

John Geiger: Hello, I'm John Geiger, Editorial Board Editor of the Globe & Mail, filling in this week for Ed Greenspon. Welcome to the Globe Round Table, where all our views are fit to print, but we prefer to share them with you, in an audio format.

Well it's now a matter really of hours before President Obama's visit to Canada, his first foreign trip since becoming U.S. president. I realize the Globe Round Table panel talked last week about the President, about the stimulus package which was finally signed into law yesterday. But excitement in Ottawa and across the country makes it impossible to avoid the topic today, especially since there's a lot of talk about whether Prime Minister Stephen Harper is playing down the visit and if so, why. This is a visit that other world leaders have been desperately clamoring for. And on a related note, when President Obama signed the law yesterday, he made some striking comments about the importance of education, saying American can't out-compete the world tomorrow if our children are being out-educated today. That same package increased scientific research by \$15-billion. Canada, in contrast, has just seen a budget that, while investing university infrastructure, actually reduced some research funding. And I could hardly neglect to mention Liberal Leader Michael Ignatieff, who has friends in the Obama administration but has been as much in the news over the last little while for his forays into western Canada, where he owned up to Liberal mistakes of the past, even the hated National Energy Program.

Anyway, we'll get to all of that, but I'd like to introduce our Globe Round Table panel for their insights. Joining us today are John Manley, Senior Council at the law firm of McCarthy Tetro and Canada's former Ministry of Industry, Finance, Foreign Affairs and Deputy Prime Minister. Doug McArthur, Distinguished Fellow in Public Policy at Simon Fraser University, former cabinet minister in Saskatchewan and Deputy Minister of two premiers in British Columbia. And Paul Frazer, who is kindly filling in for Jodi White. Paul was Joe Clark's chief spokesman when he was in the Mulroney Cabinet and was Director of Communications and Press Secretary in the Office of the then Prime Minister Kim Campbell. He's currently Special Advisor at the Washington, D.C. based M Capital Management, which he advises Canada-US cross border issues on behalf of Canadian and American clients. Thank you for joining us, Paul.

Paul Frazer: Thank you.

John Geiger: And welcome everybody.

John Manley: Welcome, good to see you.

Doug McArthur: Good morning.

John Geiger: I'd like to begin with the visit by President Obama. This is an enormous coup obviously for Canada. The British, just a couple of weeks ago, were in a great tizzy when former Prime Minister Tony Blair beat out his old rival and successor Gordon Brown for the honour of being the first to meet President Obama. It's a huge deal for many other countries and one would have thought for Prime Minister Harper as well. John, you've been witness to these sorts of meetings under Liberal governments. I'd like you to begin, I'd like to begin by asking you for your take on the apparent ambivalence in Ottawa.

John Manley: Well, I don't know that it's really ambivalence. I think that it's an attempt to manage expectations. It's hard to shine when you're in the presence of such a transcendent light as Barack Obama has become, so undoubtedly there are some in the Prime Minister's entourage that don't think he's going to be a little bit outshone by this new luminary. But at the same time, it's a feather in Stephen Harper's cap that President Obama is coming to Canada first. They have some important, substantive issues to discuss and he will be seen with him, engaging the new president constructively on behalf of Canadians and I don't think they should be trying to downplay it all. I think they should be enjoying the moment that — I mean face it, if he'd gone somewhere else, we'd all be discussing how Canada 's been left out of, you know, the importance of the relationship had been forgotten and the new President didn't know where we were. So I think this is all to the good for Mr. Harper.

John Geiger: Doug?

Doug McArthur: Well I think that it's a little bit of a challenge for Mr. Harper .I mean after all, not only is this, as John said, a transcendent politician, that is to say Mr. Obama, not only is he one who's risen above a lot of the sense of conflict and partisan and seems to have provided new hope, but he also represents something Mr. Harper has always felt uncomfortable with, and that is big government. I mean let's face it, governments all across the world now are embracing big government as a solution to the immediate and critical problems we're facing. And many of these politicians, including Mr. Harper, spent their careers speaking as if big government were the ultimate evil. So he's now beside a politician who comes from a very different kind of understanding and sense of what's needed in today's world. I think also that when you look at the issues that are going to be probably the most important ones, none of them work necessarily directly to Harper's advantage. And Obama has I think yesterday sent a very nuanced and very sophisticated message to Canada, which is really that in things like Afghanistan, as long as there's a burden sharing, he's open to a relationship that Canada can develop in helping as they go forward after 2011.

