading into irrelevance, to be replaced by a China-oriented new global order. One example is the China-led Asian Infrastructure Investment Bank (AIIB), which may have the appearance and structure of a Bretton Woods institution but lacks many of the latter’s environmental and social safeguards. Importantly, the AIIB’s governance structure enshrines Chinese dominance, both in terms of its voting share and in its ability to nominate the powerful bank president.

Even more telling is the PRC’s Belt and Road Initiative (BRI), a massive global infrastructure program to connect China with Eurasia through a network of highways, rail, pipelines and digital communications links (the belt) and a more extensive maritime network of port facilities from the South China Sea, Indian Ocean, to the Suez Canal and the Mediterranean (the road). Unlike the AIIB, the BRI remains under-institutionalized and is largely based on a globe-spanning network of bilateral infrastructure deals, in which China’s size and power give it important advantages.

Mr. Xi’s claim of inevitable global dominance has been quickly accepted by an alarming number of Canadian commentators. We hear that “the rise of China is bending the arc of history,” so Canada must

“adjust rapidly to changing geopolitical realities arguably as profound as anything since the rise of the United States challenged the dominance of the British Empire in the late 19th century.” This rhetoric is certainly not based on sound comparative historiography, but underlies Canada’s acquiescence in Xi’s demands that Canada support China’s global ambitions – by participating in the AIIB and BRI.



*Mr. Xi’s policies have sapped our national vitality and debased Canada’s national character.*

Yet China accounts for a mere 4.7 percent of Canada’s exports compared to 75.1 percent of our exports going to the United States. While China’s GDP is ranked second in the world only to that of the USA, the UN ranks China’s GDP per capita as 75th in the world, just below Kazakhstan and just ahead of Cuba; in comparison, Canada is 19th, below Hong Kong, Finland and Germany. China’s rise is not necessarily a one-way journey. It must battle many countervailing factors. So, the prospect of Canada having to accommodate a new global order whose agenda is set by an overwhelmingly dominant PRC is by no means inevitable.

While Canadian public opinion is increasingly wary of enhanced engagement with China, the government continues to see promoting relations with China as a foreign policy priority for Canada. For example, in a major address on foreign policy, Prime Minister Trudeau pointed to the deep ties

connecting Canadians and Chinese people and emphasized the “economic opportunities for Canadians.” Of course, he also reiterated the notion that “China has a political system and core values that differ from ours.”

Yet such words only reinforce the idea that “Chinese values” are at variance with “western values,” which has been propagated by Chinese propaganda over many years, while explicitly rejecting all discourse of “universal values” as encapsulated in the (largely Canadian-authored) *Universal Declaration of Human Rights* and associated covenants. At its root, this claim of “core values that differ from ours” is a justification promoted by China for countries like Canada to be “understanding” of China’s many repressive policies.

### **Conclusion**

China hopes to see Canada’s alliance with the United States and its allies in East Asia – most notably Taiwan and Japan – further weakened. What China is pursuing is a zero-sum game of unfettered power politics. Nevertheless, Canada’s allies are becoming increasingly aware of the nature of the PRC regime and its geo-strategic ambitions. Through enactment of laws and regulations that clearly define and sanction PRC wrong-doing and misbehaviour, our allies seek to empower agents of progressive change in China to promote compliance with the letter and spirit of the international regimes designed to ensure political and economic justice.

Yet, in contrast, Canada has lagged well behind in this endeavour. Mr. Xi’s policies have sapped our national vitality and debased Canada’s national character based on commitment to the founding values that make Canada the harmonious and tolerant society we aspire to be: decency, fairness, reciprocity, honesty, and openness.

It is not too late to for Canada to stand firm against China. As noted earlier,

*Continued on page 35*

# Here's how we show China we mean business

*If Michael Kovrig and Michael Spavor are charged, the Canadian government must consider stronger action in response.*

## Margaret McCuaig-Johnston

Newly minted Minister of Foreign Affairs François-Philippe Champagne must feel as if he's been dropped in the deep end. For Canada's sake, let's hope he's a strong swimmer. In November, he had a one-hour face-to-face on the sidelines of a Group of 20 meeting in Japan with Chinese Foreign Minister Wang Yi, well known for shaking his pen at a Canadian journalist while lecturing her on China's stellar human-rights record. On the same day as the meeting in Nagoya, a leak by a senior official in China put the lie to that record with the publication of the operations manual for the detention camps for Uyghurs in Xinjiang.

Mr. Champagne had only been on the job for a few days and already he was engaged on Canada's No. 1 foreign-policy file, China, and the most important challenge of that file: the detention of two innocent Canadians and the court rulings of execution against two others in disproportionate retaliation for the arrest in Vancouver of Huawei executive Meng Wanzhou. By now, I am sure the minister has realized the enormity of the task ahead of him, with four lives hanging in the balance.

The China file is an opportunity for Mr. Champagne to demonstrate his leadership in the Foreign Affairs portfolio – and an opportunity to reset Canada's relationship with the Middle Kingdom. We know he has valuable experience in business and trade and will understand what is at stake in China for our business community.

However, he will need to demonstrate his bona fides in diplomacy.

With four Canadians languishing in Chinese prisons, Canada has an opening to persuade China to return them. At this time, two have been formally arrested but, contrary to earlier reports, they have not yet been charged and until they are, it is

possible they could be sent home. This is the key window of opportunity.

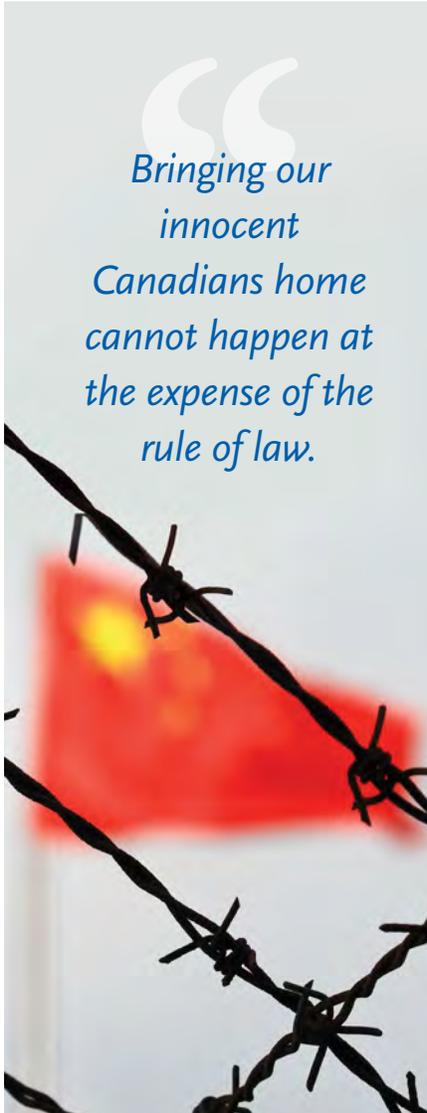
In the Chinese judicial system, charges do not have to be laid against Michael Spavor and Michael Kovrig until June 2020, but they could be charged before that. Neither has been given access to a lawyer during more than 11 months of incarceration, nor have they been allowed to see family. Fellow Canadians Robert Schellenberg and Fan Wei have appealed their execution sentences. The prosecution and the judiciary are guided by the Communist Party of China, so the legal system can be flexible when it wants to be, unlike our own.

