



Reframing Canada's Global Engagement: A Diagnostic of Key Trends and Sources of Influence

**GLOBAL
CANADA**



INTRODUCTION

Canada's last International Policy Statement, framed in the wake of 9/11, is almost two decades old. During this time, the world has evolved in fundamental ways that unsettle many of the assumptions Canadian policy-makers and citizens have operated with for more than half a century. Dramatic environmental, technological, demographic, economic, and geopolitical changes, and now the COVID-19 pandemic, are reshaping the global landscape, as well as the traditional approaches and tools for advancing Canada's interests and values.

Many of the normative ideas and practices that fueled international politics in the first two decades after the end of the Cold War are being reshaped, contested, or openly challenged. In part, this is a function of a deeper shift in the global balance of power, in which non-Western states are wielding increased economic and political influence in both bilateral and multilateral settings. More fundamentally, the post-World War II system of institutions and alliances, which supported a period of unparalleled peace and prosperity for many Canadians and which often afforded our country significant influence, is under severe – possibly terminal – stress. Canada's most important partner, the United States, has for more than a decade been retreating from its global leadership role and its current administration is openly questioning its commitment to the norms, rules, organizations, and relationships that underpinned post-1945 international relations. The changing nature of US leadership has in turn provided even greater space for countries such as China and Russia to play an increasingly assertive role on the international stage. In short, the system beneath our feet is being transformed. The potential shape of its replacement is still uncertain but could potentially have marked negative consequences for Canada.

This report, *Reframing Canada's Global Engagement: A Diagnostic of Key Trends and Sources of Influence*, begins by summarizing a number of features of Canada's population, economic power, and geographic and political position, which continue to call for international engagement. Section Two then provides a strategic assessment of the current global environment and the most significant risks it poses to Canada's interests and values. In particular, we highlight:

- **A global power shift**, in which economic and political power between Western and non-Western states is being rebalanced, most notably as a result of economic growth in Asia and the changing nature of US leadership, and in which the density and importance of interactions among countries of the Global South are increasing.
- **The retreat of democracy**, in light of both reversals in political participation, freedom and rule of law in new or fledgling democracies, and the challenges to established democracies emerging from rising inequality and dissatisfaction with what existing institutions are delivering.
- **A fracturing multilateral system**, due to major powers' conflicting interests, lack of leadership from key players both regionally and globally, particular weaknesses of institutional enforcement and design, and continued under-representation of key states and non-state actors.
- **The changing nature of conflict**, in which the prospect of great power war is greater than at any time since the end of the Cold War, and in which civil wars are both longer and particularly lethal for civilians – generating unprecedented levels of forced migration and leading to huge reversals in development gains.
- **A digital transformation**, which, despite tremendous benefits, has produced a digital arms race between market-driven models developed in the United States and government-linked models emerging from China, as well as generated risks to critical infrastructure and core democratic rights and freedoms.
- **An intensification of catastrophic risks**, particularly through accelerating climate change, the weakening of systems to manage the proliferation and use of weapons of mass destruction, and the rise of lethal pandemics.

In Section Three, we identify core Canadian sources of influence that could enable our country not only to survive in this more difficult international environment – what we could consider a ‘minimalist’ achievement – but also to positively advance our interests and to encourage the development of a global context more closely aligned with Canadian values. These sources include:

- Broad **reach and relationships**, stemming from our historical connections to the UK and France, our privileged relationship with the US, and our multilateral memberships.
- Relevant **capabilities**, including our able civil service, respected military, strong economy, leading universities, and transnational population, including citizens with strong diaspora links and Canadians serving in international organizations around the world.
- Established **credibility**, in that Canada is widely view as a trustworthy country that makes positive international contributions and strives to practice at home what it preaches abroad.
- Wide **freedom of action**, afforded largely by Canada’s geographic location and relatively healthy economy.

As Canada navigates a more challenging global context, it will also need to be mindful that its contours are not static. For example, evolution within and between the United States and China is likely, given both the proven capacity of the US for political and social renewal and the demands and expectations of China’s middle class, as well as the prospect that unchecked rivalry could result in significant losses for both countries. These possibilities provide Canada with openings for smart policies, grounded in a clear understanding of our interests. Similarly, other countries are searching for ways to manage the changing global distribution of power, to address pressing challenges such as climate change, and to improve or sustain their living standards, offering Canada opportunities for new partnerships.

The diagnostic presented here points to the urgent need for a re-evaluation of Canada’s global posture. It should thus be read in conjunction with a companion document, *Reframing Canada’s Global Engagement: Ten Strategic Choices for Decision-Makers*,² which sets out a series of core questions that follow from the dramatic changes to our global landscape and which encourages those guiding Canada’s foreign policy to both set priorities and commit to sustained investment to advance our country’s security, prosperity, and values.

The following report is based on desk research, as well as one-on-one interviews and dialogue with a group of Canadian international policy experts from different professional backgrounds and political alignments.³ Their deep knowledge and energetic engagement greatly enriched the diagnostic exercise. During the interviews and group discussions, there were a number of areas upon which all agreed. Specifically, there was consensus on the fragility of familiar international-institutional architectures, on key Canadian interests within this changing context, and on the types of channels through which Canada might achieve its goals. Just as important, there was a diversity of views among our experts. In particular, there was a range of views on the degree to which the retreat from international leadership by the United States is likely to persist with future administrations, and whether China’s international behaviour constitutes a serious challenge to existing norms, rules, or institutions or an attempt to increase its stature and influence from ‘within’. Our assessment of global trends and risks takes account of these differing perspectives, as well as the uncertainty accompanying the precise direction of some of the risks identified. However, we take full responsibility for the views and opinions expressed in this document, as well as any errors or deficiencies in the analysis⁴.

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² The report can be accessed at <https://global-canada.org/news/reframing-canadas-global-engagement-ten-strategic-choices-for-decision-makers/>

³ The list of those experts who were interviewed and took part in the discussions can be found in the **Appendix**.

⁴ The authors wish to thank Patrick Quinton-Brown and Marina Sharpe for their assistance with drafting this document, and research assistants Lina Vissandjee and Ender McDuff for their valuable support. We would also like to acknowledge the thoughtful comments of Joseph Caron and André Beaulieu on earlier drafts.

1. WHY THE WORLD MATTERS TO CANADA

The security and economic prosperity of Canadians heavily depends on the broader global context. For much of the post-1945 period, that context has been generally favourable to Canada's core interests. It has also enabled us, at certain moments, to project some of our most treasured political values, such as democracy, human rights, and the rule of law. Our country benefitted materially from a particular global economic structure that allowed us to develop our domestic market, and increasingly tap into international ones; from a set of security relationships and institutions that largely protected us from the existential threats that engulfed us in 1914, and again in 1939; and from a set of multilateral organizations and forums that amplified our voice – at times well beyond what our relative standing would have predicted. Indeed, the global political environment has been so relatively positive and co-operative that at times we have taken it for granted. Today, we do so at our peril.

There are several fundamental Canadian realities make our security and prosperity dependent on constructive international engagement:

- With only 2% of the world's GDP, an economy heavily based on exports, and a relatively small manufacturing base, Canada relies on technology, trade, investment and skills to grow its economy. Our prosperity is fundamentally affected by economic events beyond our borders, as the 2008 financial crisis, the recent oil price collapse, and the COVID-19 pandemic starkly illustrate.
- With only 0.5% of the world's population, Canada's political system – most notably our pluralism and particular brand of constitutional democracy – faces profound threats in the absence of like-minded partners that nurture the same political values and engage in collaborative and trust-based forms of cooperation.
- Given the size and geography of our territory and foreseeable levels of defence spending, as well as the transnational nature of contemporary threats, Canada cannot secure its borders or population on its own. The security of Canadians entails international cooperation.
- Certain global problems – such as climate change and pandemics – and opportunities – such as achieving the Sustainable Development Goals (SDGs), the creation of a trading system supportive of both human rights and economic development, the development and distribution of critical technologies such as vaccines and green innovations, and good digital governance – can only be addressed or realized through collective action. Given that Canada is not a major power, it has an interest in ensuring that any rules guiding these forms of coordinated action reflect the concerns of the many rather than the powerful few, minimize the capacity of the strong to coerce the weak, and have fair, transparent, and rules-based mechanisms for resolving disputes;
- Canada's population includes many citizens born outside the country who retain their transnational ties. As a result, Canadians' interest in, and connection to, global developments is significant and growing;
- Finally, Canadians expect Canada to stand up for certain things in the world. Our country has a long-standing commitment to human rights, to addressing injustice, and to providing safe haven and opportunities to those fleeing violence and persecution. These values cannot be dismissed as 'nostalgic' in a world that is seemingly more polarized and hostile. Nor are these Canadian values necessarily contrary to Canada's core interests of security and prosperity, as is often claimed, but rather frequently complementary to such interests. Above all, they are important to Canadians in their own right when we consider Canada's role in the world.

For all of these reasons, Canada cannot afford to retreat inward, be paralysed by stasis, or rely on a foreign policy developed in fundamentally different times. In fact, this would encourage outcomes contrary to what Canadians need and want. Our history, combined with the magnitude and speed of transformation in the global context, suggest that more proactive international engagement is essential to advancing Canadians' security, prosperity, and core values.

2. KEY GLOBAL TRENDS: IDENTIFYING RISKS TO CANADIAN SECURITY AND PROSPERITY

While there a number of dramatic changes to the global landscape that analysts have identified, we have isolated six core developments that present both opportunities for Canada and significant risks to Canadians' security, prosperity, and values in the coming decades. These include a new global configuration of economic and political power, the retreat of democracy, a fracturing multilateral system, the changing nature of conflict, the rapid evolution in digital technologies and capacities, and the intensification of catastrophic risks, including major ecosystems under threat. Rather than identifying and understanding these trends as part of the general 'background' conditions for Canada's global engagement, we believe policymakers need to articulate the particular risks – whether real or potential – that these transformations pose to Canadians. As a first step, we briefly outline each trend, before specifying how it impacts Canada.

2.1. A Global Power Shift

The global configuration of power is undergoing a profound shake-up. While many analysts describe contemporary international relations with the notion of 'multipolarity', a term which has been used historically to refer to an international system with a set of great powers (as, for example, in the run-up to World War I), we believe today's international system exhibits a different character without clear precedents. More specifically, we are witnessing a profound power shift with two core elements: the rebalancing of economic and political power between Western and non-Western states, and the increase in South-South interactions.

