

Identity, Globalization and North American Integration: Canada at the Crossroads

Speaking Notes for Frank L. Graves,
President, Ekos Research Associates Inc.

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I would like to thank the organizers for inviting me to present today. In the wake of a recent federal election and a new millennium now is a timely opportunity to consider where Canadians might want to go in the 21st century. Clearly it is not just a question of where Canadians want to go but the balance of wish and possibly within the constraints of a new global order.

Let's imagine it is 20 years from now. What might the meeting of the Canadian Club of Ottawa January 2021 look like?

Will it be a nostalgic collection of grizzled boomers reflecting on the demise and absorption of Canada within a powerful North American juggernaut? Will Mounties and Loonies have the same significance to that audience as hula hoops and vinyl records would for this audience? Will Canada have effectively expired as a quaint social experiment swept away by the deluge of globalization and North American integration?

Or will the Canadian Club of Ottawa of 2021 be a vibrant meeting of fresh Canadian minds considering the challenge of reinforcing Canada's new ascendancy as the place to be in the 21st century? Will Canada have successfully negotiated the challenges of globalization and the (now) not so new economy to have emerged as the vanguard post-modern state? Will we be the country which solved the riddle of balancing both identity and globalization; not the Lexus and the olive tree but Nortel and the Maple Leaf? Can we achieve both excellent prosperity and the highest quality of

life; in short, can we be the smartest, healthiest society and the paradigm of exceptionalism in a new world order?

Heady questions. Both of these scenarios are plausible. Clearly most Canadians would opt for the exceptionalism scenario which I believe to be neither outside our grasp, nor likely, without some profound changes in the status quo. Today I would like to consider the idea of 21st century nation building.

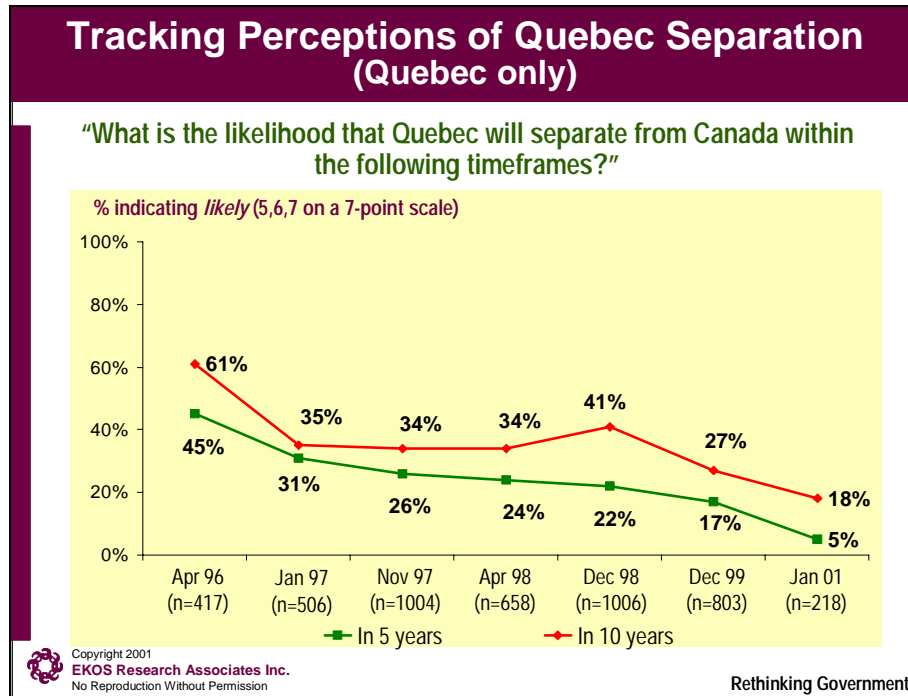
Taking Stock– Reconsidering Nation-Building