Bringing our innocent Canadians home cannot happen at the expense of the rule of law. Former foreign-affairs minister Chrystia Freeland has very clearly expressed this basic principle to the Chinese government, and Mr. Champagne must now carry it forward.

In Canada, the judicial proceedings for Ms. Meng will play out as they should. She has the best lawyers money can buy, and it is possible that our courts will find in her favour. China should not expect a new minister to throw all that out and suddenly send her home. Canada does not renege on its international extradition agreements – she was arrested at the request of the United States – and our courts are among the best in the world. Ms. Meng can make her case there.

If, however, Mr. Spavor and Mr. Kovrig are charged, it will be a signal from China that they will be put through a trial and sentencing and sent to prison, since 99 percent of those charged are found guilty.

“Bringing our innocent Canadians home cannot happen at the expense of the rule of law.”



At that point, Canada must consider stronger action to show Beijing that its disproportionate actions have negative consequences for China.

The first step should be to charge Chinese government officials under our own Magnitsky legislation, officially called the *Justice for Victims of Corrupt Foreign Officials Act*. The detention of Mr. Kovrig in particular warrants naming, as he is a Canadian diplomat who was on leave when he was kidnapped – a gross violation of the *Vienna Convention* of 1961. Officials of the Chinese Ministry of State Security would be named, as well as others further up the line.

The Magnitsky law allows the Canadian government to block visas for officials and freeze or seize their assets in Canada. Many

other orders of government to increase the cost of Canadian real estate to buyers from China – or prohibit it outright. A BC Supreme Court decision recently supported this as lawful, as it relates to an individual's immigration status rather than ethnic or national origin. It could also make housing more affordable for Canadians.

We should send home China's symbols of friendship – the pandas now housed at the Calgary Zoo, as well as their athletes training for the 2022 Winter Olympics, to be held in China. We have no obligation to help them win gold while they are holding innocent Canadians for ransom.

Some have suggested that next year, the anniversary of Canada's official recognition of China, could be an occasion to celebrate

support for our detainees from the leaders of other countries, who made public and private representations on our behalf. We may need to do more of that.

In the same vein, Ms. Freeland – now Deputy Prime Minister – and Minister of International Trade Mary Ng should be able to make common cause with US Trade Representative Robert Lighthizer, who is still engaged with the Chinese on changes they will need to make to their business practices in the context of the US-China trade negotiations. Canadian companies have been hit hard by forced technology transfer, intellectual property infringement and other problematic practices. They too would benefit from any changes that Mr. Lighthizer is able to secure in negotiations. At the same time, our ministers will want to ensure that increased agricultural exports from the US to China do not come at the expense of Canadian exports, so it will be important to have good lines of communication with the US government on that list of products.

More broadly, Canada must now diversify its trade opportunities and relations in the region. An Indo-Pacific strategy should be a priority within which a reset of our China policy would be developed. This would recognize the more aggressive China we are seeing across all fronts. It would also provide additional support to Taiwan, given the recent threats against it from China. This would include continuing the passage of naval ships through the Taiwan Strait, proposing Taiwan's membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, sending junior ministers for policy discussions, deeper science and innovation collaboration, and discussions toward a foreign investment promotion and protection agreement.

Some of these proposals will be of concern to the business community, which

## More broadly, Canada must now diversify its trade opportunities and relations in the region.

Chinese officials have homes and financial assets here – and some hope to move here. Canada has already named officials of Russia, Venezuela and South Sudan. But if we do not name Chinese officials in the face of these abusive charges, then we should rescind the legislation. It should apply to all countries that offend the act's principle of "gross violations of internationally recognized human rights" – not just countries we do not fear.

Furthermore, if Canadians are charged, the Canadian government should take additional measures that make clear to China that Canada is not a small country to be squeezed until we kowtow. We are a middle power respected throughout the world, fully engaged in international organizations and influential in all major matters of state. We will always act in the interests of our citizens.

If our fellow Canadians are charged, the federal government should work with

and renew the Canada-China relationship. But if our fellow Canadians are charged, there will be nothing to celebrate.

The government should review the option of withdrawing from the Asian Infrastructure Investment Bank (AIIB), which is very much a China-driven platform for investment in projects in the Asia-Pacific region. Ottawa should assess our experience since we joined in March 2018, and determine whether it is a useful forum.

Australia saw the need to introduce its *Foreign Influence Transparency Act* and related initiatives to ensure that China's focused attempts to affect that country's political system and society are revealed and dealt with appropriately. Canada, too, has seen concerning developments in that regard and could study the Australian experience and legislation.

We should also be working with other countries in developing common approaches to China. Ms. Freeland effectively rallied

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# Canada should show steadfast resolve in dealing with China

*Canadians need to ensure that we do not kowtow to China's coercion and bullying – and this should apply equally at home and abroad.*



## Duanjie Chen

The Canada-China relationship remains perhaps the most important and difficult challenge facing the Trudeau government as it gears up for its second term. Yet this relationship remains multifaceted and complex, requiring some thought on what should be prioritized in the coming weeks and months ahead.

Clearly, the government's highest priority needs to be securing the release of Michael Spavor and Michael Kovrig, who have been illegally imprisoned in China. This should be done by demanding that justice and the rule of law be applied to the two innocent Michaels, who currently languish in Chinese jails, rather than begging for personal favour.

The contrast between how China has

“  
Our farmers  
need to count on  
global market  
trends, not the  
CCP's leniency.”

treated these two innocent Canadians compared to how Canadian authorities have treated Huawei executive Meng Wanzhou, whose lawful detainment in Vancouver triggered China's hostage diplomacy, could not be starker. Indeed, we should be forthright in demanding reciprocity – that China should treat these two innocent Canadians with the same

fairness and due process as what we have provided to Meng.

Canada should also appeal to our allies for a united, all-out campaign for stopping China's hostage diplomacy. China needs to learn its limits; going softly and quietly will only embolden China's misjudgment on its coercive power.

The same applies to China's use of economic coercion, such as its ban on Canadian agriculture product exports to China, which are being used as pressure on Canadian authorities to release Meng. The Chinese Communist Party (CCP) would rather see its own people suffer, in this case by letting its domestic pork prices rise, than retreat from this arbitrary ban.

Our farmers need to count on global market trends, not the CCP's leniency. If we look at the trend in Canadian pork

price, both its highest and lowest levels for 2019 were higher than their 2018 counterparts. This proves once more that the global commodity market, where China is a major buyer and Canada a major supplier, will be our farmers' true savior. Ultimately, our government should focus on helping our farmers diversify beyond China, with no illusion that China will loosen its ban anytime soon.

Yet, even as we try to free the two Michaels and mitigate the effects of China's economic coercion, the Trudeau government must also deal with other aspects of the Canada-China relationship – and one of the most crucial outstanding issues is what to do with the Chinese telecommunications giant Huawei.

telecom and hardware suppliers from such sectors, Beijing had helped Huawei to dominate its domestic market in the first place, eventually propelling Huawei to expand globally at an unprecedented speed.