Between 1995 and 2019, G7 countries' share of global GDP fell by 21% – a decrease that is likely to become even larger as a result of COVID-19.⁵ This rebalancing is driven predominantly by Asia's rise – or rather, re-emergence – as a centre of economic and potentially political power.⁶ The region is gaining ground as the key locus of economic growth and consumption, leading commentators to speak of a new "Asian century".⁷ As of 2015, Asia already contained half of the world's middle class – thereby helping to fuel the transition to a majority middle class world. But over the next decade, a staggering 88% of the growth of the global middle class is expected to take place in Asia.⁸ Even if this projection is altered by the economic impact of the COVID-19 pandemic, it still points to a marked relative decline in the economic status of the West.

⁵ This figure is based on World Bank data. Excluding Japan (the only Asian country in the G7) the group's share of global GDP fell by about 11% between 1995 and 2019. For an updated World Bank estimate taking account of the impact of coronavirus on the G7's share of GDP, see The World Bank, 'The Global Economic Outlook During the COVID-19 Pandemic: A Changed World' (8 June 2020). <<https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>>.

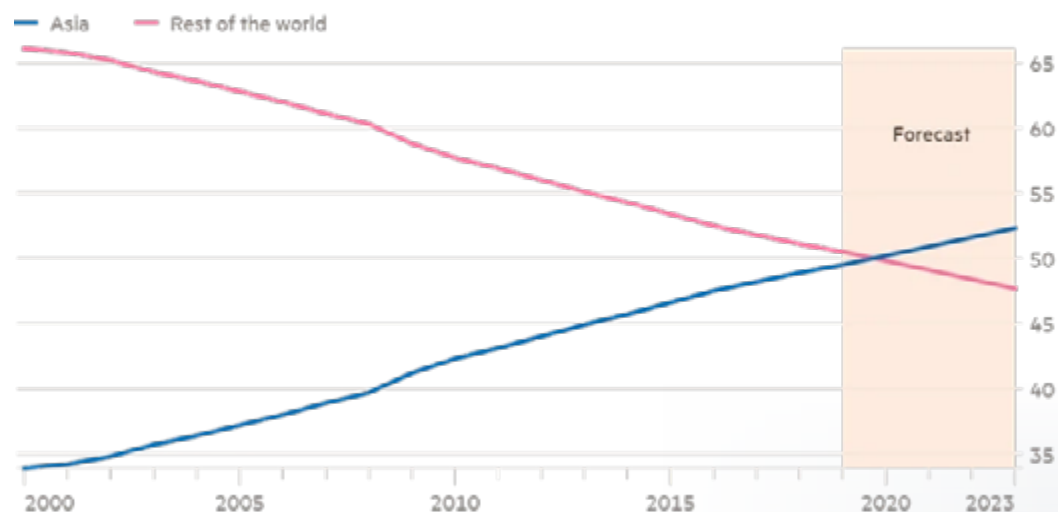
⁶ Valentina Romei & John Reed, 'The Asian Century is Set to Begin' Financial Times (London, 25 March 2019) <<https://www.ft.com/content/520cb6f6-2958-11e9-a5ab-ff8ef2b976c7>>.

⁷ Wang Huiyao, 'In 2020, Asian Economies Will Become Larger than the Rest of the World Combined – Here's How' (25 July 2019) World Economic Forum <<https://www.weforum.org/agenda/2019/07/the-dawn-of-the-asian-century/>>; McKinsey Global Institute, 'Asia's Future is Now' (14 July 2019) <<https://www.mckinsey.com/featured-insights/asia-pacific/asias-future-is-now#>>.

⁸ World Data Lab Blog, 'Emerging Trends in the Global Middle Class: A Private Conversation with Dr Homi Kharas' (17 April 2019) <<https://worlddata.io/blog/emerging-trends-in-the-global-middle-class-a-private-conversation-with-dr-homi-kharas/>>; Homi Kharas, 'The Unprecedented Expansion of the Global Middle Class: An Update' (February 2017) Brookings Global Economy & Development Working Paper 100 <https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf>.

The Asian century is about to begin

Share of world GDP at PPP \$



Unctad definition of Asia
Sources: IMF, @valentinaromei
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China and India are particularly important players in this evolving story. While in 2001 the US economy was eight times the size of China's, by 2018 that number had shrunk to 1.5. India has also experienced impressive economic growth since 2004, due to substantial rises in savings and investment, a thriving service sector, and increased trade, capital inflows and infrastructure spending. China and India together accounted for more than half of global economic growth in 2019,⁹ and by 2030 these two countries could account for over a third (34%) of the global economy.¹⁰

More broadly, we are also witnessing a more general 'rise of the rest' phenomenon,¹¹ driven primarily by a handful of big economies, such as Indonesia, Turkey, and Ethiopia. By 2050, 20 of the top 32 leading economies in the world, in purchasing power parity (PPP) terms, are expected to be from the non-Western world.¹² The new assertiveness of the Global South can also be seen in political and security domains, as witnessed by the reversal in the pattern of contributions of developed and developing countries to peacekeeping operations and growing demands for leadership positions and agenda-setting powers in the multilateral system.

This leads to the second core aspect of today's global power-shift: the growing density of South–South interactions. The proportion of global trade in merchandise between countries of the Global South jumped from less than 8% in 1980 to 28% in 2018.¹³ Similarly, the United Nations Conference on Trade and Development has found that South–South flows in foreign direct investment now constitute over a third of global flows.¹⁴ These figures illustrate that global economic dynamics are increasingly driven from the places where the majority of people live. While the mental maps guiding Western policy-makers for much of the post-Cold War period have been marked by intensifying connections between 'North' and 'South', the depth of these interactions will soon be outstripped by the ever-growing connections between societies within what was once referred to as the 'Third World'.

⁹ International Monetary Fund, *World Economic Outlook 2019*.

¹⁰ The European Union Institute for Security Studies, 'Global Trends 2030 – Citizens in an Interconnected and Polycentric World' (May 2012) <<https://www.iss.europa.eu/content/espas-report-%E2%80%98global-trends-2030-citizens-interconnected-and-polycentric-world%E2%80%99>>.

¹¹ Amitav Acharya, 'Multilateralism and the Changing World Order' in Thomas G Weiss and Sam Daws (eds), *The Oxford Handbook of the United Nations* (2nd edn, OUP 2018) 781.

¹² PwC, 'The World in 2050: Will the Shift in Global Economic Power Continue?' (February 2017) <<http://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>>.

¹³ UNDP, *Human Development Report 2013* (2013) <<http://hdr.undp.org/en/2013-report>>; UNCTAD, 'Trade Structure by Partner' (2019) <<https://stats.unctad.org/handbook/MerchandiseTrade/%09ByPartner.html>>.

¹⁴ UNCTAD, 'World Investment Report' (2015) <http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf>.

Risks to Canada

These structural changes to the global distribution of power, while potentially offering great economic opportunities, also generate at least two specific risks to Canadian interests.

Caught in the middle of the 'C2'

First, although conflict is not the inevitable result of this contemporary power shift, it is a dynamic and uncertain process, with unsettling effects. This is particularly so for the world's traditional great powers – most notably the United States – which are adjusting uneasily to their relative decline and who increasingly worry about the intentions of those who are 'rising'.

While until recently influential elements in the US foreign policy establishment were wary of geopolitical rivalry, today a bipartisan consensus has emerged in Washington around the need to compete more vigorously with China, in light of its economic and technological power, growing defence expenditure, and quest for hegemony in Asia.¹⁵ As a result, the US has intensified its economic competition with China through moves including unilateral sanctions, export control measures, and the greatest use of tariffs by any country since the 1930s. The Trump administration's recent moves to weaken the World Trade Organization (WTO) and World Health Organization (WHO), as well as its strategic tilt towards India, can also be seen as efforts to contain Chinese expansion. Finally, the US Congress has taken more concerted measures to address China's human rights record, most recently through sanctions against Chinese officials for the treatment of the Uighur minority community in Xinjiang.

At the same time, Chinese President Xi Jinping has taken steps to consolidate his power, through a constitutional amendment erasing presidential term limits and more far-reaching systems of surveillance and repression.¹⁶ Under his leadership, China has also largely abandoned the previous Chinese strategy of hiding its strength, and is more visibly seeking to secure its territorial, political, and economic goals. In particular, Xi has exhibited greater willingness to act assertively within China's immediate region, including the recent passage of new security laws for Hong Kong, and frequently declares his intention to return his country to a position of global pre-eminence. More broadly, the Chinese Communist Party depicts itself as being on the 'winning side of history', and its strategic thinking is heavily influenced by the idea that the US is a superpower in decline. Chinese officials fill out this picture by portraying their country as committed to the preservation and leadership of the multilateral system¹⁷ – a claim backed up by significant financial investments in global institutions and efforts to exert greater political influence over their direction.

The dynamic interaction between US and Chinese behaviour has resulted in the development of what some have called a 'C2' (or Competition Two) world.¹⁸ Indeed, China's foreign minister, Wang Yi, declared in a July 2020 speech that the Sino-US relationship was "facing its most serious challenge since diplomatic relations were established" in the early 1970s.¹⁹ One of the most visible domains of rivalry is technological and digital, where the United States and China are fiercely competing for superiority. Signs point to the possibility of 'digital bipolarity', as Washington proposes export control regimes for technology that are reminiscent of the Cold War and takes steps to block foreign technology companies from buying American goods or operating in the US. Elsewhere, Sino-US rivalry is overriding economic incentives for cooperation, as so-called decoupling is spreading beyond technology into finance, and increasingly threatening manufacturing and consumer goods. The effects of intensifying competition between the two countries extends beyond global supply chains to affect almost every aspect of international relations, and reduces the freedom of manoeuvre for many countries, including Canada.

¹⁵ Tarun Chhabra, Scott Moore & Dominic Tierney, 'The Left Should Play the China Card: Foreign Rivalry Inspires Progress at Home' (13 February 2020) Foreign Affairs.

¹⁶ Global Times, 'Constitutional Amendment Responds to New Era' (26 February 2018) Global Times, <<http://www.globaltimes.cn/content/1090821.shtml>>.

¹⁷ 'Multilateralism, Shared Peace and Development', statement by HE Wang Yi, State Councillor and Foreign Minister of the People's Republic of China, General Debate of the 73rd Session of the UN General Assembly (28 September 2018) <https://gadebate.un.org/sites/default/files/gastatements/73/zh_en.pdf>. See also, Jointly Shoulder Responsibility of Our Times, Promote Global Growth', statement by HE Xi Jinping, President of the People's Republic of China, World Economic Forum (17 January 2017) <<https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>>.

¹⁸ As distinct from the 'G' shorthand, where the 'G' for 'group' connotes cooperation.

¹⁹ Demetri Sevastopulo & Christian Shepherd, 'US sanctions top Chinese officials over Xinjiang detentions', *Financial Times* (London, 10 July 2020).