In Canada, we really haven't thought seriously about nation-building since the Trudeau just-society era. The coalescence of Pierre Elliot Trudeau's death, the new millennium, a recent election and a swirling mixture of global forces has opened the floodgates for a national debate about the relationship between the future and the past. Fundamental decisions about alternate directions for the country have been hidden under the fiscal imperatives of the nineties, and the general nervousness which characterized that decade. As the 21st century begins there is a fresh wind of optimism and confidence which is stimulating a desire to not only manage change, but to seize the future. Against this backdrop of renewed appetite for vision and nation-building, M. Trudeau's death injected a poignant reminder of where we have come from. The outcome of the confrontation of the past and future in this turbulent environment will yield some fundamental decisions about national direction. I believe that the recent federal election provided some fairly clear preliminary decisions about the broad framing for the future. It was, however, only the first campaign in a larger vision war.

Some believe the nation state is an anachronism; a hindrance to the marvels of global capitalism and technological expansion. I would argue that Canada has some unique ingredients which inoculate it against the apparent obsolescence of the traditional nation state. In particular, state-nationalism, secularism and multiethnic pluralism provide some of the essential ingredients of a post-modern state; it is not a complete recipe but many of the missing ingredients are within reach.

Certainly the world is undergoing a great transition which is placing enormous pressure on the traditional nation-state. Technology, information and capital are all moving at light speed transcending traditional political geography and reworking the relationships between marketplace, states and citizens. The pace of change is breathtaking. Consider the following examples:

- ❑ At the beginning of the last century over 90 per cent of Canadians worked in agriculture, today it is less than one per cent.
- ❑ Ten years ago the majority of Canadians opposed free trade, were fearful of the job destroying qualities of technology and revealed unprecedented levels of anxiety about their economic futures. Today, we find a qualitative flip with most Canadians welcoming trade liberalization, seeing technology and the new economy as good for them and feeling decidedly positive and optimistic about their economic futures.
- ❑ Five years ago most Canadians knew nothing about the Internet. Today the majority of Canadians (67 per cent in our January 2001 research) are on the Internet and it is emerging as the new universal medium profoundly reshaping the worlds of commerce, government and culture.
- ❑ Five years ago the majority of Canadians thought Quebec would leave Canada within the next decade. Today most Canadians believe that this is an obscure possibility. Perhaps, as part of his recent decision to leave, Premier Bouchard had polls similar to the one we have just completed showing the sovereignty movement to be moribund with most Quebecers believing it was neither likely nor compelling.



- ❑ As little as three years ago we found a majority of Canadians agreeing with Jeremy Rifkin's somewhat apocalyptic end of work thesis. Today unemployment is at a 30 year low.

All of these anecdotes illustrate the turbulence that surrounds our lives. Almost 50 years ago David Reisman first spoke of a "post-industrial" society. Somewhat ironically he saw this as analogous to a new leisure society. Our current research shows stress is ubiquitous to contemporary society and time stress the most insidious and pervasive component of that stress (47 per cent of Canadians told us this January that their lives are very stressful).