Canadians need to ensure that we do not kowtow to China's coercion and bullying – and this should apply equally at home and abroad.

At home, we should be deeply worried about the Chinese government's encouraging and controlling of pro-China and anti-Hong Kong demonstrations. Such demonstrations are different from defending freedom of speech. It's the opposite: it's imposing a foreign official ideology through concerted efforts by

approach to Hong Kong protests. When it comes to defending our values, including rule of law, we should never show fear but resolve. Of course, I am not suggesting a blind confrontational approach, but rather clarity and firmness whenever and wherever the opportunity presents itself to stand for our values and national interests.

On Hong Kong in particular, we must never retreat from urging China to stick to its "one country, two systems" promise to the Hong Kong people and international community through the law it signed with the British government.

Some influential Canadians have long seen China as a welcome counterweight to the American power. Yet, it is no longer acceptable to ignore China's authoritarian

## *Allowing Huawei, a CCP-favorited national champion, to infiltrate our 5G system would be a strategic mistake we cannot afford to make.*

On this area, Canada should move to ban Huawei from any involvement in our 5G system. We must place our national security above any commercial interest. Our government must listen to our national security experts who have repeatedly warned about the Huawei threat.

Aside from the evidence of Huawei's threat as seen by our national security experts, 5G systems will connect everything we do in the future, particularly our critical infrastructure ranging from defence communication networks to power grids. Allowing Huawei, a CCP-favorited national champion, to infiltrate our 5G system would be a strategic mistake we cannot afford to make.

We should recognize that the Chinese government has never opened any of its telecommunication, transportation and power generation sectors to any foreign investors, because it sees these as strategically critical sectors. By blocking foreign

foreign officials. This is overt foreign interference and needs to be stopped by some kind of legislation urgently.

If we ignore such overt interference, the Chinese communities here will become infiltrated by CCP enclaves on our soil, which will threaten our Canadian way of life (as seen in many recent cases, such as the one involving Chami Lhamo, a freely elected University of Toronto student leader who is Tibetan-Canadian and has been under organized attack by Chinese students precisely for that reason).

Our government should ask a very simple question: Can we, are we able to, and do we even want to do the same in China? If not, why should we allow CCP to act in this manner on Canadian soil?

Yet Canadians also need to speak out on international issues that concern China's violation of human rights and rule of law – from the CCP's egregious human rights abuses in Xinjiang to its heavy-handed

ian nature after it has done so much to violate our values. Our government should not use President Trump's erratic manner as a scapegoat for our own years-long emboldening of China's bullying on Canada; instead, we should coordinate closely with bipartisan US lawmakers in our policy direction concerning China.

If we can be thankful toward Beijing for anything, it is that its own belligerence has given Canada's approach towards China a much-needed jolt. As Canadian policy-makers consider how to reshape this approach, they would do well to prioritize Canada's national interests and show steadfast resolve in the face of China's sharp-power aggression ❁

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**Duanjie Chen**, an independent scholar with a PhD in economics, is a Munk senior fellow at MLI. She is author of the MLI report, *Countering China's Economic Coercion: No fear but resolve, no illusion but diversification.*

# On the Hong Kong protests, the world must stand up to China

*Democracy protests in Hong Kong have unleashed global concerns about the implications of China's rise.*

Dawn Brancati

Nathan Law

Most democracy protests are short-lived, garner little international attention and are confined to state capitals. The ongoing protests in Hong Kong are exceptional, having endured for more than 25 weeks. They've spread to cities and college campuses across the globe, challenged international businesses, and attracted the support of foreign governments as well as politicians of contrasting ideological stripes.

Few protests have the potential to go global like those in Hong Kong due to the large number of people from Hong Kong and mainland China studying abroad – about 700,000 in 2018 – the high level of foreign investment in Hong Kong, and the centrality of Hong Kong to China's flagging economy.

Hong Kong students abroad have organized numerous protests, sit-ins, and rallies – often wearing black, masks, and the occasional Winnie-the-Pooh costume – to raise awareness and demonstrate solidarity with the pro-democracy protests. Masks are an emblem of defiance in Hong Kong where they are banned, as is Winnie-the-Pooh. The storybook toy bear is banned due to comparisons with President Xi Jinping.

Students also give lectures, flood social media with messages of support and erect Lennon Walls, modeled after the one first created by John Lennon in Prague for passersby to post opinions about the quest for democracy. They also attend basketball games in the United States, wearing masks and t-shirts emblazoned with the words



“Stand with Hong Kong” and holding placards in support of the protests, human rights, and democratic freedom more generally. National Basketball Association Games became a focal point of protest because of the backlash Daryl Morey, general manager of the Houston Rockets, received for tweeting a message in support of the protesters.

These events, like those in Hong Kong, have turned violent at times. Pro-China activists, seeking to disrupt the Hong Kong student events, have vandalized Lennon walls, shouted pro-China slogans and songs, and exchanged punches. While

Chinese diplomatic missions abroad have lauded the Chinese activists, universities where these confrontations have taken place have pledged their support for freedom of speech and urged civility in discourse and open, non-violent debate. Last summer, Australia's Foreign Minister Marise Payne was compelled to remind foreign diplomats to respect the right to free speech and assembly in Australia after China's consul-general in Brisbane, Xu Jie, praised Chinese students who disrupted a University of Queensland event by playing nationalist songs and chanting “China is great!”

The Hong Kong protests have

also garnered the support of foreign governments. In 2014, when Hong Kongers took to the streets to challenge electoral reforms, support from Western democracies was limited primarily to rhetoric. Now, however, with the United States embroiled in a trade war with China and support for Hong Kong serving as a pressure point, the US Congress has taken a much stronger stance. In October, the US House of Representatives passed the *Hong Kong Human Rights and Democracy Act* with bipartisan support. The Senate has overwhelmingly approved the bill. The act establishes a process to impose sanctions and travel restrictions on those responsible for the arbitrary detention and torture of Hong Kongers, and more critically mandates an annual review of Hong Kong's special status.

Losing this status would mean Hong Kong would no longer be treated as a separate economy but a part of China. This would have significant consequences for both Hong Kong and China: Hong Kong is a financial bridge between the mainland and the rest of the world. Hong Kong is currently the largest offshore yuan clearing centre in the world, the largest source of overseas direct investment in China and a leading destination for China's foreign direct investment outflow. Hong Kong's financial industry is also important to China's signature Belt and Road Initiative, providing loans and other professional services for the infrastructure projects. China has promised strong countermeasures against the United States once the Senate approved the bill and President Donald Trump signed it into law.

Ironically, China has tried to use other countries' democratic freedoms to win over international public opinion and mitigate the economic effects of the protests. In September, Carrie Lam, chief executive of Hong Kong, wrote an opinion essay "I Am Listening" for the *New York Times*, explaining why Hong Kong remains a good place to do business and casting the

Hong Kong protesters as hooligans. The Chinese government has also beseeched the foreign media to report on events in Hong Kong in a neutral, objective and comprehensive manner.