With respect to tar sands, he said the tar sands aren't going to be targeted but there will have to be a sharing of the responsibility for global warming and it'll include the tar sands. It won't necessarily be on a bilateral basis. He, he sent messages to Harper that he's going to be speaking to messages to Harper and to the public, which is the most important thing, that aren't necessarily on, in line with the language that Harper likes to talk about. So I think he's going to be a little uncomfortable with this meeting. But of course it's a very important day for him politically. I'm sure he'll be comfortable with being on the stage with him and want to show that he's friends with the US, and of course that's all to the good.

John Geiger: Paul?

Paul Frazer: Well I think that, with respect to the nature of the visit and Mr. Harper's position vis a vis the President, I think we have to keep in mind here that the President does not want a lot of ceremony. He wants to play down this visit to the point where if he frankly could get off that airplane with his sleeves rolled up and his tie loosened and a sandwich in his hand, I think he would. And that would be the photo he'd like, to show that he's here to do business. He's here to

talk with a partner and ally, someone he like — he wants to get to know better. Someone who's already had more political experience in some issues than the President yet has. I mean the President will have been in office barely a month by the time he sees the Prime Minister. This is a president who's very conscious about, about image and still recalls the opposition outcry as a result of his so-called celebrity tour to Europe and the Middle East during the campaigning. So also in the press, the American press today with respect to what he will do in Europe when he goes for the G20 and then goes on to the NATO heads of government, and he's very wary of, according to the White House, very wary of spending too much time or being seen to be spending too much time touring and not really dealing with the country's business. Here there is a sense of crisis. That may not be the case in Canada certainly and not as much reason for it in Canada probably. But here, people are really fixed, seized of the notion of crisis and that's influencing very much the manner in which the White House is determining their part of the program and their part of the visuals when they go into Ottawa.

John Geiger: Right, right. I just want to quickly ask each of you. Is there something, is there some message you'd like to see President Obama take away from his meetings with Mr. Harper? Is there one single kind of message that, that ought to be delivered to the President? Maybe we'll go in reverse order. Paul?

Paul Frazer: We can work together. I think that's the message. We can work together to deal with the issues that we share in this space in North America, and in so doing, so many of these issues, whether it be the economy, whether it be energy, climate change for example, international security certainly, these have global repercussions. And Canada and the United States in working together here can certainly contribute together. I don't mean in lockstep in this case, I'm just talking about a shared sense of what can be done, what should be done and what respectively Canada and the United States can do to contribute to the international discussion and debate and hopefully in part resolution of or easing of some of the problems that we're facing globally.

John Geiger: Okay, Doug?

Doug McArthur: Well I think there's going to be two basic things. One is to try to reinforce the idea that Canada is one of the first and foremost friends of the United States, and nothing's changed in that regard and that so they want to project the sense that Canada is there to work with the United States productively and co-operatively. The second thing I think is that given Obama's agenda, that Harper's going to want to, he's going to want to be cautioning that there's only so much that Canada can do in some of these things. I think the greatest fear is that whether it be in Afghanistan or whether it be on the tar sands or whether it be on, on the economy, that there'll be pressure on Canada to do more than Canada is prepared to do, and particularly that Harper government's prepared to do. And so I think that the main sort of theme here will be caution. We want to listen to you, but please listen to us. Take care and remember, we're the biggest economic partner so we're really — we're really worried about things like the border, where we have barriers that are getting ever greater, that are worse than any tariffs we've probably seen for years. So caution about things and sort of a warning that Canada can only do so much.

John Geiger: John?

John Manley: I think the problem that we always face in Canada is that when it comes to bilateral relations with the United States, it's very, very difficult for us to get onto the political agenda. There is just so much happening in Washington. Some call it 'Rome on the Potomac.' You know, I mean it stands astride the globe and we just get lost in the vortex of primary domestic issues, even international issues. I mean Canada just doesn't figure on the agenda in Washington.

So I think first of all it's very important that Mr. Obama is coming to Ottawa because it means that for at least a few hours, he's thinking Canada. And he's been briefed on Canada and we know from the interview that he did with Peter Mansbridge, he was well prepared for all of the hot button issues. Secondly, it's our chance to say our agenda, which is the economy, which is security, international affairs, particularly Afghanistan, climate change. None of those issues can be advanced without taking into account Canada's participation. We're, we're joined at the hip economically. We're in the same space environmentally. We're really one of the only other countries that has stepped up to the plate in Afghanistan to the — beyond the, our capability in fact, not to the extent of it but beyond our capability. Holy cow, what a great — what a great neighbour and ally this is to have and, and that should buy us a little bit of attention going forward.