From Future Shock to Fluxophilia

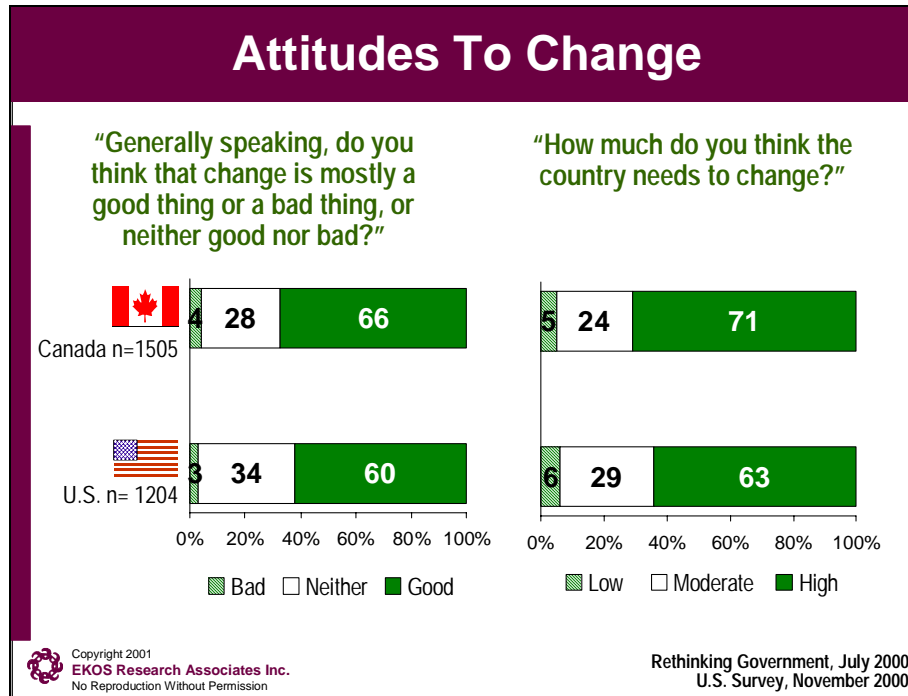
Another lapsed futurist, Alvin Toffler, spoke of the challenge of “future shock” — the disorientation linked to the accelerated pace of change in our lives. Survey evidence suggests that modern citizens may have adapted to the constant flux in their lives. Today we find a post-modern sensibility emerging where change is seen as a positive thing. The somewhat slow-footed and staid Canadian of the past has been displaced by an agile, confident Canadian. Canadian youth are the most confident in the advanced western world. Even more surprisingly, Canadians may well be the most change-loving societies in the world. We may now be characterized as having made the leap from future shock to “fluxophilia”.

Perhaps the most impressive feature of Canadian public opinion today is the potent blend of confidence and an appetite for change. This pairing coexists with an equally strong desire to balance both national identity and globalization. These dual pairings pose profound challenges to governments (and other institutions).

Canadians endured a protracted period of anxiety in the nineties — “will I keep my job?” “Will the country survive?” “Will the International Monetary Fund take control of our finances?” Huge questions and doubts about individual and national survival pervaded the public consciousness. The looming threats of new technology, globalization, and public finances cast a pall over the country. Those, and other challenges, bombarded Canadians.

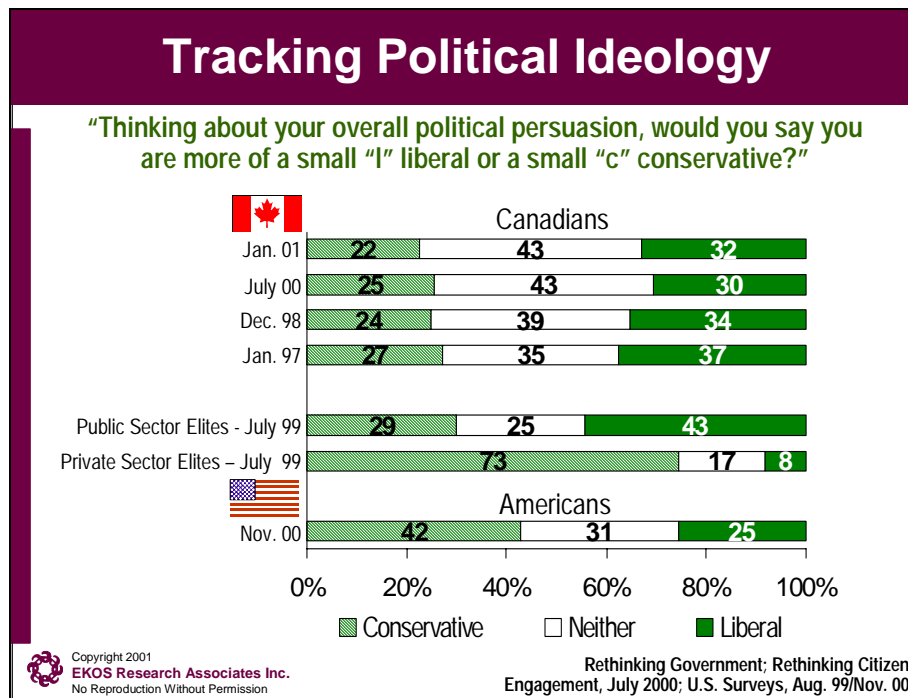
The current outlook is remarkably different. Confidence and optimism have displaced anxiety and gloom. Globalization, trade liberalism and the “new economy” are now seen in decisively positive terms. Canadians now see themselves, perhaps too heroically, as a “northern tiger” poised to succeed in the global economy. The Internet and new information technology are now cited in our surveys as the single most positive sources of change in a people’s lives. The Internet has moved from a fringe technology to the dominant metaphor for the new economy.