The risk for Canada is that it will increasingly have to choose between the pursuit of increased economic relations with China, and its traditional political, economic, and security relationship with the US. This risk is already playing out in relation to Michael Kovrig and Michael Spavor, the two Canadians who have been detained in China since Canada arrested Huawei executive Meng Wanzhou following an extradition request from Washington, and in relation to Canada's decision over whether to allow Huawei to participate in building our country's 5G infrastructure. It may also become more acute under the new United States-Mexico-Canada Agreement (USMCA) – which includes a provision requiring any party that undertakes to negotiate a free trade agreement with China (or any other non-market economy) to notify the other parties of its intention – and for Canadian technology firms, who must determine how best to navigate concurrent, but contradictory, data zones: the firm-centric US zone and the state-centric China zone.

Isolated from the new centre of gravity

Second, the nature of today's power shift could leave Canada detached from the new centre of innovation and economic growth. The intensification of South-South relations not only affects the locus of globalization, but also globalization's 'look and feel'. Analysts now suggest that in the wake of changes in the economic balance of power there will come an equally important "ideas-shift",²⁰ in which Western approaches to trade and investment, economic development, and peace and security are increasingly challenged by alternative models. Additionally, over the last decade, China has emerged as a key development actor across Africa. The risk is that Canada will be shut out of the new economic and political order increasingly developing within, and because of, Asia. This potential for exclusion is already apparent in the fact that Canada is not a member of new institutions in Asia, such as the Shanghai Cooperation Organization, to which the centre of power is shifting. Although Canadian governments and businesses have been diversifying trade and investment – including through the TransPacific Partnership – and cultivating new bilateral relationships, Canada's global engagement still remains heavily focused on the transatlantic space.

2.2. The retreat of democracy

While three decades ago the march of freedom and openness seemed unstoppable, today – in the words of Freedom House – "democracy is in retreat".²¹ Although this democratic downturn has been underway for some time, it has been particularly steep in the past five years. In 2019, the number of countries around the world that experienced net declines in civil and political rights was almost double the number that registered improvements.²² Even more troubling, this downward turn in levels of freedom is no longer concentrated among autocracies and dictatorships, but has also infected countries of every regime type, including those traditionally rated 'free'.²³ Countries that not long ago were praised for making democratic transitions, such as Hungary, the Philippines, Poland, and Turkey, are backsliding into forms of illiberal and in some cases authoritarian rule. The onset of COVID-19 has reinforced, but also expanded, the global antidemocratic trend, as some leaders have exploited the crisis to imprison journalists and opponents, crack-down on protest, and heighten surveillance of their populations.²⁴ All of these developments challenge the reigning assumption of the late 20th century: that the slow diffusion of democracy to all parts of the globe was just a matter of time, economic prosperity, and a gentle nudge.

²⁰ Acharya (n 10).

²¹ Freedom House, 'Freedom in the World 2019: Democracy in Retreat' (2019) <<https://freedomhouse.org/report/freedom-world/freedom-world-2019/democracy-in-retreat>>.

²² Freedom House, 'Freedom in the World 2020: A Leaderless Struggle for Democracy' (2020) <<https://freedomhouse.org/report/freedom-world/2020/leaderless-struggle-democracy>>.

²³ Ibid.

²⁴ Larry Diamond, 'Democracy Versus the Pandemic', Foreign Affairs (13 June 2020), <https://www.foreignaffairs.com/articles/world/2020-06-13/democracy-versus-pandemic?utm_medium=newsletters&utm_source=summer_reads&utm_campaign=summer_reads_2020_actives&utm_content=20200823&utm_term=all-actives>.

At the same time, institutions with democracy clauses, such as NATO and the EU, have been reluctant to criticize roll backs of civil and political rights, leaving authoritarianism unchecked. What is more, established democracies are absorbed by their own political challenges. The long-term consequences of the 2008 financial crisis have fostered disillusionment in many Western countries about what democracy can deliver, as well as the appeal and strength of populist movements. Some political scientists have therefore identified a prospect that seemed unthinkable in 1989: a process of 'democratic deconsolidation', in which citizens of prosperous and mature democracies become positively disposed to alternative political systems (including authoritarian ones) and the key institutional features of those democracies, such as competitive party systems, become dysfunctional.²⁵ Democratic politics is designed to foster moderation and compromise, yet political opinion in many mature democracies has become profoundly polarized. We have also seen the rise of the tyranny of the majority, where minority rights are undermined by populist discourses and policy programs.

Within this broader context, the historic role of United States as a beacon of democracy has been tarnished by its historic levels of income inequality, highly polarized politics, institutional deadlock, and worrying instances of "executive aggrandizement".²⁶ The US's recent management of the COVID-19 pandemic has further eroded its prestige and the attractiveness of its political model. Finally, the current US administration has downplayed its role as a leader among democracies by questioning the utility of post-1945 alliances of democratic states – most notably NATO – and openly praising authoritarian leaders.

These trends have combined to make the 'West' – traditionally one of the most significant international 'clubs' to which Canada has belonged – less cohesive and effective. According to the most recent report of the Munich Security Conference, we may be witnessing the decay of the West as a cohesive geopolitical configuration that nurtures particular political and economic values and acts collectively to preserve and promote them when they are under threat. Instead, we are living in an era marked by "Westlessness", in which nationalist and illiberal camps undermine these ideals and principles, and defenders of the liberal, open West are unable to adequately answer these challenges at home or to strengthen forms of transnational cooperation to defend against them.²⁷

Risks to Canada

It is clearly a key priority for Canadian governments and civil society to get our own democratic house in order, through efforts to strengthen the inclusiveness and effectiveness of our representative institutions, to address widening economic and social inequality, to address the multidimensional crisis within indigenous communities, and to demonstrate more generally that democracy can 'deliver'. However, some might argue that the *global* weakening of democracy is not of vital concern to Canada, given our capacity to engage with countries that are not thriving democracies and our need to invest in relationships with states outside of our traditional 'comfort zone'. Nevertheless, the retreat of democracy and disunity within the West leaves Canada more alone in the world than perhaps at any time in living memory. There are at least three specific risks that this trend poses for Canada.

Social and political instability in key democratic allies

To begin, one of the key drivers of the current malaise within the democratic world – reactions to adverse economic developments and to high levels of income and wealth inequality – shows no sign of slowing. Although it is often noted that global inequality has declined over the last three decades – largely as a result of economic growth in China – domestic inequality has risen significantly in many countries, particularly in the advanced economies of the OECD.²⁸

²⁵ Roberto Stefan Foa & Yascha Mounk, 'The Danger of Deconsolidation: The Democratic Disconnect' (2016) 27 Journal of Democracy 5.

²⁶ Nancy Bermeo, 'On Democratic Backsliding' (2016) 27 Journal of Democracy 5. Bermeo's term 'executive aggrandizement' refers to incremental moves by democratically elected leaders to expand their power, often by invoking their popular mandate to introduce changes that weaken the capacity of state institutions and civil society to check the executive and hold it accountable.

²⁷ Munich Security Conference, 'Munich Security Report 2020: Westlessness' (2020) <https://securityconference.org/assets/user_upload/MunichSecurityReport2020.pdf>.

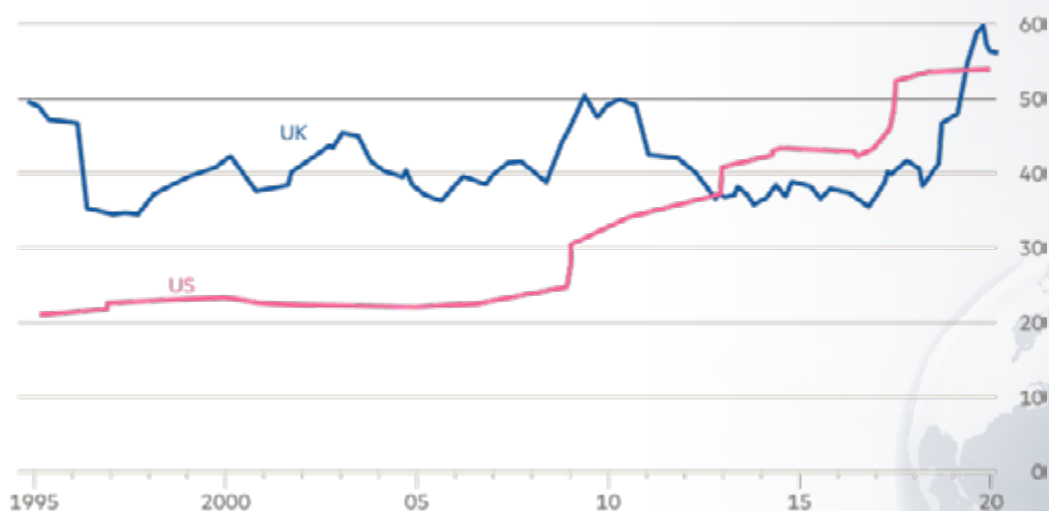
²⁸ The average Gini coefficient among OECD countries is 0.32, the highest level for the past half century (OECD, 'Inequality' <<http://www.oecd.org/social/inequality.htm>>).

Between 1980 and 2016, the top 1% captured 28% of the aggregate increase in real incomes in the US, Canada, and Western Europe, while the bottom 50% captured just 9% of that rise.²⁹ In a digital era, income and wealth concentrations could rise still further – absent public policy intervention – since new technologies are typically driven by proprietary intellectual property, which increasingly can only be developed by a few individuals and firms.

While analysts increasingly agree that wide income and wealth disparities have damaging effects on economic growth and performance,³⁰ the even bigger story is inequality's corrosive effect on social and political stability. As the World Economic Forum's 2020 Global Risks Report observes, "concern about inequality underlies recent social unrest on almost every continent",³¹ and has rocked even consolidated democracies such as Chile and France. There is also growing evidence that reactions to domestic inequality and the uneven effects of austerity policies fuelled some of the big populist 'moments' of 2016 and 2017, including the Brexit vote in the United Kingdom. Many of Canada's closest democratic allies and trading partners, including the US and UK, are experiencing crises of confidence in their political parties and systems, and in the social cohesion needed to sustain them, as depicted in the graph below.³² In many cases, this weakening confidence in what democracy can deliver has fueled the rise of populism, a politics of majoritarianism and nationalist sentiment, making international cooperation much harder.

Dissatisfaction with democracy has jumped recently in the US and UK

% of survey respondents dissatisfied with democracy



Source: RS Foa et al, 'The Global Satisfaction with Democracy Report, 2020' (Centre for the Future of Democracy, Cambridge)
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²⁹ Disaggregating this data further, in Western Europe, the top 1% capture only as much as the bottom 51%. Meanwhile, in North America, the top 1% captured as much as the bottom 88%. See Facundo Alvaredo et al. 'World Inequality Report 2018' (2017) World Inequality Lab <<https://wir2018.wid.world/>>.