John Geiger: Right.

Paul Frazer: Could I just add something here as well. My concern, if we, if I look more broadly at this whole situation, is that I'm not sure Canada is organized for success. And by that I mean that the kind of homework that's required not only in the preparation of this visit but we should already be in Canada looking beyond the visit to what are the parts that have to be put into place. What can we do immediately to take advantage of the kind of impulse that normally goes down from the leaders in a parallel fashion to their cabinets, to their senior bureaucrats and through that to the rest of the public service that have responsibilities. How do we grab some momentum, create it, grab it and use it? And I think partially as well, we should be looking constantly at what are the U.S. vulnerabilities on any issue where we have an interest, and that's a sizeable list. The other part of it too, these meetings, as John certainly knows from his own experience, cannot be meetings where we have a laundry list of things to discuss. Canada has a tendency to bring out the shopping list, go from A through Z on everything. What we really need to ensure, and I'm sure this is on the minds of the people in the PMO, is to pick the three issues, four issues, a small number, and really drill down into those. And say by the way, our officials will be talking about pages 3 through 6 after we're long gone from this meeting. Keeping in mind too that the two will be at meetings soon after in, in Europe, and there's always a chance as well to build on what they've started. But I think for Canada, we really have to look at things to best that we can from an American perspective as we're looking ahead and trying to see how best we can protect our interests.

John Geiger: Okay, thank you. Now clearly President Obama is venerated among academics, and not just in the United States, and it's not hard to see why with his plans - what is it, triple

science grants for undergraduates and graduate students at American universities. We had five Canadian university presidents in to the Globe on Tuesday to meet with the editorial board. And throughout that meeting, the names Obama and Biden came up repeatedly, at least a dozen times. The name Harper didn't, notably didn't come up at all. And all of these university presidents were voicing concern over a lack of leadership nationally with respect to research and higher education. They identified a whole bunch of problems, ranging from just a lack of attention span that every time a government changes, you know, the programs change. And, and in fact one of them referred to it as a fetish for announceables. You know, they don't want to keep, like the United States where there's a large appropriation you know for post-secondary education, for education, higher education, that's constant. With each new government, there's new you know, this new fetish for announceables, so announcing specific programs that the government can claim as their own. Paul, I'm wondering, do you think that Canadian politicians generally, at either level of government really, lack a strong commitment to research and development and higher education?

Paul Frazer: Well it's so rarely a topic of much discussion. Not to be unduly flattering, but John Manley is one of those people who was very strong in this area of pursuing enhanced budgets and pursuing new directions and reorganization of those areas. But beyond that, Jean Chretien's announcements frankly that have lasted well as ongoing activities with these federal research grants at key, at universities across Canada. Here, living in the United States, you don't see the, the scratchiness, if you will, or the downright aggravation that's caused when Ottawa seemingly starts to get involved in matters of education that the provinces to resist. The universities tend to be caught in the middle in Canada. Here, yes, you do have congressional appropriations, but believe me, getting those appropriations is a very long and complex political ordeal. Once they're in place, there's a good chance they'll remain, but they can often be and are often toyed with by congressional committees. But here certainly now, I mean there's a blossoming of grants and initiatives in education generally in all aspects, and in the area of science research grants it is quite impressive, what has, what is coming about. And we don't see anything close to that in Canada.

John Geiger: John, maybe you could speak to that.

John Manley: Well we had a very good run, as Paul said, of year after year, new announceables, Canadian Foundation for Innovation, the Canada Research Chairs Program, increased funding for the granting councils, graduate scholarships and so on year after year. And the Prime Minister, Mr. Chretien was very supportive of these initiatives. But it improved things, I think considerably between the years say '95 and 2004. But you know, sitting in another seat that I'm on, which at the, as a member of the board of governors at University of Waterloo, we frequently look at the comparables in the competitive world in which we live. And at the University of Waterloo, we have a student to faculty ratio of approximately 28 to one. We tend to compare ourselves to the University of Michigan, which is a large public university in the United States, and MIT, which is a large research-based private university. Student to faculty ratios at Michigan are about 12 to one, at MIT are four to one, and that's the world in which we are competing. And the, the reluctance on the part of federal and provincial governments to really come to terms with the drastic under funding of especially post-secondary education in

Canada is surely in my mind the greatest contributor to, to our lack of competitiveness that you can list.