Just as it seemed Canadians could surely crack under the sheer density and pace of change, we find Canadians telling us that overall change is a positive factor in their lives. Not only is change positive but we expect and welcome even more. Even compared to our protean and successful neighbours to the South we are more positively disposed to change. Notably this is not rooted in discontent and it is noteworthy that Canadians approve of the broad direction of their government by a 2:1 margin whereas for Americans it is an even split (much like their recent national election).



Canadians also rate their quality of life as world-leading and see this as the ultimate telos/measure of societal progress. Standard of living is seen as an essential handmaiden to quality of life and Canadians do appreciate our deficiencies on the standard of living front.

Canadians place an unusually strong accent on diversity and cosmopolitanism and are more receptive to immigration than most G-8 countries, despite higher relative levels of influx. For example, only 30 per cent of Canadians believe that there are “too many immigrants” coming to Canada (down from around 50 per cent in the mid-1990s). Americans are significantly more concerned, with 45 per cent saying there are “too many” immigrants coming to their country.



The Canadian public are also increasingly pragmatic and non-ideological. In the 1960s, Daniel Bell spoke of an end of ideology. Today the plurality of the Canadian public pick “neither” when asked to choose between small “l” liberal or small “c” conservative. The declining affiliation with political ideologies is not, however, shared by Canada’s decision-making elites who are decidedly more ideological than the public. Moreover, there is a dramatic disagreement across public and private sector elites with the private sector overwhelmingly conservative and the public elites much more liberal. It is interesting to note that the American public are more ideological (and more conservative) than Canadians on this indicator.

Finally, Canadians, particularly English Canadians, reveal a tenacious and improbable attachment to Canada. Belonging to country (although not pride) is higher in Canada than in any other advanced western

countries. Moreover, it has not declined over the past decade while attachment to local community has actually declined. The rising attachment to province (Ontario) and declining national attachment which Tom Courchesne predicted (1997) has yet to occur¹. In fact, the trend to “glocalism” is simply not occurring here.

In Europe, attachment to country has declined while belonging to local community and broader trading unit has risen over the past 20 years. Despite a shift from an east-west to a stronger North-South trading axis, and a diminished federal state, we have (to date) seen no evidence of such patterns in Canada. Notably, young Canadians may be showing a rising attachment to North America in our current survey research.

Stocktaking: The Darker Side

Before considering US-Canada issues our stocktaking should consider some of the darker side of contemporary Canada. Although there is a definite upbeat quality to the current public opinion landscape, Canadians harbour some significant areas of concern.

A partial list of some of the key problems include:

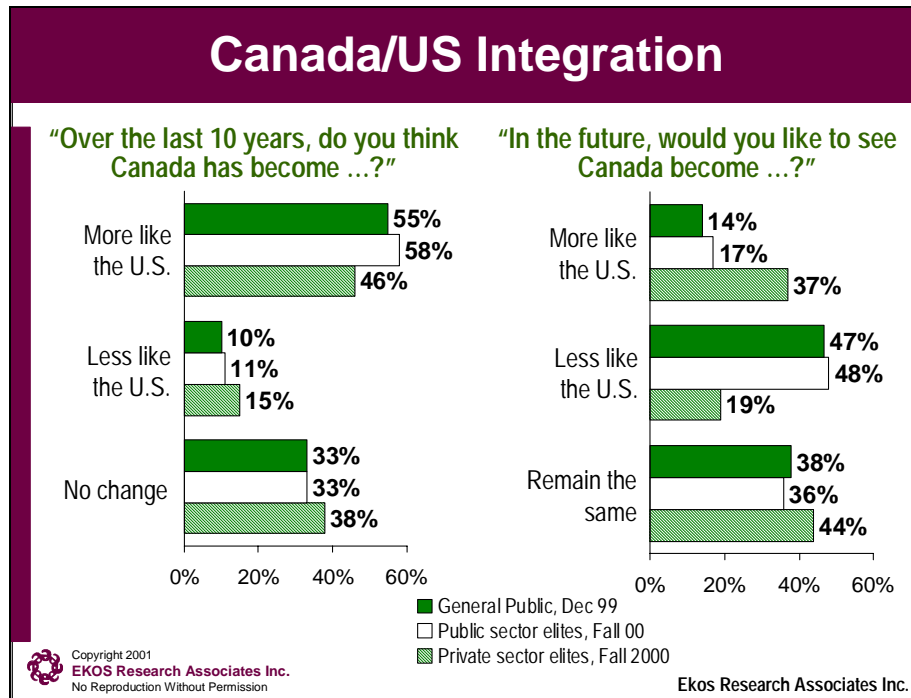
- ❑ Worries about *polarization*, poverty and individualism. People believe these issues are worsening, but feel less willing or able to tackle them. The poor are increasingly seen as the collateral damage of our globalization bargain.

- ❑ Concerns/awareness exists about declining productivity, standard of living and a weak Canadian dollar. While not seen as crises, people are aware of and disturbed by our competitive decline with the American economy. These concerns are linked to worries about our levels of innovation and entrepreneurship.
- ❑ Acute anxieties exist about the future of the health care system. This is a pinnacle issue and it is not subsiding (despite the recent Health Accord and federal election). The fears are focussed more on the future than the present and are fuelled by an incendiary blend of top-level values and interests.
- ❑ A large and widening gap separating the big picture goals and strategies of the public and private sector elite populations in Canada. The public also feel there is a growing gap separating elite and public goals.
- ❑ Fears about the state of values and decency in society. A sense that an undue focus on both the marketplace and state has had a corrosive influence on civic virtue. This sense of post-modern malaise is more acute amongst older and more economically vulnerable Canadians.
- ❑ Deep mistrust of political institutions — particularly the party system. This erosion of trust is not unique to Canada. Dissatisfaction with government is coupled with a failure to see viable alternatives for achieving collective goals, which leaves citizens resentful of being held hostage to government.
- ❑ Finally, troubling fault lines on societal goals based on region, language, gender, generation and social class. These divisions were clearly evident in the last election.

North American Integration and the Future of Canada

US-Canada relations and North America form the lion's share of the globalization issue for Canadians. Through time; there is a growing conviction that we are becoming more American. For most Canadians, this is undesirable with the maintenance or even a widening of

US-Canada differences preferred – but the incidence of those approving of further convergence is growing (from 8 to 14 in past 3 years). As seen in other areas, a striking gap divides private sector leaders (37 per cent) and the general public (14 per cent). This is linked to broad vision preferences for the future of the country.