Unlike the US government, many multinational corporations doing businesses with China have been cowed by China's threats. Ironically, Apple – which in 2016



*Unlike the US government, many multinational corporations doing businesses with China have been cowed by China's threats.*

refused on civil liberty grounds to write software to break into the iPhone used in the San Bernardino terrorist attacks – removed an app that Hong Kong protesters use to mark the locations of police and inform protesters about street closures under pressure from China. Meanwhile, Google, which once shut down its search engine in China due to censorship, removed a pro-Hong Kong protester mobile game from its Google Play store.

China has also tried to pressure state-owned industries in Hong Kong to counter the protests. Beijing apparently threatened to deny Cathay Pacific Airlines – China Air, a state-owned enterprise, is a major stakeholder – access to Chinese airspace unless it fired employees for participating in the protests. Activision Blizzard, a leading American video gaming corporation in which the Chinese firm Tencent is also a major investor, suspended an e-sports player from Hong Kong for a year after he expressed support for

the protests. Blizzard later reduced the player's penalty and reinstated his winnings, denying that the decision had anything to do with its relationship to China as a growing market.

Only a handful of international corporations have challenged China. Facebook and Twitter have suspended accounts described as associated with disinformation campaigns by the Chinese government against the protests. Twitter also barred state-controlled news media agencies from advertising on the platform. Neither action is particularly bold, however, since both platforms are banned in mainland China.

The NBA has taken the boldest stance in support of the Hong Kong protests and freedom of speech more generally. The NBA earns conservatively an estimated \$500 million in revenue from China annually. China demanded that the NBA fire Daryl Morey for posting a Twitter message in support of the Hong Kong protests and refused to broadcast two Nets-Lakers games in China. Adam Silver, the commissioner of the NBA, refused to fire Morey or discipline him despite a potentially heavy financial loss.

Public opinions polls in the US and Europe indicate that a majority of Americans and Europeans see China's economic policies as a threat to their countries' economic interests. China's recent attempts to control corporations based outside China demonstrates that China's economic power is not only a threat to economic interests, but also democratic values and freedoms. Action similar to the international boycott of the 2018 Saudi investment conference to protest the assassination of Jamal Khashoggi is required to signal to China that money cannot buy out democracy.

The people of Hong Kong are making tremendous economic sacrifices for democracy. Since the protests began, tourism has almost halved – the worst since

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# Regaining Canada's strategic advantage in rare earths

*Canada must work with key allies to help break China's market dominance in rare earth elements.*

Joseph Quesnel

Three decades ago, China embarked on an ambitious plan to become a global leader in the production and processing of rare earth elements (REEs). As former Chinese President Deng Xiaoping famously quipped in 1992: “There is oil in the Middle East; there is rare earth in China.”

Today, China's objective has been essentially achieved – and the regime has not hesitated to use its dominant market position as a political weapon. In 2010, China restricted REE exports to Japan over a diplomatic dispute, which led to a sharp spike in prices that roiled global markets. More recently, Beijing raised the spectre of choking off rare earth exports to the United States during the continuing Sino-US trade war.

Due to the increasing importance of REEs, much of the rest of the world is now vulnerable. Canada should be a world leader in addressing this problem.

Rare earth elements – also called critical minerals – are a group of 17 metals used in products such as clean energy technologies, electronic goods, and military hardware. They affect a large range of industries in the Canadian and global economies, and with expected growth in electric vehicles and other new technologies, these industries will only become more important over time.

Despite their name, REEs are not rare in supply, but rather are abundant. They are “rare” because they rarely occur in economically exploitable concentrations. They are also often found together with other elements and are difficult and expensive to separate for extraction.



*The strategic value of rare earth elements outweighs their economic value.*

China has brought its formidable research and development capacity to bear on this sector. It now has two state laboratories and two research institutes almost completely focusing on REE research. China produced over 70 percent of the world's supply of rare minerals in 2018 and now controls almost 37 percent of the world reserves, according to the US Geological Survey. China also completely dominates the global supply chain and brings its state-owned enterprises to bear to subsidize the sector and control world supply.

With its plentiful REE deposits and considerable mining expertise and talent, Canada is well positioned to break Beijing's near-monopoly on this critical sector – though it must work with its allies and especially the United States to regain the strategic advantage. There are some signs this is already occurring.

US President Donald Trump and Australian Prime Minister Scott Morrison recently unveiled an ambitious plan designed to secure the supply of REE and

diversify the supply chain in both countries. Although Australia contains less than 3 percent of the world's REE reserves, it represents more than half of new expected projects in the world.

Canada has reportedly been in high-level talks with the US on an agreement similar to the one with Australia, and this should be a priority for the government. As partners on REEs, Canada and the United States can further cement their already closely aligned economic and national security policies and help each other build domestic capacity. Canada should also work closely with its other allies – such as Japan and the European Union – to break Chinese market dominance. Western governments will need to be prepared to backstop contracts and guarantee prices at a sufficient level to justify investment in mines and processing facilities in North America and beyond, even in the face of Chinese market manipulation.

As noted by Gabriel Friedman in the *Financial Post*, the strategic value of rare earth elements outweighs their economic value. This is one area where the national security and broader national interests of Canada and indeed all of North America create a moral imperative to act.

There are significant quantities of REE in Alberta shale deposits, and several other potential sources in Nunavut, Northwest Territories, northern Saskatchewan, Quebec, Ontario, and Newfoundland. However, building a mine is an expensive proposition. And mine production is only a very small part of the process in the supply

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# Middle East tensions reveal value of Canadian energy in the Indo-Pacific

iStock



Left: Oil tankers arrive at the oil terminal in the port of Singapore

*Canada has an opportunity to help meet the growing energy demand in the Indo-Pacific and reap economic benefits at home.*

**Jeff Kucharski**

**W**hat do the current tensions in the Middle East have to do with Canada's future economic stake in the Indo-Pacific?

Recent events including drone attacks on a Saudi oil refinery, seizures of oil tankers, tensions in the Strait of Hormuz and the resulting spike in oil prices reveal the tenuous nature of global energy security. These events can have a rapid and profound impact on energy markets and highlight the important role Canada's energy resources could potentially play in enhancing global energy security, reducing greenhouse gas (GHG) emissions, and contributing to our economic future.

The Middle East holds vast reserves of crude oil but it also happens to be a region with a long history of instability and conflict. Because almost all of the crude oil and gas that is produced in the Persian Gulf must be transported through the narrow Strait of Hormuz in order to get to world markets, the risk of disruption is ever-present. We saw this situation emerge again over the summer as tensions between Iran and the US intensified and the risk of open conflict increased.

In fact, as a result of the attack on a Saudi Arabian oil refinery on September 14, the equivalent of 5 percent of world oil production was knocked out instantaneously causing the largest oil price spike in nearly 30 years. Unfortunately, this wasn't the first such disruption in the region and most likely won't be the last. But the attack highlights the vulnerability of Saudi oil production and the stability and security of oil supply from the Middle East.