³⁰ See, for example, Branko Milanovic, *Global Inequality* (Harvard University Press 2016).

³¹ World Economic Forum, 'The Global Risks Report 2020' <http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf>.

³² Martin Wolf, 'Covid has Exposed Society's Dysfunctions' *Financial Times* (London, 14 July 2020)

More assertive autocratic states

Our geography, and the nature of our relationship with the United States, has meant that Canada has long been protected from the prospect of conquest or occupation. But today we face concrete external threats to our values and political institutions. Even if states such as Russia do not contemplate forceful regime change, their creative use of technology, disinformation, and clandestine support for particular political actors are designed to weaken the democratic institutions and norms that pose a challenge to their own geopolitical interests and internal legitimacy.³³ Although researchers and the government saw little foreign interference in the most recent Canadian election, this was in part due to a set of policies designed to limit the opaque tools used by foreign regimes to spread disinformation and divide societies during elections.³⁴ It is clear that the same structural attributes of our digital public sphere (the financial model of internet platforms and the nature of algorithmic systems that control what we see and who is heard online) are related to increased polarization and leave us vulnerable to the same political trends we have seen in other countries. Canadians cannot be complacent about the vulnerability of Canada's political system to disruption from the outside – including authoritarian states and their proxies.

The unravelling of democratic peace and cooperation

The growing confidence of authoritarian states is also driven by the ever-growing sense that alternative political models might have a fighting chance of knocking democracy from its pre-eminent position. The 1930s offer a chilling reminder that if democracy cannot deliver prosperity equitably, leads to gridlock rather than decisive action to tackle pressing problems, and breeds political instability, then the appeal of rival ideologies inevitably increases. This declining confidence in democracy is bolstered by a rising China, leading to the suggestion – particularly in the developing world – that democratic institutions and rapid improvements in prosperity can and should be unbundled. According to one pre-eminent group of analysts, the success of “authoritarian capitalism” means that we can “no longer assume a consensus about the pre-eminence of democracy among the main geostrategic actors in the world”, leading to a debate about “the very value of democracy itself”.³⁵

Foreign policy experts in this country disagree as to how vigorously Canada should promote democracy internationally in the face of these challenges. But many would accept that a world with fewer democracies would be one less hospitable to the advance not only of Canadian values, but also of Canadian interests. Although the first two decades of this century saw some Western states undermining international peace and security through muscular campaigns of regime change, such as in Iraq, it remains the case that democratic states are more likely to engage in peaceful relations with other democracies, are more disposed to protect their citizens' human rights, and are less vulnerable to civil conflict. Cooperation among democratic societies is also much ‘thicker’, in ways that enable the realization of joint goals through more extensive sharing of costs and know-how.

2.3. A fracturing multilateral system

It has become commonplace to hear that many of the traditional tools of interstate cooperation created in the wake of World War II are proving inadequate to the challenges of the 21st century. The stalled Doha trade round, the limited gains of the Madrid round of climate negotiations, and the failure to uphold nuclear non-proliferation agreements all reflect multilateral processes that are struggling under the weight of intensifying geopolitical rivalry and the complexity of the policy challenges they must address. From January to June 2020, nearly all global institutions – including the G7, G20, WHO, and UN Security Council – failed to respond adequately to the greatest health and economic crisis the world

³³ Bruce Jones & Torrey Taussig, ‘Democracy and Disorder: The Struggle for Influence in the New Geopolitics’ (February 2019) Brookings <https://www.brookings.edu/wp-content/uploads/2019/02/FP_20190226_democracy_report-WEB.pdf>.

³⁴ Taylor Owen, Peter Loewen, Derek Ruths, Aengus Bridgman, Robert Gorwa, Stephanie MacLellan, Eric Merkley & Oleg Zhilin, ‘Lessons in Resilience: Canada's Digital Media Ecosystem and the 2019 Election’ (2020) Public Policy Forum <<https://ppforum.ca/articles/lessons-in-resilience-canadas-digital-media-ecosystem-and-the-2019-election/>>.

³⁵ Larry Diamond, Thomas Carothers, Jean Bethke Elshain, Anwar Ibrahim & Zainab Hawa Bangura, ‘A Quarter-Century of Promoting Democracy’ (2007) 18 *Journal of Democracy* 112.

has seen since the 1930s. Despite highlighting the more urgent need for global solutions to the growing number of challenges that transcend borders, the inability to coordinate effective responses to the COVID-19 pandemic and the related recession has only heightened popular concerns about mechanisms for international collaboration and is a further manifestation of the tendency to fall back on national solutions.

Scholars and policy analysts rightfully remind us that multilateralism is not failing everywhere, and that some forms of international cooperation – including among scientists and public health experts during COVID-19 – are becoming more frequent and more powerful. Some of the more innovative and delivery-oriented multilateral institutions like the Gavi Alliance for vaccines and immunizations have recently received record-setting investment support from many countries, including the United States. At the same time, challenges are growing among some of the older multilateral institutions. Three reasons are worth highlighting.

The first explanation is the presence of seemingly irreconcilable interests between major powers, as illustrated by the continuing incapacity of the UN Security Council to agree on collective action to address the civil war and humanitarian crisis in Syria, as well as the intent and capacity of particular states to sabotage international agreement on key issues affecting them. The second is the weak or non-existent enforcement mechanisms of many multilateral treaties and the lack of political will to hold ‘rule breakers’ to account. As a result, there is often a gulf between treaty promises and concrete steps to fulfill commitments.

Finally, a prevalent criticism of multilateralism today is that much of the original post-1945 institutional architecture fails to reflect the growing power and influence of non-Western states, and does not provide key non-state actors – such as cities, experts, civil society organizations, and the private sector – with adequate formal roles in direct problem-solving. The first weakness jeopardizes the on-going legitimacy of several key multilateral institutions, as the ‘special responsibilities’ assigned to the great powers after World War II can no longer be rationalized on empirical or normative grounds. As a result, while some of the multilateral system’s most ardent defenders – including Canada – speak today of the need to preserve the ‘rules based international order’, other states note that these rules are applied selectively and that the multilateral system has not benefitted all states equally. The second weakness – many institutions’ over-reliance on the state as the key governance actor – too often requires consensus among national governments to take collective action on global problems, even when that consensus effectively results in lowest common denominator outcomes. It also fails to provide citizens with a meaningful role, with the result that some view their government’s policy as set by technocrats lacking democratic accountability. As two scholars recently put it, “we are essentially using 17th century institutional technology to confront 21st century challenges”.³⁶

Added to these longstanding problems with the multilateral system is the waning commitment of its key architect – the United States – to work within it. In recent years Washington has more often chosen to engage bilaterally with states whose interests converge with its own, rather than investing in long-standing institutional forms of cooperation. This, combined with China’s ‘muscular’ diplomacy, suggests that today’s great powers are moving away from the notion that it is through the exercise of self-restraint that powerful states can cajole – rather than coerce – others to support their policy priorities.³⁷

Risks to Canada

One possible response to the fracturing multilateral system, and the US’s growing willingness to challenge and work around it, is for Canada to turn to transaction-based international politics. However, two Canadian realities – its relative power position and globally-facing economy – make our commitment to multilateralism an essential element of Canada’s global engagement. As a state of modest size and economic clout, we benefit from the predictability that comes with a system of cooperation based on agreed upon rules, which mitigate the risk of great power unilateralism and avoid the resolution of disputes through raw power struggles, in which Canada would be unlikely to prevail. The necessity of effective multilateral cooperation is also a function of some of the global challenges we face – such as

³⁶ Thomas Hale & David Held (eds), *Beyond Gridlock* (Polity 2017).

³⁷ John Ikenberry, ‘Why the Liberal World Order Will Survive’ (2018) 32 *Ethics and International Affairs* 17.

climate change, migration, and pandemics – which individual countries cannot address in isolation. In addition to these general considerations, weakening multilateralism poses at least three specific risks to Canadian security and prosperity.

The collapse of the multilateral trading system

The WTO system is under strain on multiple fronts. New globally agreed WTO rules have not emerged since the early 2000s. Particular threats to the system of open trade are also emanating from China and the United States. China's prolonged period of market-driven economic growth has not led it to abandon a strong interventionist role for the state. For its part, in response to what Washington portrays as the failure of the WTO to set and enforce rules for fair competition, the US has imposed unilateral tariffs on Chinese imports – prompting a tit-for-tat response from Beijing. Additionally, the US recently took steps to block the reappointment of members of the WTO's appellate body, rendering the organization's dispute resolution mechanism effectively dormant.

The COVID-19 pandemic exacerbated these strains, as shortages of personal protective equipment and critical medical devices led states to both halt their export and invest in their domestic manufacture. Many countries also declared states of emergency, allowing them to override certain provisions of long-standing trade agreements. As the pandemic has worn on, concern about the reliability of international food and other essential supply chains has prompted states to consider how they can insulate their economies from international shocks. And in response to economic crisis, countries around the world have launched 'buy local' campaigns to support domestic economic recovery. All of these developments contribute to a rising global tide of protectionism and the prospect of, if not full 'deglobalization' (as worst case analyses predict), shortened supply chains and the concentration of foreign direct investment among proximate neighbours.

Open trade has contributed greatly to Canada's prosperity and remains critical to the development of our technology-driven industries. The weakening of the multilateral trading system thus undermines Canada's ability to grow its economy and exposes us to the risk of becoming over-reliant on one market. Furthermore, with the fracture of the multilateral trading system comes the greater likelihood of contradictory commitments; a strain on limited negotiating, implementation, and reporting resources; complex rule of origin requirements; and a lack of recourse to coherent dispute resolution systems. These risks are, however, mitigated to a degree by the fact that Canada is a member of several significant regional trade agreements.

Great power conflict

Since the end of World War II, while there has been a continuation of the incidence of wars within states (intrastate or civil war), there has been a marked decrease in wars *between* states (inter-state war).³⁸ Paramount among the factors contributing to this decline in major war – including the mutually assured destruction of nuclear weapons – are webs of alliances, such as NATO and the UN Charter system.

Today, however, the risk of major war between great powers is arguably greater than at any time in the last 30 years, with the potential to implicate all countries, including Canada. The primary sites of competition that could escalate into direct conflict include Taiwan, Hong Kong, the South China Sea, the region between India and Pakistan, the Korean Peninsula, and Ukraine and the Baltic states. In addition, the confrontation between the United States and Iran has the potential to transform into 'hot war', involving a wider set of players in the Middle East and beyond. Finally, a number of civil conflicts – including in Libya, Syria, and Yemen – have become internationalized, pitting great powers in opposition as a result of their alliances with different warring parties.