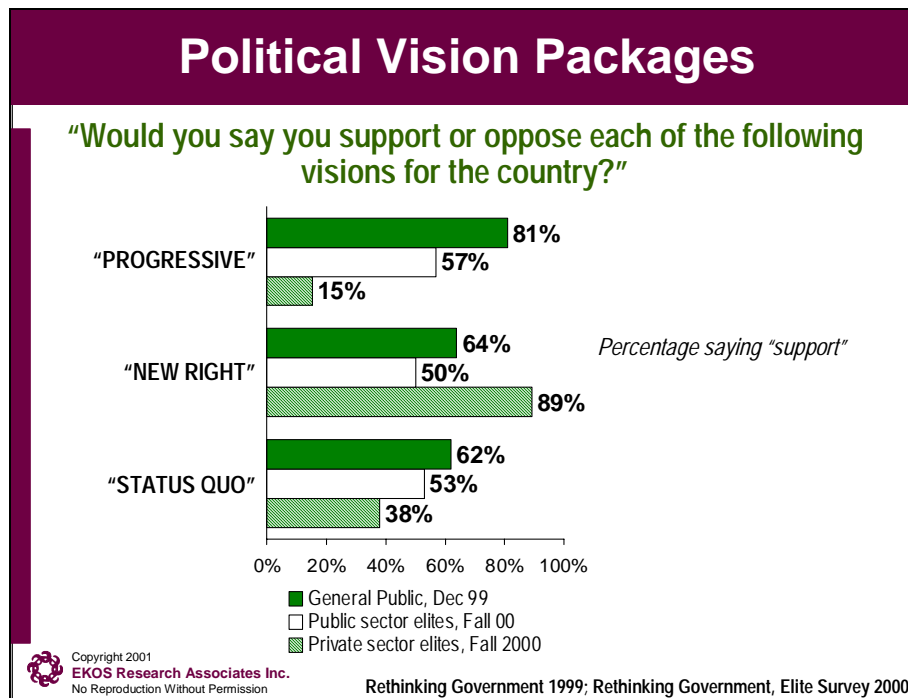
The real question today is not so much whether to proceed with North American economic integration; it is already largely a given. Economic integration is less problematic for most Canadians and is seen as bringing more opportunity than risk. This does not, however, mean Canadians favour or accept social, political or cultural integration – in fact they strenuously do not. So the real question is not how to forestall economic integration, but how to preserve and strengthen social, political and cultural identity within and increasingly seamless North-American marketplace. Where then to stake out differences?

Canadians largely eschew the tools of the past such as nationalization of industry, the Foreign Investment Review Agency, protectionism and trade barriers. They are even increasingly ambivalent about borders, currency and our financial institutions. There is, however, a good deal of clarity regarding social, cultural and value choices. This places us squarely in the midst of the broad vision war confronting the country. Which vision best articulates and reconciles the overall values and interests of the country. Inevitably, this leads to a consideration of the role of the state.

Vision Wars: Role of the State and the Last Election

Much more so than usual, the recent federal election was a test of competing visions and values for the future. The role of the state was a crucial component of these value choices. I would like to review a crude proxy test which summarizes some of our broader findings on this issue. We tested three different political visions:

- (1) A Minimal government, broad-based tax cuts and greater emphasis on self-reliance – (“new right”);
- (2) A strengthened commitment to public institutions, social equality and the social safety net – (“progressive”); and
- (3) A middle-of-the-road approach that seeks continuity, balance and compromise, and (“status quo”).



We tested the appeal of these visions with members of the general public as well as with senior decision-makers in both the public and private sectors. A few points emerge immediately as at least somewhat surprising, notably the strength of the “progressive” vision and weakness of the “status quo” among the public.

Although the lead up to the election saw a blurring of policy choices (e.g., deeper tax cuts by Liberals, more restrained approach to Medicare by the Canadian Alliance) the public largely saw the election as a vision war (not a plumbing war) revolving around the role of State. The electorate judged the main contenders not so much on written platforms as on their sense of the partys’ intentions on these crucial questions. The election outcome corresponds to the results of the crude testing of the three visions conducted last Spring.

Despite clear dissatisfaction with the *status quo* there is no consensus for movement on the “new right”. The “new” right is in fact neither new nor particularly attractive as a mainstream vision for the future of Canada. Minimal government, social conservatism and moralistic government simply aren’t selling (outside of a constituency which seems locked beneath a roughly 25 per cent ceiling). Even with the dissatisfaction with the *status quo*, the Liberals offered a more appealing vision for the future. It is, however, important to note that the old parental model of big government offers little attraction for Canadians either. A progressive-pragmatism which avoids ideological packaging (a third way) is more in keeping with Canadians’ new sensibilities.