Much of the oil and significant quantities of liquefied natural gas (LNG) produced in

the Middle East is exported to countries in the Indo-Pacific. All of these countries are therefore vulnerable to any disruption in the sea-lanes and "chokepoints" running from the Persian Gulf, through the Strait of Hormuz, across the Indian Ocean, through the Strait of Malacca and up through the South and East China Seas. Any disruption can potentially lead to a substantial increase in energy prices and costs, while posing a serious threat to economies dependent on oil and gas imports. Energy security therefore remains a top-of-mind policy issue for Indo-Pacific countries as they seek to reduce the risk posed by over-dependence on any single country or region.

Global energy demand is set to rise 27 percent by 2040, according to the International Energy Agency's World Energy Outlook. Most of that growth will be in the Indo-Pacific, due to rising incomes and global population growth. This global energy demand is led by developing and newly industrialized economies like those of India and China. China, Japan and South Korea are already the world's largest importers of crude oil and LNG. Despite the steady increase in power generation from renewables in the region, demand for fossil fuels is forecasted to grow to at least 2040.

Recent events in the Gulf region must be very worrying to the Chinese government. China currently relies on imports for about 72 percent of its total oil demand. Demand for oil in China continues to rise as its economy grows, despite efforts to improve energy efficiency and increase the use of renewables. China therefore faces an energy security conundrum. It is risky for China to remain highly dependent on Iran and other Middle Eastern suppliers given the instability of the region. Yet it has few alternatives to turn to. A plan to step up domestic production of oil and shale gas faces challenging technical obstacles with only marginal potential gains. As China hunts for oil and gas closer to home, it is pushing into disputed areas of the South China Sea, causing tensions with neighboring countries such as Vietnam and the Philippines.

As the world's largest producer of oil and gas, the US could potentially become a significant supplier to China. However, China is now viewed by the US as a strategic rival and the two countries appear to be moving steadily toward a "decoupling" of trade and investment. Optimistic forecasts of US energy exports to China, particularly for LNG, may not be realized as China is likely to be wary of becoming too dependent on US energy imports regardless of the situation in the Middle East.

So where does all this leave Canada?

Canadian energy exports could potentially play a role in enhancing energy security and stabilizing the security environment in the Indo-Pacific. The Trans Mountain pipeline expansion and a number of LNG export projects currently being proposed would provide significant economic benefits to Canadians and could position Canada to help strengthen our trade ties in the Indo-Pacific.

Canadian energy resources are produced under some of the strictest and most transparent regulatory and environmental rules in the world. Free and democratic societies such as Canada with a surplus of energy

resources can have a positive influence on global energy security because our exports can replace imports from exporters from unstable regions (such as the Middle East) and from authoritarian exporter states (such as Russia), reducing their geopolitical leverage, keeping energy prices lower and lowering political risk for importers. Canadian exports of LNG in particular can contribute to gas-for-coal substitution, thereby helping reducing GHG emissions in Indo-Pacific countries.

Canada is already exporting energy products to the Indo-Pacific through the existing Trans Mountain pipeline. Demand in Asia led to a large increase in the export of crude oil out of the Port of Vancouver last year. Oil exports, mostly to China, were up 170 percent to 22 million barrels

and reliable countries like Canada.

Canada itself must also ensure its export trade is well diversified and not overly reliant on any single export market. While Canada-China relations are likely to be moribund for a number of years to come, Canada's relations with the member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Association of Southeast Asian Nations (ASEAN), as well as other partners in the region, are excellent. In particular, Japan and South Korea are ideal energy partners given their high demand for energy resources and their proximity to Canada. Simply put, they view Canada as being politically stable and geographically secure. Canada should propose instituting an energy cooperation



*Canada should use its energy endowments strategically to leverage trade agreements and to make broader gains.*

in 2018 over 2017. The TMX expansion project would almost triple current capacity and potentially open up new markets for Canadian oil exports.

Critics of the Trans Mountain pipeline expansion have often pointed to the relatively small volume of oil exports to Asia as evidence of a lack of demand for Alberta bitumen. They also say that Asian refineries cannot process Alberta's heavy oil. Last year's jump in exports to China belie that, demonstrating that demand is there. A number of refineries in Asia have been refitted to handle heavy and sour grades of crude oil. Energy security concerns combined with rising demand and geopolitical events in the Middle East and elsewhere mean that major energy importers such as China, Japan, South Korea and India will continue to try to diversify their supply sources and invest in securing production from stable

mechanism within the CPTPP that would enhance regional energy security while also helping attract new investment to Canada's energy sector.

Canada should use its energy endowments strategically to leverage trade agreements and to make broader gains. The global transition to a low carbon future will take decades and in the meantime, Canada has an opportunity to help meet the growing energy demand in the Indo-Pacific and reap economic benefits at home, as long as it can complete planned energy export infrastructure projects and demonstrate a long-term commitment to building deeper trade and security relationships with the countries of this important region. ✨

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*Jeff Kucharski is a strategic thinker, policy entrepreneur and academic. He is currently an Associate Faculty member at Royal Roads University in Victoria, BC.*

# Canada could help Europe diversify its energy supplies from Russia

*Both federal and provincial governments would be wise to facilitate the export of Canadian energy to new markets in Europe.*

**Marcus Kolga**

Over the past years, Europe has built up a major energy addiction of the dangerous Russian kind, while Canada has a surplus of the reliable and safe Alberta kind: the kind that won't ever be leveraged to extract geopolitical concessions, or to undermine cohesion and cooperation among Canada's allies.

Canada is uniquely positioned to help our European allies secure their energy supplies through diversification, while at the same time addressing Alberta's very real economic concerns, by investing in infrastructure that would allow Alberta gas to be shipped to Europe as liquefied natural gas (LNG).

Vladimir Putin has never shied from using his government's near monopoly on European gas supplies to affect political and economic change in states that are dependent on Russian gas and oil – shutting off supplies or inflating prices, overnight and at whim. In January 2009, millions of Europeans were left in the cold when the Kremlin cut off gas supplies through Ukraine for nearly two weeks to force Ukraine into a better gas transit deal.

Europe's dependence on Russian gas grew in 2012, when the Nord Stream pipeline became fully operational, delivering 55 billion cubic metres of gas annually from Russia directly to Germany via an undersea pipeline under the Baltic Sea. And, just a few years later, Russia did not hesitate to use its newfound energy leverage against Europe – this time cutting gas supplies through



both Nord Stream and the existing pipeline in Ukraine, as a way to punish European countries who were selling Russian gas to Ukraine at a reduced rate.

Plans for a second Russian pipeline took a major step forward recently, when Danish policy-makers removed the final barrier to completing Nord Stream 2, which will allow Russia to consolidate its gas exports to Europe. This expansion will double Russia's gas exports along the North Stream route, even as it allows Russia to reduce its gas exports through countries like Ukraine.

Energy security analyst Mikhail Korchemkin warns that this project will make Europe "more vulnerable to supply outages, whether caused by disaster or by Putin's whims." For instance, Nord Stream has little

excess capacity to compensate for fluctuations in natural gas demand and any accidental mishap in the pipelines could take far longer to fix compared to a land-based route.

Nord Stream 2 will also allow Russia to consolidate much of its gas exports directly to Germany as a transit country, thereby making European energy supplies heavily dependent on Russia-German relations. Indeed, Putin would be able to quickly cut a significant portion of its natural gas to Europe on just this one route.