Existing multilateral frameworks have struggled to manage these escalating threats of major war, let alone address their underlying dynamics. The UN Security Council has become increasingly deadlocked, unable to reach agreement on even basic questions such as humanitarian access.³⁹ This suggests that the Council is unlikely to be able to respond effectively to crises involving key powers, or regional rivalries that threaten international peace and security.

³⁸ Therese Pettersson & Peter Wallensteen, 'Armed Conflicts, 1945-2014' (2015) 52 *Journal of Peace Research* 536.

³⁹ In July 2020, China and Russia vetoed a Security Council resolution that would have extended cross-border humanitarian assistance to reach millions of vulnerable Syrian civilians.

Moreover, great powers are now defecting from previous peace and security arrangements negotiated through the Security Council, such as the Joint Comprehensive Plan of Action on Iran.

Canada has benefitted enormously from the 'long superpower peace' that has held for many countries during and following the Cold War. Though we have participated in missions involving the use of armed force – in peacekeeping, counter-terrorism, and stabilization functions – Canada's Armed Forces have predominantly been deployed to 'wars of choice', rather than in response to existential threats,⁴⁰ and our engagement has steadily decreased since Canada's participation in the conflict in Afghanistan. Unchecked competition between great powers and ever-more destabilizing proxy wars, coupled with an increasingly ineffectual UN Security Council, raises the prospect of conflicts with spill-over effects that could implicate Canada.

The growing influence of regional orders

While multilateralism is today facing a crisis of both performance and legitimacy, it is not the case that institutions in general, or all forms of international cooperation, are disappearing. Instead, multilateralism in the form that we know best, in global frameworks such as the UN, is under strain. In some cases, new regional institutions are cropping up as alternative or complementary organizations to more 'Western-inspired' ones, such as the Asian Infrastructure Investment Bank, the New Development Bank (formerly the BRICS Development Bank), and the Regional Comprehensive Economic Partnership.

With the UN Security Council increasingly at a standstill on issues of significant political and security importance, regional bodies – from the African Union, to the Association of South East Asian Nations, to the Organization for Security and Cooperation in Europe – are poised to play a more activist role in regional issues requiring an international response. Canada has historically sought membership or observer status in a variety of regional bodies, given its ties to many different regions, and it has often been said that Canada is a 'serial joiner'. Yet, in practice Canada has struggled to gain a foothold in many of these institutions, and its engagement with these bodies is rarely linked to broader multilateral efforts or to a longer-term regional strategy. Furthermore, while Canada participates in important regional arrangements and bodies within its hemisphere – including the new USCMA and the Organization of American States – it has focused its attention and political capital on global and transatlantic partnerships, and thus is viewed as a 'Western' state rather than a core member of the 'Americas'.

The key risk to Canada is that it will be excluded from, or marginalized within, increasingly important sites of regionally-based multilateral cooperation. As a consequence, decisions that affect Canada's prosperity and security will not involve meaningful Canadian participation. Multilateral regimes set the agenda, create the norms, and devise the rules. Not having a seat at the table, and a voice, means these matters will be settled by others, leaving Canada as a rule-taker.

2.4. The changing nature of conflict

Contemporary violent conflict bears little resemblance to the wars that were formative for our parents and grandparents. Not only are conflicts more likely to be within states rather than between them, but these intra-state, or civil, wars have also become increasingly protracted, lasting 20 years on average.⁴¹ This prolongation of fighting reflects the fact that today's civil wars involve numerous actors with fragmented affiliations and – as was the case during the Cold War – strong connections to outside powers.⁴² These features, combined with the waning commitment of both state and non-state actors to the laws of armed conflict, also make contemporary wars particularly lethal and tragic for civilian

⁴⁰ The war in Afghanistan, post 2001, can be viewed as an exception, as it was initially conceived as a response to an attack on the United States.

⁴¹ James Fearon, 'Civil War and the Current International System' (2017) 146 *Daedulus* 18; Richard Gowan & Stephen J Stedman, 'The International Regime for Treating Civil War' (2018) 147 *Daedulus* 171.

⁴² In a third of today's civil wars, third party actors are actively supporting one of more of the warring parties with funds, military hardware, intelligence and/or political cover. See Sebastien von Einseidel, 'Civil War Trends and the Changing Nature of Armed Conflict' (March 2017) United Nations University Centre for Policy Research Occasional Paper 10 <https://collections.unu.edu/eserv/UNU:6156/Civil_war_trends_UPDATED.pdf>.

populations. As former UN Secretary General Ban Ki-moon stated in his report for the first World Humanitarian Summit in May 2016: “flouting the most basic rules governing the conduct of war has become contagious”. The regular use of indiscriminate weapons, and even siege and starvation tactics in urban settings, have become routine practices for many of today’s belligerents.

An additional trend worth highlighting is that most contemporary lethal violence does not occur in countries in formal states of armed conflict.⁴³ In fact, the majority of states most affected by high levels of insecurity – such as El Salvador, Guatemala, Honduras, Mexico, and Venezuela – are not officially at war, as international lawyers understand it. Yet, much of this ‘non-war’ violence is far from random and is, in some cases, politically motivated or linked to organized criminal networks. More significantly, these “situations other than war” – the term used by the International Committee of the Red Cross – are generating significant levels of migration and dire humanitarian crises.

Risks to Canada

At the most immediate level, Canada has been largely immune from these contemporary situations of conflict and violence. And with other compelling risks to our security, the question might be asked: what stake does Canada have in the unfolding of civil conflicts and political violence elsewhere in the world? In 2005, during our last foreign policy review, a strong case was made that ‘fragile states’ constituted a direct threat to Canadian security, particularly in light of their susceptibility to infiltration by terrorist groups. Does the same assessment hold in 2020? Canada, along with other states, too often watches as crises escalate, rather than engaging in preventive action to address the drivers of conflict and its devastating effects. Moreover, they highlighted that protracted civil wars and other situations of violence do pose risks to Canadian interests, as well as values, that call for global engagement.

Forced migration

In 2019, 79.5 million people were forcibly displaced from their homes – the highest number in recorded history. While over half of that number remained in their country, and are thus considered ‘internally displaced persons’, 26 million crossed borders as refugees and asylum seekers.⁴⁴ There are a variety of interacting factors that have caused the upsurge in contemporary migration, but armed conflict and inter-communal violence continue to be among the main drivers.⁴⁵ Given that COVID-19 is expected to exacerbate the risk of conflict within states – with recent forecasts suggesting that as many as 35 countries may experience instability by 2022 – the phenomenon of mass flight will only continue to grow.⁴⁶

Canada’s geography, once again, has largely enabled it to choose when and how it responds to forced migration. The fulfillment of our obligations to refugees, as well as high-profile resettlement schemes – whether for South Asians in the 1970s or for Syrians in the 2010s – are important demonstrations of the humanitarian commitment of Canadians. But in truth it is other countries, particularly in the developing world, which bear the brunt of the effect of mass migration. While migration has tangible benefits for host societies, it can also produce deep strain on economies and social fabrics, as some recent instances of mass migration have illustrated..

Risks of instability in key refugee-hosting countries, such as Colombia, Pakistan, and Turkey, have consequences for Canada’s foreign policy relationships and objectives. But even more significant is the effect of conflict-induced forced migration on some of Canada’s key allies. African migration through conflict-disrupted Libya and conflict-induced migration from Syria, Afghanistan, and Iraq directly contributed to Europe’s migration crisis between 2014-16, with

⁴³ See Geneva Declaration, ‘The Global Burden of Armed Violence 2015: Every Body Counts’ (2015) <<http://www.genevadeclaration.org/measurability/global-burden-of-armed-violence/global-burden-of-armed-violence-2015.html>> and Keith Krause, ‘From Armed Conflict to Political Violence: Mapping and Explaining Conflict Trends’ (2016) 145 *Daedulus* 113.

⁴⁴ UNHCR, ‘Figures at a Glance’ (2020) <<https://www.unhcr.org/figures-at-a-glance.html>>.

⁴⁵ For example, of the 28 million newly displaced persons in 2018, 10.8 million were displaced as a result of protracted armed conflict and the rise of inter-communal violence (Internal Displacement Monitoring Centre, ‘Global Report on Internal Displacement 2019’ (2019) <<https://www.internal-displacement.org/global-report/grid2019/>>).

⁴⁶ These projections represent a 56% increase in the potential for internal conflict from pre-pandemic forecasts and the highest numbers in 30 years. See Jonathan Moyer & Oliver Kaplan, ‘Will the Coronavirus Fuel Conflict?’ (July 2020) *Foreign Policy* <<https://foreignpolicy.com/2020/07/06/coronavirus-pandemic-fuel-conflict-fragile-states-economy-food-prices/>>.

knock-on effects for domestic political developments in Canada's NATO allies and trading partners. And closer to home, refugees fleeing violence in Central and South America have placed enormous strain on Mexico's infrastructure and political system, and fed into a deeply polarized political environment in the United States. Some of these Central and South American refugees are entering Canada irregularly from the US in order to avoid our Safe Third Country Agreement, which precludes people who arrive regularly from the United States from applying for refugee status in Canada. This trend led a Federal Court to declare in July 2020 that the Agreement violates Canada's Charter of Rights and Freedoms – a decision which requires consideration by Parliament and a policy response the Canadian government.

Disruptions to or reversals of sustainable development

But by far the greatest and most devastating impact of conflict is on the security, health, and livelihoods of populations living in its midst. Canada, along with other UN Member States, has invested significant resources and political attention in advancing a set of universal objectives, the Sustainable Development Goals (SDGs), that aim to support economic, social, and environmental progress across all countries. This is a collective good in which all have a stake. In the Canadian context, it is important that the goals are not partisan. They were originally affirmed by a government of one stripe in September 2015 and have since been pursued by a successor government of a different stripe.

Canada has its own challenges to confront in achieving the SDGs domestically, in addition to its interest in helping to advance them globally, especially in the emerging economies that are defining so many contours of the world's future. According to the World Bank, two billion of the global population now live in countries where development outcomes – and particularly the SDGs – are negatively affected by state fragility, conflict, and violence. And by the year 2030, as many as two-thirds of the world's extremely poor people could live in in fragile and conflict-affected areas.⁴⁷ Over the past several years, crisis after crisis has shown how shocks to social and economic development from conflict and instability can have ripple effects, both regionally and globally. In particular, reversals in development will only increase pressures of outward migration, testing the capacity of recipient countries to absorb millions of individuals and groups seeking refuge, and exacerbating the forces of populism and nationalism that have risen in many of the latter as a result.

2.5. Digital transformation

One of the most fundamental trends shaping the global context is the on-going digital revolution that is transforming human societies, political systems, and economic models. These include stunning advances in computational capacity, from technologies such as quantum computing, semiconductors, and centralized cloud computing; new analytical capacity from the development of machine learning, computer vision, and natural language processing; and enhanced communications through the internet, global mobile use, and the roll out of 5G.