The gap in vision across elites and the general public is breathtaking — particularly when we look at private sector elites. Private sector leaders essentially stand the public’s ordering of choices on its head and then dramatically widens the gap. The public’s first choice is the last choice for private sector leaders and the widened margin is dramatic. For private sector elites, it has nothing to do with social conservatism and everything to do with taxes and government. This widening rupture is troubling in light of its drag on national progress and the emergence of unusual areas for common ground (e.g., a public who demonstrates fiscal conservatism, attaches rising importance to productivity, display rising confidence in business and shows higher levels of pragmatism).

The Next Steps: Achieving our Vision in the 21st Century

I would suggest that absolute vision consensus is something of a chimera; segmentation and fault lines in our pluralistic society render the search elusive. The extent of the current fragmentation, however, is unacceptable, and unnecessary. The relative consensus which was harnessed under the yoke of the 90's fiscal crisis has shattered in the post-deficit era of surpluses and economic growth.

While a homogenous central vision is both unlikely and undesirable, core values which might make up a flexible mosaic vision are reasonably evident. Some of the more attractive 21st century values would include: diversity (respect), fairness (access), agility (lightness), and excellence (success).

So where is the common ground about our destination and the road map to get us there? What choices have been made? Which remain? How do we remove the clutter and focus?

Let's begin with the choices which have been made. We see the *status quo* has clearly been rejected and a strong desire to focus on the future. Quality of life is seen as the ultimate imperative for Canadians, with a successful economy as a precondition. Globalization is embraced while the new right has been soundly rejected as have old models of state parentalism. Finally, there is a desire to maintain a unique Canadian identity. Lots of choices have been made, but many remain.

Elements of a Common Vision?

In addition to the values framing noted above we see some consensus about the substance of a common vision. The elements of a common vision begin with what we call “humanomics” (a clear shift from Reaganomics). This is a new take on the human investment priority. Under this model, human capital is key: health and health care, education, kids, and skills. Human capital formation is seen as both an instrument of economic development and a path to quality of life. This calls for a clear interdependence of the social and economic and a desire to see the two realms explicitly working in concert in a non-ideological, pragmatic, “third” way.

This is seen as an enduring source of competitive advantage (people are last and first resource). Auctioning tax rates is not a durable competitive strategy since the next country can always try and cut taxes further still. What will be much more difficult to sustain is the smartest, healthiest people to produce the new economy. Economic exigencies are recognized in the service of quality of life. By this, we mean that human investments are critically scrutinized against their contribution to both quality of life and productivity. The preferred route for this human investment is active measures first (e.g., skills, education, early childhood intervention) and *then* passive support where necessary.

There are also some important caveats. Massive post-secondary education is inadequate on its own – we note the coincidence of

the huge investments we have made in PSE in Canada over the past 30 years have been matched with a troubling decline in productivity and standard of living. There is also an overwhelming preference for a *national* strategy (standards, steering, feedback) to buttress and complement core provincial strategies.

We need to examine Robert Reich's recipe for the "future of success" and the need for both "geeks" and "shrinks", (the intelligentsia and intellectual). Exclusively focussing on the technical-engineering side of the pairing will limit our future capacities.

In the arena of skills and training we need to continually discern winning and losing strategies (empirical feedback to deal with the often counterintuitive impacts of training). Partnerships and private sector participation are crucial ingredients to successful training and they are currently lacking in Canada. The net results of skills training to date are mixed (but positive) for workers yet inauspicious for the bottom line of firms. There is a clear need to review the locus and incentives for training (more workplace based, more return for employers) and to forge better links with universities for the highly skilled adult population. In this light, the nineties labour market development agreements and provincial hand-off of labour market training is a questionable strategy which urgently needs to be revisited.

A few more points to consider. I believe immigration is key to creating the Canada we want. Our multi-ethnic federalism has been a big plus and will reinforce a crucial ingredient of success in an increasingly

global economy. Our past absorption has been working out just fine, and there are strategic advantages in outreach and selection of immigrants for Canada. Our geography and borders allows us to avoid some of the problems experienced in Europe and the US. I think a gradual rise in compassionate and family class immigration coupled with a fairly steep rise in skilled categories is essential. Why? Our relatively low (and not increasing) birthrates, our aging population, the shifting nature of global enterprise, the past success of immigration in Canada, the favourable values and demographics, and finally, we live in a big empty country.