Equally important is that Russia will be able to significantly reduce its gas exports through Ukraine. This will remove an important link between Ukraine and the rest of Europe, while also leaving Ukraine and Poland at a disadvantage – both

financially with declining transit revenues, but also in any future gas negotiations with Russia energy giant Gazprom.

Latvian Minister of Foreign Affairs, Edgars Rinkevics told me that “Latvia’s position concerning the Nord Stream 2 project remains unchanged: we believe this is a highly political project with security risks for the EU as a whole.” He continued that the Russian pipeline “threatens to increase our dependence on one dominant energy supplier and supply route.”

The US Congress has clearly recognized the threat posed by Russia’s Nord Stream 2 and is considering extraordinary measures to help stop it. In July, the US Senate Foreign Relations Committee approved a bill to impose US economic sanctions against companies collaborating on Nord Stream 2. The bill was approved with an “overwhelming, bipartisan majority,” according to the bill’s sponsor Senator Ted Cruz, though more work needs to be done to turn this bill into law.

According to a recent official EU gas market report, European gas imports totaled €90 billion in 2018, of which nearly half was delivered by Russian supplier Gazprom. This amount could well grow, especially in light of the decline in Europe’s own gas production. Canada could help reduce that dependence.

With strategic investments in domestic energy infrastructure – among them, an East Coast LNG liquefaction terminal – Canada could become a key player in helping diversify and secure energy supplies for our NATO allies, while at the same time, opening the door to a large new market for Alberta energy. Canada’s Baltic NATO allies are particularly vulnerable, given Putin’s attitude towards them, his willingness to use gas as leverage against neighboring states, and their extensive reliance on natural gas from Russia.

In a recent online interview, Estonia’s former Minister of Economic Affairs and Infrastructure, Kristen Michal, told me that “diversification of Estonia’s energy supplies is important to both our economy and national security, and I think that LNG supplied by our NATO partner, Canada, would be a very welcome new option in this market.”

Questions about how to deliver Alberta’s energy to market remain hotly debated in Ottawa and BC. A mixture of environmental, political and economic concerns caused TC Energy (TransCanada) to terminate the Energy East pipeline, that would have converted TC Energy’s Eastern Gas Mainline into an oil pipeline.

Yet TC Energy’s Canadian Mainline continues to operate as a gas pipeline and the company is moving forward with efforts

to use existing pipelines to carry Western Canadian gas to Eastern Canada. Pending facility approvals by the Canadian Energy Regulator, added volumes of gas will be able to be delivered to the region starting in 2021.

While no Eastern Canadian terminals yet exist that can liquefy the gas, which is required for it to be loaded onto specialized LNG tankers bound for Europe, several LNG terminal projects are being developed in Quebec and Nova Scotia, with a few slated to become operational as soon as 2023.

As Alberta desperately seeks new markets for its energy resources and concerns about Western alienation and the threat to federal cohesion grow, Europe’s dangerous, self-inflicted reliance on Russian gas could offer a historic opportunity for Canada. With much of the energy infrastructure already in place or under advanced development, both federal and provincial governments would be wise to facilitate the export of Canadian energy to new markets in Europe. Doing so will allow us to advance our economy, address concerns about national unity and reinforce the security of our European NATO allies. ✨

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Marcus Kolga is a senior fellow at MLI. A shorter version of this article was first published in the Toronto Sun.

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## **UNDRIP (Coates)**

*Continued from page 4*

community collaborations, creating the kind of cooperative approach to development sought in UNDRIP.

Even further, Canada has signed a series of modern treaties in Yukon, Northwest Territories, Nunavut and parts of the provinces, that define profoundly different relationships with the Indigenous peoples. In these co-created agreements, Indigenous peoples outlined and defended their needs and aspirations and established with governments the means and structures

of cooperation, which offer Indigenous peoples more promising prospects. These discussions emphasize treaty negotiations and implementation, rather than the uncertain legal authority of UNDRIP.

If Canadians wish to worry about anything, it should be the wide array of rights and aspirations – particularly those related to language, culture and government responsibilities – where government actions have been seriously deficient. In many of these cases, the government has taken some steps, but most fall far short of UNDRIP standards. In that respect, UNDRIP is a reminder of how much work remains to be done.

For Canadians weary of decades of legal battles between Indigenous peoples and the government, UNDRIP generates concerns about the prospect of continued and even expanded litigation. These expensive and time-consuming contests are won more often by Indigenous peoples than most people appreciate. They also postpone decisions, can generate hostility toward Indigenous peoples, and typically provide less than ideal resolutions. This is a genuine worry, if only because the winner-take-all approach of the courts can produce judgments that complicate rather than address outstanding issues.

The country will watch the development of the UNDRIP legislation by British Columbia with great interest. The province has, by passing UNDRIP legislation, challenged itself to do much better in its relations with Indigenous peoples and invited Indigenous governments to negotiate a shared future. Indigenous communities in British Columbia see this step as a major act of reconciliation and a recognition of both Indigenous needs and rights.

But UNDRIP does not come with an owner's manual or a detailed implementation plan. Each section of UNDRIP outlines either values or areas for government action. Defining the full legal meaning of this vague and expansive international agreement requires either thoughtful committed negotiations or decades of legal battles.

UNDRIP is, in the final analysis, a much-needed call to action. It provides direction and identifies areas for urgent attention on Indigenous issues. Relations between the government and Indigenous peoples work best when good faith negotiations are used to resolve outstanding issues. ❁

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*Ken S. Coates is a Munk senior fellow at MLI.*

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### **Marshall decision (Paul, Coates)**

*Continued from page 5*

demonstrating that Indigenous and treaty rights could be protected and enforced through the courts. The government's response provided the funds to convert legal rights into practical commercial opportunities.

The Marshall decision released the Mi'kmaq and Maliseet of the legal and financial barriers on their communities, giving young Indigenous folks the opportunity to learn new skills and make the transition to paid employment. The fishery provided millions of dollars in "own source" revenues to First Nation

governments that they could use on local needs and investments.

Today, relations with non-Indigenous communities are stronger and more mutually beneficial. Age-old stereotypes are being destroyed and First Nation communities are finding their footing, demonstrating their determination to be full participants in the economic, societal and political life of the Maritimes.

The judgment also demonstrated that Indigenous treaty rights were real and substantial. The empowerment of Maritime First Nations has had sweeping benefits for the region and for Indigenous peoples. Importantly, Marshall is the new floor, not the ceiling, for First Nations' aspirations.

But the First Nations' struggle is far from over. There is interest in finally addressing the absence of a land surrender agreement in the Maritimes, providing the First Nations with the resources and authority that attend modern treaties. First Nation communities remain, with important exceptions, much poorer and with much worse infrastructure and services compared to other Maritimes settlements. While Indigenous cultural resilience is inspirational, there is need to sustain and support Mi'kmaq and Maliseet languages and traditions.

Mr. Marshall's court victory in 1999 brought change but he was far from satisfied with the "moderate livelihood" restriction placed on Indigenous fisheries, and the Mi'kmaq, Maliseet and Passamaquoddy will continue to contest this barrier to prosperity. In order to make the Marshall treaties real, communities will require full self-determination in the fishery sector.