Whereas the first wave of Internet expansion featured the proliferation of open networks, we are now in the midst of a digital arms race. The competition between software stacks, data-collection capacities, and digital business models is creating clashes across developed and emerging economies, and within democratic and authoritarian countries alike. Of particular importance is the contrast between the digital infrastructure developed in Silicon Valley and the one developed in China. The former is designed around the dictates of the market, taking advantage of the under-governed digital economy to generate value from the data collected about online users. The latter uses these same data not in the service of shareholder value, but primarily as a tool of social, political, and economic control. Moreover, China is actively exporting this model to illiberal and autocratic regimes tempted by the power of online control. At stake is the core architecture of the digital economy itself. The fundamental dynamics of the current framework are straining global-governance institutions and demanding the creation of a new set of legal, regulatory, and ethical structures.

⁴⁷ See, generally, the World Bank's information on fragility, conflict, and violence, available at <<http://www.worldbank.org/en/topic/fragilityconflictviolence>>.

Risks to Canada

Emerging digital infrastructures have enabled new forms of collective action and seamless communication on a mass global scale. But while these capacities have yielded tremendous benefits – by, for example, empowering new civic movements, improving social and political inclusion, and driving economic growth – they have also come with their own set of significant and growing risks.

Security risks

For most countries, including Canada, the security of cyberspace has become a basic condition of survival. Vital government functions – ranging from the collection of taxes to the provision of public services – rely on robust computer systems and networks. The wider Canadian economy and Canadian industry also depend on complex machines and networks, which facilitate financial transactions, electricity generation, public transportation, and much more. All of these functions and activities have become increasingly vulnerable to intentional cyber disruption, through the use of malware or distributed denial-of-service attacks. Critical infrastructure is also vulnerable to attack, espionage and theft, as is the intellectual property of Canadian companies, research institutions, and the classified data of our governments.

Structural risks

The move to outsource the control and governance of this critical infrastructure to a small number of competing global companies also generates a deep structural challenge. As suggested above, these companies largely fall within the domain of two competing regimes – a US firm centric set of companies whose primary motive is the capturing and optimizing of data collection in the interest of shareholder value and a Chinese model whose primary aim is the capturing and optimizing of data for social control. Both are developing technological capacities that sit largely ungoverned, and with limited transparency or accountability.

In addition, within the economic sphere, inequality is widening alongside the emergence of new digital global monopolies. Tax revenue is being lost as artificial intelligence (AI) firms and digital platforms take advantage of the global dysfunction in tax systems to manipulate profits reported in various jurisdictions. Meanwhile, within the political sphere, digital platforms have been used to sow distrust and to organize extremist groups. Harmful speech is being both amplified and targeted at vulnerable audiences. At the same time, algorithms have proven to be plagued by age-old racial, gender, and social biases and are themselves radicalizing populations. Digital platforms are also fueling political polarization and a deterioration of public discourse. Even our ability to come to common understandings of facts and events is being eroded. Illiberal and autocratic regimes have harnessed new technologies to undermine democratic institutions and elections, and to stifle speech and political activity.

Existential risks

The ability of both corporations and states to use digital infrastructure as a tool for surveillance and social control presents a further and more fundamental risk. As more of our lives and economy moves online, as more data about us is collected in a largely unregulated manner, and as the tools for data collection and analysis become more sophisticated, we risk losing both the sources of democratic legitimacy and even human agency.

The potential existential threat from the development and unregulated deployment of emerging technologies could come in a variety of forms, including: the development of sentient AI; the further expansion of techno-totalitarian tools for social control (as we are seeing developed in China and exported internationally); the collapse of our digital infrastructure from large scale cyberattack; and uncontrolled automated warfare. The timing and likelihood of such risks is difficult to assess. As they are by their very nature completely new, we are ill-prepared to prepare or respond. Their implications are not only enormous but potentially irreversible. We may not have the chance to learn experientially (as we are learning how to deal with pandemics through our imperfect global response to COVID-19) because we may not survive the experience, as a free society or even, in the worst case, as a species.⁴⁸

⁴⁸ Elon Musk, 'Artificial Intelligence is our biggest existential threat' The Guardian (London, 27 October 2014).

2.6. Catastrophic risks

In addition to the existential threats posed by technological transformation, there is a further set of 'catastrophic risks' that imperil all countries, including our own. While our diagnostic concludes with these trends, they are far from matters of future concern. Instead, they are arguably among the most immediate priorities for any government's strategic assessment of risks – not just to Canada, but all countries.

Climate change

The first of these pressing priorities is climate change. If economies continue on their current paths, a confluence of environmental and ecological stressors will jeopardize our vital natural systems, with catastrophic effects. Greenhouse gas (GHG) emissions and the climate change they cause bring more frequent and devastating natural disasters, including floods, drought, and forest fires; this will eventually make parts of the globe uninhabitable. And the risks of climate change are not limited to the future. The dislocation and economic turmoil caused by abrupt changes to the natural environment have already been associated with violent conflict and forced migration, among others, with the poorest states among those most affected. Indeed, two-thirds of the world's most fragile states are highly exposed to the negative effects of climate change.⁴⁹ Despite these contemporary and prospective risks, efforts to address climate change have not reached agreed targets. States are currently on a trajectory to warm by 3.2 degrees Celsius by 2100,⁵⁰ far short of the Paris agreement to limit warming to 1.5 degrees. This means that even more dramatic GHG emissions reductions will be required in the future, though these may come too late, after we have crossed a tipping point of irreversible ecological damage.

Canada confronts a particular set of threats from climate change. Our country is warming at a rate roughly double that of the rest of the world; in northern regions, warming is three times the global rate. Higher temperatures have already produced more frequent heatwaves, changing patterns of precipitation, reduced snow and ice cover, shrinking and thinning Arctic sea ice, and changes in gulf stream flow.⁵¹ The Panel of Experts convened by the Treasury Board Secretariat in 2019 identified a number of key areas in which the effects of climate change are likely to be most serious, including risks to homes, buildings, and critical infrastructure from extreme weather and the increased probability of power outages; risks to the infrastructure, property, and people in coastal and northern communities, due to rising sea levels and temperature changes; and risks to our ecosystems and species – particularly to arctic-breeding birds and animals, as a result of reductions in sea ice, and to fisheries, through changing marine and freshwater conditions. Each of Canada's regions will be affected differently, with some seeing more droughts and wildfires, and others an increased risk of flooding. All of them, however, confront the prospect of disruptions to livelihoods, threats to biodiversity, and risks to the physical and mental health and well-being of their populations, due to the hazards accompanying extreme weather events, lower air quality, and increasing ranges of vector-borne pathogens.

Although adaption can reduce the costs of climate change, these risks can only be eliminated by global reductions in GHG emissions, particularly by industry. All countries share this responsibility. The call for action to address emissions has not, however, been uncontroversial, either domestically or internationally. Critics at home note that the costs to domestic industry of emissions reductions are disproportionate to their global impact and that domestic industry has already done more to cut emissions than the world's worst polluters. They also contend that while the oil industry produces significant GHG emissions, it will continue to constitute a significant part of the global economy, whether Canada participates or not. It must also be recognized that there are plausible scenarios in which Canada can benefit economically from climate change.⁵² Canadian decision-makers thus face a number of economic and environmental consequences of climate change in both the short and medium term, as well as the continued political polarization the issue provokes.

⁴⁹ USAID, 'The Intersection of Global Fragility and Climate Risks' (2018) <https://pdf.usaid.gov/pdf_docs/PA00TBFH.pdf>.

⁵⁰ United Nations Environment Programme, 'Emissions Gap Report 2019' (20 November 2019) <<https://www.unenvironment.org/resources/emissions-gap/report-2019>>.

⁵¹ The Council of Canadian Academies, 'Canada's Top Climate Change Risks: The Expert Panel on Climate Change Risks and Adaptation' (2019) <<https://cca-reports.ca/wp-content/uploads/2019/07/Report-Canada-top-climate-change-risks.pdf>>.

⁵² Jeff Rubin, 'Economic Opportunities from a Changing Climate' (2017) CIGI Paper No 118 <<https://www.cigionline.org/publications/economic-opportunities-changing-climate>>.

The use of weapons of mass destruction

All weapons have the potential to cause widespread harm, but contemporary diplomacy and international law have placed certain lethal weapons in a special category, given their indiscriminate nature and capacity to cause destruction well beyond the initial target country. Nuclear weapons are at the “destructive pinnacle” of such weapons of mass destruction (WMDs),⁵³ and have thus dominated cooperative efforts on WMDs, resulting in a set of agreements reached over more than 50 years and referred to as the ‘nuclear order’.

That order today, however, appears to be crumbling. First, the dense web of mutual arms reduction treaties between Russia and the United States have been unraveling, with neither country investing the political capital to address the deepening spiral of mistrust. This raises the risk of nuclear war – whether intentional or accidental – and also intensifies doubts about one of the key underpinnings of the Nuclear Non-Proliferation Treaty (NPT): nuclear states’ commitment to disarmament. The second element of instability stems from the inability of the NPT and related frameworks to limit nuclear weapons acquisition, leading to the emergence of three new nuclear powers (India, North Korea, and Pakistan) and the possibility of additional countries (Iran, Saudi Arabia, and Turkey) building nuclear weapons. These new and potential nuclear powers reside in hostile environments and, in some cases, are more domestically unstable than the first generation of nuclear states. Moreover, new technologies raise the prospect of cyber-attacks on nuclear infrastructure and the possibility of accidental nuclear war. The risk of inadvertent escalation of conventional conflicts into unclear conflict has also grown, illustrated by recent incidents between India and Pakistan. Finally, the sheer existence of more nuclear-armed states makes balances of power more complex and deterrence systems more uncertain.

At the same time, there is increased concern about the growth and spread of biological weapons, particularly to non-state armed groups who might unleash their devastating effects. In contrast to nuclear and chemical weapons, international efforts to deal with the potential threat of biological weapons have lagged. The 1975 Biological and Toxin Weapons Convention, negotiated in a UN framework, still leaves key states of proliferation concern outside of its remit. More worryingly, the treaty still has no verification provisions – in large part because of the huge number of potential harmful agents, the uncertain nature of rapidly changing biotechnologies (including genetic engineering), and the economic or commercial implications of intrusive verification on cutting-edge technologies within the biotech industry.

Global pandemics

Well before the COVID-19 pandemic, scholars and policy-makers were emphasizing the catastrophic risks posed by pathogens and infectious diseases able to kill in significant numbers, overwhelm health infrastructure, and decimate national and global economies.⁵⁴ Although infectious diseases have devastated human societies throughout history, it is now widely recognized that globalization – including air travel and patterns of trade, finance, and food production that require the movement of large numbers of people and goods – has created a world that is “pathogenically” interconnected in unprecedented ways,⁵⁵ amplifying the risks and impact of pandemics.