We need to both reinforce and strengthen our trade advantages, building on Canadians' positive attitudes and experiences. North American economic integration is not a problem — it carries many opportunities and advantages while still leaving ample room for Canadian choices to stamp our identity.

Technology and innovation is an area where we may be lagging. There are, however, elements of a Canadian advantage with respect to the Internet, building on our telecom strengths and our position as relatively early adopters in technology due to our successful experiences with IT in the financial services sector. We are also blessed with strong government commitment to action. Things may, however, be stalled somewhat, and the “digital divide” does not seem to be disappearing.

Innovation and entrepreneurship are both lagging but we have seen recent improvements and we need to focus and cluster efforts here.

Rethinking Government

Government is a master issue; inextricably linked to a plethora of issues in Canada (see Richard Gwyn's 1997 discussion of state-nationalism for an overview. The basic relationship between citizens and government is in disrepair.

Trust in government has declined precipitously (a phenomenon not unique to Canada); and we are clearly not going back to salad days of the 1960's where 80 per cent trusted the government to "do the right thing" whereas only about 30 per cent now accord them a similar level of trust. We have a different citizenry with different capacities and values; our institutions, however, were designed for a deferential, less sophisticated populace. Mistrust does not, however, equal illegitimacy; support for active government is in fact rising. Most Canadians want a strong national government but are not satisfied with the current system.

There is still a strong desire for collective goals — both instrumental and expressive. The sense of frustration voiced by Canadians is linked principally to issues of lost public interest, value for money and accountability questions.

The problems are more focused and acute within the political realm — particularly party politics, but not Parliamentary democracy and elections which remain highly legitimate.

Over the past several years, I have seen three top areas of consensus about where governments should focus their renewal:

- (1) A role as a *new strategic broker*: moving from a model of parent to partner, with less rowing and a lot more steering, better coordinating and mobilizing multiple sectors and more cooperation and interaction across jurisdictions.
- (2) *More accountability and transparency*: this is a key antidote to low trust. It entails a shift from resources and rhetoric to blueprints and results. Report-cards and electronic government are core components here.
- (3) Last but not least is *greater inclusion and engagement*: not a plethora of town halls, 1-800 polls and Royal Commissions but more informed, representative and routine citizen input to key policy (and service) areas. Our recent work shows electronic democracy tools are being viewed with great interest by Canadians and we need to routinize and build on proven tools and principles while discarding older, less relevant methods.

A Final Note on Young Canadians

Government, politics and public policy are not the top areas of concern for young people; never have been and I'd be frightened if they were. But young Canadians are the key to achieving our country and there are sources of both optimism and concern here.

Young Canadians are smarter, more diverse and cosmopolitan, more technologically adept, and more confident and poised than any previous generation. They are also broadly satisfied with the direction of the country and feel a reasonable sense of attachment to it.

This is all very well, but young Canadians are also alarmingly uninterested in core Canadian institutions, much more connected to North America than other Canadians and they remain largely disconnected from political institutions.

They are also egregiously underrepresented in the federal public service; simply not viewing it as the place to be in today's job market. I applaud steps to raise public service salaries to keep the best people in the cadre of senior management but, I believe we must pay even greater attention to dramatically increasing the voice and presence of young Canadians, both through public service renewal and through citizen engagement exercises focussed on this part of population.

If young Canadians do not feel a sense of excitement, pride and ownership in creating the next Canada, then it probably won't happen

I would like nothing more than to sit in the audience of the Canadian Club, January 20-21, as a grizzled Canadian boomer and hear someone from today's young cohort wax enthusiastically about the great things Canada has achieved in the first part of 21st century, and the even greater things in store for their children.

Thank you.

¹ Graves, Frank L, with Tim Dugas and Patrick Beauchamp, "Identity and National Attachments in Contemporary Canada", in How Canadians Connect, Harvey Lazar and Tom McIntosh, editors. McGill-Queen's University Press, 1999