Doug McArthur: You know, we've never had a prime minister in this country for 30 or 40 years who's been what we call a higher education prime minister. The Liberals, all during the latter part of the '70s and '80s were constantly cutting out the transfers for post-secondary education in the, to the provinces. In '96, of course, we all know the tremendous blow to the universities that happened with the big cuts from the Liberal government at that time. And we haven't had a consistent continuing attention to this that would come with the kind of things you're talking about. The, you know, one of the problems is yes, we get, for political reasons, we get governments popping up and saying we'll have this fund or that fund or we'll establish this scholarship or that research council for a while. But what's really needed are long term investments. You need a continuing priority, a long term priority, a commitment that lasts and that is stable and isn't intervening in odd ways through special funds and special political initiatives, that simply in many ways throw off the agenda of the universities and throw off the research agenda of, of faculty who are doing really good work. Countries like Ireland and to some extent the United States have not only understood the importance of higher education to the economy and to the functioning of society, but they've actually made those long term commitments. And I just don't see that happening in this country. It hasn't happened. There's no government that can take credit for it for probably since the 1960s at the federal level. And certainly Mr. Harper pays no attention whatsoever. I think this is really not only a bad policy, but it's really almost unconscionable when we see we work in an international economy, we work in a situation where knowledge is the most important resource that we can possibly have, and we just don't see the kind of commitments that are needed.

John Manley: I can't really let Doug get away with that because in fact, the initiatives, it wasn't '96, it was '95, that the entire budget was cut, the greatest reduction in spending since demobilization following World War II. And the granting councils lost 14 per cent, one-four. They were part of my portfolio. I lost 50 per cent, five-zero, and everything got cut. Starting in '96 with the creation of the Foundation for Innovation, a lot more money began to flow to universities and year after year, there were a series of initiatives. You know, I'm quite prepared to grant that you know, we need more, we always will need more. But I just can't let that pass, Doug, as if nothing happened for those years.

Doug McArthur: Every government wants to spin us on this and — **John Manley:** It wasn't spin, it was — you know, I mean even the Globe's Jeffrey Simpson writes of, as this being Chretien's major legacy of his government. And I, you know, I don't think it enhances the case to be dismissive of the things that were done. Because in fact, the Foundation for Innovation, in the Granting Councils increased core budgets, in fact the Canada Research Chairs have all made a very positive contribution. They're not spin, they're real.

Doug McArthur: Well, we need a longer discussing on this. But —

Paul Frazer: Well then why doesn't the Business Council on National Issues enter the fray on that? It seems to enter the fray on all sorts of other competitive aspect issues if you, if you will,

in terms of the economy. I mean where is the national impetus outside of government to help government move to the point where it in fact federally and, and provincially, to grab and push some consensus on this in Canada. Because sitting outside Canada, this is what one often observes, of course, is this kind of wrangling on an issue that's of national and critically national importance. We all agree on that and yet government seems to be unable certainly to grapple with it. I'm not saying there aren't problems here. There's severe problems in the United States in the education field. But surely Canada, I agree totally with John with respect to how this is so critical for Canada, not just maintaining but going beyond the levels it's been for the last several years on competitiveness. It's a core national security issue. If you were sitting in Washington, you'd describe it as a core national security issue, frankly.

John Geiger: Well it's interesting. I mean the presidents who visited the Globe weren't pointing their finger only at the federal government. That was one of the key points they made, that there just seems to be a, almost a national lack of will to advance this. But let's move on quickly. We only have a couple of minutes left. And I did want to touch on Michael Ignatieff's recent efforts in western Canada. He apparently doesn't need to woo the Obama administration, but he has a lot of work to do in western Canada, where of course the Liberals were virtually wiped from the map as such in the prairies. So I'd like to ask each of you what you think of his overtures to the west and statements like the dumbest thing you can do is run against the energy sectors in western Canada. And while it's a sensible enough sentiment, do you really think it will make any difference? And what would a difference amount to for the Liberals in western Canada really is, you know, a second seat in Saskatchewan? Doug, maybe let's start with you.