When Canada’s last foreign policy review was conducted in 2005, surveys indicated that Canadians had “become increasingly alarmed about their vulnerability to infectious disease, identifying it as one of the most serious threats to their security in the 21st century”.⁵⁶ In the last decade, further infectious disease outbreaks have intensified concerns about the profound political, economic and security implications of pandemics as well as antimicrobial resistance. In the midst of the 2014 Ebola crisis, the UN Security Council declared the epidemic a “threat to international peace and security” and created the UN Mission for Ebola Emergency Response, the first ever UN health mission.⁵⁷ At a subsequent G7 summit, German Chancellor Angela Merkel and UK Prime Minister David Cameron joined US President Barack Obama in underlining that the

⁵³ Michael Clarke, ‘Weapons of Mass Destruction’ in Hale & Held (n 35) 230.

⁵⁴ See, for example, Michael T Osterholm & Mark Olshaker, *Deadliest Enemy: Our War Against Killer Germs* (Little Brown, 2017). See also, Michael T Osterholm & Mark Olshaker, ‘Chronicle of a Pandemic Foretold: Learning from the COVID-19 Failure—Before the Next Outbreak Arrives’ (July/August 2020) *Foreign Affairs*.

⁵⁵ Sue Peterson, ‘Global Health and Security: Reassessing the Links’, in Alexandra Gheciu & William C Wohlforth (eds), *The Oxford Handbook of International Security* (OUP 2018).

⁵⁶ Government of Canada, ‘Canada’s International Policy Statement: A Role of Pride and Influence in the World—Overview’ (2005) 7 <http://aix1.uottawa.ca/~rparis/IPS_2005.pdf>.

⁵⁷ UNSC Res 2177 (18 September 2014).

Ebola epidemic had been a “wake-up” call for the global community and its institutions, which were slow and poorly prepared to respond. States did not step up, however, to build the capacity for a global and coordinated response to pandemic threats.

The COVID-19 crisis has starkly illustrated the results of this lack of preparedness. In addition to COVID-19 deaths, which by August 2020 had exceeded 800,000 worldwide,⁵⁸ experts fear a resurgence of other infectious diseases as health systems are disrupted or overwhelmed. For example, there may be up to 1.4 million excess deaths from TB.⁵⁹ The pandemic is also having devastating economic effects, pushing the world into its worst economic crisis since the Great Depression⁶⁰ and making 2020 the first year since 1998 in which global poverty will increase.⁶¹ According to the World Bank’s baseline projections, the COVID-19 pandemic will cause global economic growth to contract by 5% and push 71 million people into extreme poverty in 2020. In the Bank’s downside scenario, global growth will fall by 8% and 100 million people will be pushed into extreme poverty.⁶²

But the effects of COVID-19 are extending well beyond public health and the economy, creating a set of interlocking crises that challenge both developed and developing countries alike. Yet, even in face of the obvious need for collective action and international solidarity on many fronts, cooperative efforts have so far been woefully inadequate and unilateral action has been the fall-back approach. Indeed, the pandemic has underscored or amplified many of the negative trends outlined earlier in this report, most notably Sino-US rivalry, and is “rapidly morphing into a systemic crisis of globalization”.⁶³ In particular, the pandemic has exposed the limits of our global trading system, including the unreliability of international supply chains for essential items and issues related to intellectual property rights that shape the quest to develop a SARS-CoV-2 vaccine. The pandemic has also heightened the crisis of living standards in the developing world, where the economic effects of the COVID-19 pandemic will be felt most acutely. To take only one example, remittances are projected to drop by US\$109 billion in 2020.⁶⁴ The broader social, fiscal, economic, and political impacts of COVID-19 could take development back by a decade or more, wiping out gains on economic SDGs and making other SDGs – such as those related to health, sanitation, and global cooperation – more difficult to achieve.

Above all, the pandemic has highlighted the inadequacy of international cooperation in response, as existing institutions have so far been able to mobilize only a fraction of the resources required to contain the virus and its economic fallout. Organizations like WHO are often severely constrained by the disparate interests of their member states. As two experts aptly put it: “[u]nless we change how institutions like the . . . [WHO] operate and do more to leverage the resources of private actors, our expectations will not be met”.⁶⁵ States must urgently harness the lessons that are beginning to emerge from this tragic episode to develop more robust and effective cooperative responses, particularly given the likely prospect of an even more lethal pandemic in the future.

If domestic responses are anything to go by, there are some slivers of hope. The COVID-19 pandemic has unleashed policy innovation, as illustrated by the rapid expansion of fiscal space, the redesign of social safety nets, the serious consideration being given to the idea of a universal basic income, and the ways in which traditional scientific practices and principles of digital governance have adjusted to the imperative of speed. This solutions-oriented spirit of innovation could extend to international cooperation, or second waves of the virus could push countries to double down on approaches prioritizing their own well-being. In this context, in which polar opposite outcomes are possible, there is an opportunity for Canada to lead on the former one. With this in mind, we turn to the assets Canada has to leverage to this end.

⁵⁸ Coronavirus Research Centre, John Hopkins University, ‘COVID-19: Data in Motion’ <<https://coronavirus.jhu.edu/>>.

⁵⁹ Geoffrey York, ‘The COVID-19 Pandemic Could be “Devastating” for Battles Against Tuberculosis, HIV and Malaria’ The Globe and Mail (Toronto, 22 May 2020) <<https://www.theglobeandmail.com/world/article-the-covid-19-pandemic-could-be-devastating-for-battles-against/>>.

⁶⁰ Norman V Loayza, ‘Costs and Trade-Offs in the Fight Against the COVID-19 Pandemic: A Developing Country Perspective’ (15 May 2020) World Bank Group Research and Policy Brief No. 35 <<https://openknowledge.worldbank.org/handle/10986/33764>>.

⁶¹ World Bank, ‘Macro Poverty Outlook, Spring 2020 Report’ (2020) <<https://www.worldbank.org/en/publication/macro-poverty-outlook>>.

⁶² Daniel Gerszon Mahler et al., ‘Updated Estimates of the Impact of COVID-19 on Global Poverty’ (8 June 2020) <<https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>>.

⁶³ Bertrand Badré & Yves Tiberghien, ‘The Pandemic Must End Our Complacency’ (18 June 2020) Project Syndicate <<https://www.project-syndicate.org/commentary/covid19-pandemic-crisis-of-globalization-international-leadership-by-bertrand-badre-and-yves-tiberghien-1-2020-06>>.

⁶⁴ United Nations, ‘External Finance and Inclusive Growth, Discussion Note’, United Nations High-Level Event on Financing for Development in the Era of COVID-19 and Beyond (28 May 2020) <https://www.un.org/sites/un2.un.org/files/discussion_note_4-external_finance_for_inclusive_growth_-_hle_ffd_covid-5-25-20.pdf>.

⁶⁵ (n 62).

3. SOURCES OF CANADIAN INFLUENCE AND OPPORTUNITIES FOR IMPACT

Our diagnostic has deliberately focused on the risks emanating from shifts in the global environment, as we believe for too long Canada has assumed the continuation of a favourable context for the pursuit of its interests and values. But while the risks we have outlined are all 'material', they may not be of equal priority. Moreover, the trends which generate these risks can also, in some cases, present opportunities for Canada to advance its security and prosperity. In this section, we outline some of the particular strengths that Canada has to address the key features of our evolving global landscape in ways that mitigate risks and leverage opportunities.

Canada's influence on global issues is necessarily limited. We dominate no region and we cannot, on our own, impose our will on any international issue. At the same time, history has shown we can have considerable impact if we understand the sources of Canadian influence and use them wisely. Canada possesses several valuable assets which, in combination, are unique among nations. These can be divided into four broad categories: reach and relationships, capabilities, credibility, and freedom of action.

Reach and relationships

Thanks to geography, history, and language, Canada has had a privileged relationship with the world's leading economy for the last 200 years (first the United Kingdom and then the United States), as well as with a third permanent member of the UN Security Council, France. While this has not automatically provided influence, it has significantly facilitated access to the locus of decision-making on issues that affect our security and prosperity.

Since being one of the original members of the League of Nations a hundred years ago, Canada has become an accomplished multilateralist. Canada is a founding member of the UN (and all significant UN organizations), NATO, the G20, the Commonwealth, La Francophonie, APEC, and the WTO. Although it is the smallest economy in the G7, Canada has been an engaged and effective member. Its rotating leadership provides Canada with the ability to help shape the international agenda. When used strategically, membership in these fora can help Canada pursue important objectives, as Brian Mulroney did in leveraging both the Commonwealth and G7 to increase pressure on apartheid South Africa, as Jean Chrétien and Lloyd Axworthy did when developing the 'Protection of Civilians' agenda within the UN system, and as Stephen Harper did with the G20 in response to the 2008 financial crisis.

In addition to engagement in the 'top clubs', Canada has been adept at working with other 'like minded' countries, 'friends of' coalitions around particular issues, and broad coalitions of G7 and G20 countries. It has also been effective in engaging with NGOs to advance shared objectives – a skill which proved its power during Canada's campaign to outlaw anti-personnel landmines in the 1990s. Through astute engagement, Canada was able to create a networked virtual super-power,⁶⁶ leading to the ratification of an international treaty over the objections of China, Russia, and the United States.

Although Canada's reach and relationships have served it well historically, significant shortcomings are emerging. First, Canada's access to key powers, particularly to the US, has become increasingly uncertain.⁶⁷ The relative importance of Canada's traditional partners – particularly the US, UK, and France – and the ability of the multilateral fora to which it belongs – such as the G7 – to offer solutions to pressing problems, are both declining. The possible expansion of the G7

⁶⁶ Robert Greenhill, 'Making A Difference? External Views on Canada's International Impact' (2004) Canadian Institute of International Affairs 6.

⁶⁷ Already in 2004, future National Security Advisor Susan Rice noted that 'Canada's influence on day-to-day US policy was marginal' (See Susan Rice, 'Canada's Relationship with the U.S.: Turning Proximity into Power—An American Perspective' in Graham F Walker (ed) *Independence in an Age of Empire: Assessing Unilateralism and Multilateralism* (Dalhousie University 2004) 125.

into the G10 could create additional opportunities for Canada to collaborate with like-minded states, but it could also dilute Canada's influence within this new group. Second, despite its connection to Mexico through a comprehensive trade agreement, Canada has yet to realize the potential for deeper collaboration with this important player in the Western hemisphere, or with other key Latin American states in our 'neighbourhood'. Finally, we have still not exploited the opportunity to build strong relationships with non-Western democracies that share our political values, such as Japan, or with the EU, with which we share contemporary common interests related to security and prosperity.