Nonetheless, all Canadians should celebrate the first 20 years of the Marshall decision and they should expect that even better results lie ahead. ❁

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*John Paul is the executive director of Atlantic Policy Congress. Ken Coates is a Munk senior fellow at MLI and author of the MLI report, The Marshall Decision at 20. This article first appeared in the Globe and Mail.*

### **Energy sector participation (Quesnel)**

*Continued from page 6*

discussion mainly focused on what provinces and territories can do to obstruct them and the need for federal leadership. First Nations were mainly treated as bystanders in the discussion, or at worst, props by the parties.

Indeed, in the debates, some candidates almost weaponized the duty to consult to shut down discussion on certain pipelines, rather than realize the duty to consult is mostly about establishing a good faith relationship between Indigenous communities and resource companies to address their legitimate concerns. If done right, it can facilitate these projects, not obstruct them.

If the election campaign had properly included First Nation peoples – especially Indigenous groups like the IRC and others who are committed to responsible Indigenous economic development – Canadians would have discovered that the discussion about climate change and pipeline projects affects First Nation and Métis communities directly. The energy sector and the mining industry, for example, are some of the largest private sector employers of Indigenous people in this country. The average wage of Indigenous people employed in resource industries is more than double the average across all industries, so it matters when these jobs disappear.

Recently, Sean Speer, a Munk senior fellow with the Macdonald-Laurier Institute, published a ground-breaking study that examined the "forgotten people and places" in the new Canadian economy. His research shows that mainly males without post-secondary degrees are falling behind. This defines many of the Indigenous people in communities who are entering the trades to service the resource sector. They are being doubly forgotten.

When some candidates during the campaign declared that they will kill the Trans-Mountain pipeline expansion project, did they consider the impact that would have

on the 43 First Nation communities along the proposed route that have signed benefit agreements? These communities cannot afford to squander these opportunities.

Politicians and activists need to understand how hardline positions on resource development will affect their professed commitments to improving Indigenous well-being. When politicians say they want to keep our resources in the ground, and then say in the next breath they want to improve conditions of First Nation communities, someone needs to call them out on the contradiction. That is what many Indigenous people would do, if they were included in this election debate rather than being left on the periphery. ❁

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Joseph Quesnel is program manager of MLI's *Aboriginal Canada and the Natural Resource Economy* project. This article first appeared in the Hill Times.

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### **Reckless deficits (Mintz)**

*Continued from page 9*

the federal level. The government is accused of cutting services, which may or may not be the case. A careful read suggests that the civil service will be cut in size and compensation constrained (providing the same level of services with fewer people). New efficient processes as outlined in the MacKinnon report will be adopted to reduce costs. The private sector understands this because it has had to go through the same belt-tightening since 2015. Now it is the public sector's turn.

Alberta is paying the price today for its profligate post-2007 governments that ran deficits and spent in per capita terms at least \$10 billion more than the largest provinces. The Alberta budget wisely introduces constraint to bring spending down to levels found elsewhere in Canada.

This does not stop the usual "progressives" from suggesting that Alberta should introduce a sales tax to enable more spending. That won't fly among those Albertans who are not looking for a fattened

public sector. Nor does it create confidence in the private sector, to have ever-expanding public spending that will eventually lead to even more taxes and deficits.

A sales tax, however, makes sense as part of a tax package to grow the economy. As proposed by David Khan, the leader of the almost-dead provincial Liberal party, an Alberta-tax advantage to diversify and grow the economy could be achieved by sharply cutting income taxes in favour of an HST. That is a real progressive policy to consider in the future once the spending side is fixed.

So expect the federal government to go on a spending binge, making it much more difficult to keep debt as a share of GDP from rising, especially if the world economy stalls in the next two years. At the same time, the provinces facing voter demand for better health care and education will be squeezed by federal overspending on pet projects rather than transferring cash or tax room to the provinces that have to pay the most important bills. ❁

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Jack M. Mintz is a distinguished fellow at MLI. He is also the President's Fellow at the University of Calgary's School of Public Policy. This article first appeared in the Financial Post.

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### **Telecoms (Menzies)**

*Continued from page 11*

neutrality must be embedded to remove the possibility the CRTC will one day, as it suggests, be measuring the percentage of online videos posted on news sites to ensure a sufficient percentage are Canadian.

Mr. Bains has shown some sensible instincts in this regard and the government has spoken virtuously of net neutrality in the past, but all the policy talk through the election campaign was about preserving the 20th-century status quo. And that has the potential to take us all back to when the current *Telecommunications Act* was enacted: 1993. It's hard to imagine anyone wants to go there. ❁

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Peter Menzies is a senior fellow at MLI and a former CRTC vice-chair of telecommunications. This article first appeared in the Globe and Mail.

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### **Eligibility (Ahrendt)**

*Continued from page 13*

early to mid-20s. This means that the most complex decision-making parts of the brain are not fully developed until adulthood.

Further, the circumstances under which one gives consent can significantly alter the decision. It is difficult to say that someone who is suffering heavily and caught up in the emotions of their decision can properly consent to MAiD. A mental disorder is fundamentally a compromise in some respect of one's capacity to make decisions and govern their actions, which includes consent.

If we open up MAiD to allow mature minors and those with a mental disorder as the sole underlying medical condition, then we risk falling down a slippery slope. If MAiD becomes allowed for irreversible dementia, why should we stop there? What is the barrier that will prevent us from next opening the door to requests from those with treatment-resistance depression? And what do we do if a minor requests MAiD on the basis of treatment-resistant depression?

The slippery slope argument has been used before; it was favoured among anti-MAiD advocates before *Carter v. Canada* in 2015. However, we have no way of knowing just how far down the slope we have fallen. Just under 7000 patients have been granted MAiD since 2016, but the details of many of these cases are not made public. As we have seen in the case of Mary Wilson, not all breaches of law are likely to be prosecuted.

In the Netherlands, where MAiD for mature minors and those with a mental disorder as their sole underlying condition is permitted, studies show there is little scrutiny to ensure capacity to consent is intact, even in cases where the mental disorder is known

to reduce this capacity. This kind of neglect needs to be unacceptable to Canadians. We need to protect our fellow Canadian citizens from the abuse that broadening the criteria for MAiD can lead to. ❁

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*Hannah Ahrendt is a policy intern at the MLI. She is pursuing a Bachelor of Arts degree in philosophy at Trinity Western University.*

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### **Policy-Maker (Burton)**

*Continued from page 21*

there have been hints of a stronger, more forthright approach to China, such as our willingness to stand with allies in criticizing China's repression in Xinjiang. The same can be said of our willingness to join allies in sailing naval warships in the South China Sea and the Taiwan Strait, though such resolve is almost certainly driven by pressure from our allies far more than it is by our honest strategic appraisal of Xi Jinping's China.