In short, there is a danger that Canada will be trapped in old relationships and old ways while the world changes around it. Our access to and relationships with key emerging economies, especially in Asia, is relatively limited, despite the fact of this region's growing middle class – a segment that, in theory, demands and is attracted to good government.⁶⁸ Canada's relationships with many key G20 countries, such as China, Russia, and Saudi Arabia, are worse than they have been in years. Canada's second failure, in a decade, to win a non-permanent seat on the Security Council – receiving even fewer votes in 2020 than we did in 2010 - underlines the limits to our relationships today.

Capabilities

Canada's international influence has historically been assisted by significant government capabilities: a competent foreign service with deep experience in multilateral engagement and the ability to successfully manage complex campaigns and projects; a moderately-resourced, though declining, development program; and an effective military with high interoperability with its NATO allies. In addition, the Canadian government possessed valuable complementary capabilities in other areas, such as international trade and finance. This broad set of capacities has allowed the Canadian government to drive multidimensional initiatives, such as following up the successful diplomatic campaign against apartheid with innovative development programs to assist South Africa during the transition to majority rule, supporting democratic transitions in Latin America, and, most recently, working behind the scenes to reform key procedures within the WTO. Here, Canada is leading the 'Ottawa Group' (comprised of Canada and Australia, Brazil, Chile, the EU, Japan, Kenya, South Korea, Mexico, New Zealand, Norway, Singapore, and Switzerland) in addressing challenges in the WTO system, including the dispute settlement mechanism and the negotiating function.

An additional Canadian government capability is the power of the purse. With the tenth largest economy in the world and still the lowest debt to GDP ratio in the G7, Canada has the ability to make significant contributions to many of the world's non-military challenges, should it choose to. For example, the WHO's entire budget (some \$US3 billion) is less than one fifth of one percent of Canadian GDP.

Finally, it is crucial to underscore the valuable Canadian capabilities that exist outside government. Of particular note here are the soft-power capabilities of Canada's public universities, including their faculty and significant international student population; Canada's corporations and medium and small-sized businesses that are either global leaders or active in international markets and/or development; Canada's diaspora links with societies around the world; our country's continued openness to immigration; and the presence of Canadians in high-profile international organizations.

As with Canada's reach, however, so Canada's capabilities have also diminished in recent years. While still respected, the ability of the Canadian Foreign Service to develop and drive innovative solutions has not evolved. In the meantime, other countries have increased their capabilities. Development spending as a share of national income is close to its lowest level in 50 years, and falls well below many of Canada's OECD peers. In addition, since Canada's military withdrawal from Afghanistan, there has been limited willingness to put Canada's Armed Forces in harm's way. Canadian contributions to peacekeeping are at a 60-year low and Canada's participation in the mission to Mali was widely seen as a minimalist venture.

⁶⁸ Nancy Birdsall, 'Does the Rise of the Middle Class Lock in Good Government in the Developing World?' (2015) Centre for Global Development <<https://www.cgdev.org/publication/does-rise-middle-class-lock-good-government-developing-world>>.

Credibility

In a world where trust is in short supply, Canada ranks highly on international measures of trust and is generally viewed as having a positive global influence.⁶⁹ This is no small achievement, and reflects our history, with no role as a colonial power beyond our borders and a 75-year track record of positive international contributions. We are also perceived as a trusted international actor because this role aligns with Canada's vested interests: as a middle power with an open economy, we have much to gain from a well-functioning international system. As one international observer said of Canada, "when one is modest militarily and limited economically, it is important to be virtuous, to have a very consistent policy, to be consistent in one's actions, and to have a reputation for no ulterior motives".⁷⁰

Canada's credibility abroad is also aided by the relative success of its society and economy. Despite the ongoing shame of Canada's treatment of its indigenous people and the prejudice and discrimination experienced by racialized individuals, Canada is generally seen as a country that attempts to practice domestically what it preaches internationally and that has viewed fulfillment of the SDGs as both a national and international responsibility.

Canada's credibility was reinforced in the past by a track-record of delivering on commitments. For example, Canada consistently pays its international dues fully and on-time. Promises are kept even across changes of government. The Harper government followed through on the Chrétien government's Monterrey commitment to double international assistance by 2010. Justin Trudeau's government maintained the Harper government's multi-year commitment to maternal, newborn, and child health. However, in recent years, keeping development assistance at record low levels while proclaiming that "Canada is back" has undermined Canada's credibility and may have contributed to Canada's inability to garner more votes in its Security Council campaign.

In short, while the international community generally believes that Canada's intentions are good, the growing gap between rhetoric and resources has affected Canada's standing as well as its capacity to exert influence.

Freedom of action

Many countries are limited in the flexibility of their international actions because of conflicts or crises on their borders, internal political instability, or deep prior commitments to certain geographically-defined relationships or issues. Canada, by contrast, has relatively high freedom of action internationally. It has been blessed by its location: surrounded by ice or water on three sides and next door to the world's most powerful and prosperous country. While managing the US relationship has always been among Canada's most important foreign policy objectives, and one that has entailed challenging moments, we have been largely free from the threat of invasion, contentious neighbourhood relationships, and destabilizing domestic dynamics. As a consequence, Canada has been allowed the freedom to select the geographies and substantive issues it wishes to prioritize. Additionally, our country possesses a healthy economy which – as demonstrated by the government's response to COVID-19 – provides the fiscal space necessary to respond to key international shocks.

This benign context is rapidly changing. The relationship with the US has become less stable and predictable, particularly under the Trump administration. Renegotiating NAFTA consumed a considerable portion of the Canadian government's recent international focus. Looking forward, the melting of Arctic ice and the opening of waterways means that many countries will be claiming rights of passage through Canadian territories. The near-abroad may thus become more important in ways that we are not accustomed to. Moreover, with challenges to open trade increasing, Canada's traditional sources of wealth and economic strategies may be less resilient than they once were, giving us fewer macroeconomic options to preserve and advance our prosperity.

⁶⁹ See, for example, Canada's number one rating for trust in US News & World Report's 2020 'Best Countries' report (US News & World Report, 'Best Countries' (2020) <<https://www.usnews.com/news/best-countries/articles/2020-01-15/us-trustworthiness-rating-dives-in-2020-best-countries-report>>) and Ipsos poll ranking Canada highest on list of countries having a 'positive influence on world affairs' (Ipsos, 'Dangerous World' (13 June 2017) <https://www.ipsos.com/sites/default/files/2017-06/G%40%20Dangerous%20World-Report-2017-06-13_0.pdf>).

⁷⁰ Greenhill (n 65) 34.

Finally, while our broad freedom of action has given Canada considerable strategic flexibility, it has also proven to be a weakness. In today's complex and crowded world, deep and sustained engagement is crucial for impact. Smaller states, such as Norway and Singapore, have identified key areas of engagement and developed significant expertise. Canada – given its size and memberships – has extensive interests and is present at many tables, but has been less strategic about committing time and resources to a set of core priorities, and to cultivating wider societal support for their realization.

In sum, our combination of broad reach and relationships, relevant capabilities, established credibility, and considerable freedom of action still provides Canada with an international profile unlike almost any other country. Nevertheless, for each of these four sources of influence, Canada's position is probably weaker today than it was in the past. In addition, Canada's ability to fully leverage those sources of influence will increasingly depend on a much more hard-headed assessment of where its contributions are likely to have disproportionate and positive results, and where external developments are most likely to have the greatest effect on our own interests and values. Past examples of Canadian-led international achievements prove that Canada can make a difference. But making clear strategic choices will be key to Canada's future success.

4. CONCLUSION

Our diagnostic of the global environment has elevated a core set of trends that pose pressing challenges for all sectors of Canadian society. While most challenges also present opportunities, today our country's policy-makers face a much less hospitable international context than those who led us in 1990, when the Cold War ended, or in 1945, when key planks of the world's institutional architecture were established. As a consequence of the trends we have highlighted, Canada – as with many countries – is likely to be preoccupied with a set of core tasks: managing complex power dynamics, in order to find the space to advance Canadian interests; improving living standards and social well-being, in the face of economic, ecological, and health-related threats; finding cooperative solutions to problems which implicate all countries, big and small; and protecting and living up to our most cherished values.

Even if, as we argue, Canada requires a strategy for global engagement, this must be buttressed by much 'meatier' regional strategies, based on the long-term cultivation of regional expertise and relationships. Our global strategy should also engage 'all-of-Canada', activating key institutions and constituencies in the public, private, and not-for-profit sectors, both at home and abroad. Our diverse population, with its extensive international ties, can also be mobilized more effectively as a core Canadian asset.

Above all, this is the time to marshal significant resources, and invest strategically, to advance Canada's security and prosperity. As our country is poised to embark on an ambitious domestic recovery plan from the effects of the pandemic and related recession, we must also consider what proportion of our GDP we are willing to allocate to protect that investment, by contributing to a safer and more equitable world. In so doing, we should focus less on historical numerical targets, and more on ensuring financial commitments that reflect a genuine commitment to international burden sharing, are sustained and are strategically allocated in ways that realize our priorities.

But first, those priorities need to be set. Our examination of global trends and sources of Canadian influence is designed to help identify, and prompt discussion of, a set of key strategic questions. **(Please consult the companion document here)** By deliberating the potential answers, Canadians will contribute to reshaping our country's strategy for global engagement, for 2020 and beyond.

APPENDIX: Expert Contributors

The following individuals participated in one-on-one interviews and roundtable discussions, and provided on-going input on key global trends. They did so in their personal capacity.

Stewart Beck, President and CEO, Asia Pacific Foundation of Canada

Arif Lalani, Canadian diplomat; former Ambassador; member of the Board of Directors, Centre for International Governance Innovation (CIGI)

Monika LeRoy, Advisor to the Secretary General, Organization of American States; former Senior Policy Advisor to the Minister of Foreign Affairs

Shuvaloy Majumdar, Munk Senior Fellow for Foreign Policy, Macdonald-Laurier Institute

John McArthur, Senior Fellow, Brookings Institution; Senior Advisor, United Nations Foundation

Rohinton Medhora, President, CIGI

Bessma Momani, Professor, University of Waterloo; Senior Fellow, CIGI

Taylor Owen, Beaverbrook Chair in Media, Ethics and Communications; Director of the Center for Media, Technology and Democracy, McGill University

Sanjay Ruparelia, Jarislowsky Democracy Chair, Ryerson University

Yves Tiberghien, Professor of Political Science, Co-Director of the Center for Japanese Research; Director Emeritus of the Institute of Asian Research at the University of British Columbia

Marie-Joëlle Zahar, Professor, Université de Montréal; Director, Research Network on Peace Operations



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