Canada's allies are increasingly seeing Xi's regime for what it is. It is time for Canada to do the same. Failure to do so will carry far-reaching consequences. Unless the Government of Canada does a significant rethink and reset of our national approach to China soon, it is likely that Xi Jinping will be Canadian Policy-Maker of the Year for many years to come. ❁

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*Charles Burton is a senior fellow at MLI. He is a former counsellor at the Canadian Embassy in Beijing.*

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### **We mean business (McCuaig-Johnston)**

*Continued from page 23*

is focused, understandably, on the bottom line of companies. My own view is that it is not a binary choice – continue our business dealings or stand up for our unjustly imprisoned Canadians. We can and should do both. China's emerging international role presents all Western countries with challenges. We will need to demonstrate

that we can partner where possible while insulating ourselves where necessary.

Some of these proposed actions would no doubt be an embarrassment to China, which would lose face internationally. Face and respect are extremely important to China. But China has a fast track to respect in the international community: it can stop kidnapping the citizens of other countries and holding them for ransom and join the rest of the community of nations in collaboration and co-operation. Canada wants to work with China, but we too deserve respect. ❁

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*Margaret McCuaig-Johnston is a senior fellow at the China Institute, University of Alberta, and a senior fellow at the Institute for Science, Society and Policy, University of Ottawa. This article first appeared in the Globe and Mail.*

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### **Hong Kong (Brancati, Law)**

*Continued from page 27*

the SARS outbreak in 2003 – while retail sales have dropped by almost a quarter. International finance and real estate in Hong Kong are unaffected for now, but Hong Kong entered a recession last quarter for the first time in a decade.

Yet, even in the face of such negative economic news, Hong Kongers continue to challenge China and fight for freedoms both in Hong Kong and abroad. Life in Hong Kong is deeply interwoven with the world at large, and the struggle for representative government that was promised by Beijing will continue to reverberate throughout the world. ❁

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*Dawn Brancati is an associate research scholar at the MacMillan Center at Yale University. Nathan Law is a democracy activist, an MA student in East Asian Studies at Yale University, and MLI's Ambassador on Canada-Hong Kong policy. This article first appeared on YaleGlobal Online and has been republished with permission.*

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### **Rare earths (Quesnel)**

*Continued from page 28*

chain for REEs. After ore is mined, it needs to be processed and separated and then further processed into an alloy. That, in turn, gets converted in another intermediate product and inserted into finished goods.

If these downstream capabilities are not present, investors view the prospect of mining REEs as simply too risky. A company wouldn't be willing to invest hundreds of millions of dollars when Chinese producers could simply bring the price down long enough to drive them out of business. China would prefer to maintain its predatory hold on Canada and other countries, ensuring our rare earth deposits are exported back as low-value unrefined ore. Even Mountain Pass, the only REE mine in the US, must send its ore to be processed in China.

Canada identified this problem in the past but chose not to act. The House of Commons Standing Committee on Natural Resources examined the REE industry back in 2014 and issued an insightful report, recognizing government and industry initiatives to build domestic supply but calling for a much more robust federal government response.

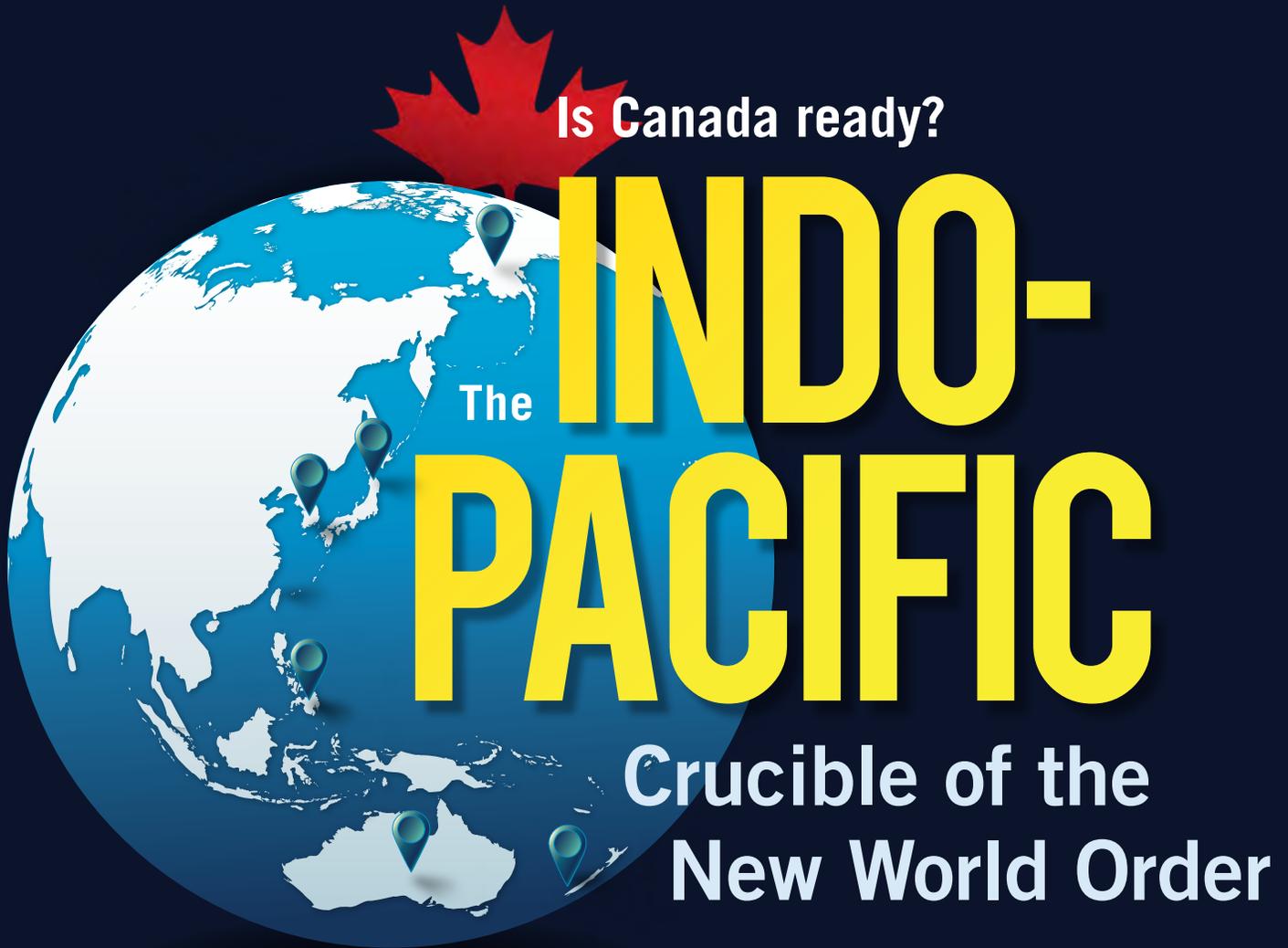
Well, better late than never. Canada has an opportunity to help break China's REE market dominance. The goal is to eventually return to market-friendly solutions, so that once China's dominance is broken, we can revert to a price-driven system. At present, however, prices are driven not by market forces, but by China's strategic needs.

It's time for Canada to work with its allies – starting with the Americans – in re-gaining the strategic advantage. ❁

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*Joseph Quesnel is program manager of MLI's Aboriginal Canada and the Natural Resource Economy project. This article first appeared in the Hill Times.*

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