Doug McArthur: The Liberals have had a longstanding problem — the federal Liberals — in western Canada. There's a number of reasons for that, I think, and I don't think statements like Ignatieff has made are going to really change anything. We've had Paul Martin come out and do similar sorts of things. We've had Chretien come out and do similar sorts of things. We had, way back with Trudeau and his Western Opportunities Conference. Constant attempts to say to the west, through high profile kind of statements and, and short initiatives, we're going to start paying attention to you. But the real problem the Liberals face has to do with well really two or three points. One is they don't really have the political space to occupy in the west that they have in central Canada. And one of the reasons for this, although similar things have been happening to them in Quebec, but one of the reasons is that the NDP at the provincial level is the alternative to a Conservative-type governments in the, in the west. And we know at the provincial level our system goes over to a two party system too, so the Liberals don't have the same kind of base when it comes to provincial governments. There is a Liberal, so-called Liberal government in B.C. right now, but it's really a Conservative coalition. So they don't have the political space. The divisions in the west tend more towards a division between the Conservatives and the NDP. The second thing is, the west is — the western people are, generally find populist politicians more appealing than they do the kind of more elitist type politicians from, that the Liberals pick from eastern Canada and central Canada. And they don't play all that well here. But also the Liberals don't understand populist politics. I mean the Conservatives and the NDP, whatever else you may say about them, do understand and do work effectively with populist politics, which is based on the sentiment that the, that there's forces at work against the interests of the region and, and that those forces are, have to

contested and fought on a continuous basis. The Liberals are seen as drawing from the establishment from central Canada. They're seen as a central Canada party. They have never really been able to do anything to change that. And I don't see Ignatieff as being at all a step forward in that regard. I think he's got a very difficult task ahead of himself to make any significant change with respect to the status of the Liberal Party in western Canada.

John Geiger: John, do you think he's wasting his time out there? Should he be concentrating instead in Ontario and Quebec?

John Manley: Well, I think you always should fish where the fish are. That being said, I think there are fish for the Liberal Party, particularly in urban centres in western Canada. He needs to focus on the Lower Mainland of British Columbia. He needs to be in Edmonton, where until the last — until the 2006 election, we had at least one seat. It's not that long ago, 1993, we held five seats in the Edmonton area. He needs to rebuild across the prairies, where quite frankly the burden in Saskatchewan and Manitoba for the Liberal Party has been the gun control legislation that we introduced in the '90s. I'm not sure what it'll take to, to unburden us from that legacy, but it was seen as very hostile to the primarily rural areas. And I think Doug is right, that there is an appeal to, for populist leaders in, in western Canada and, and Michael Ignatieff doesn't play to that. But nevertheless, to, to lead a national party, he has to be a, you know, building an appeal to all parts of the country. But when, you know, when the votes are counted, he's got to make sure he's focused where they really are or where he can win an election.

John Geiger: Okay, Paul.

Paul Frazer: Well, I would speak in the context of where I'm sitting, and if I were Michael Ignatieff, I would be looking at what it is that Alberta and Saskatchewan and Manitoba, British Columbia, for example, are really seeing with respect to their core economic situation at the moment. Much of that is very tied to relationships with the United States. And Alberta is feeling very vulnerable right now on oil sands, not quite sure what either Ottawa or Washington are going to move on and in what way with respect to everything from cap on trade, clean coal. Saskatchewan would like to have new arrangements with respect to its uranium resources. It's a very critical partner for the Midwest United States. Keeping in mind that, if I again were Ignatieff, I'd be looking at trying to speak to him in my brief ten-minute meeting or in follow-ups with respect to a very pragmatic look at how you balance what needs to be done with the real core economic concerns and opportunities for western Canada. And I think in a pragmatic way that links into the populism that's been mentioned, I think looking at some of these things very pragmatically and trying to find solutions that can work for the west, while also meeting some broader binational needs could work for him.

John Manley: By the way, I think that —

Doug McArthur: Can I make an observation that one of the things that leaders could do would be to have a better sense of the economy of western Canada. We've seen so little of this from leaders of all types, prime ministers and leaders of parties. Right now, the western Canadian economy is in freefall. It is really serious what's happening here.

Paul Frazer: I agree.

Doug McArthur: And you hear nothing. I mean from, from our political leaders there's still this sort of oh, things are not too bad and things are okay, and you never a reference at all to the situation in western Canada. The British Columbia government's revenue within one month collapsed, on an annualized basis, by \$6-billion, just in January. This, the magnitude of this drop is, is, just leaves you with you mouth wide open. This tells you there's something fundamentally happening here that is going to have long-lasting effects. But we don't see much attention paid to this.

John Manley: I agree with that and I think the other observation to make is that for the Conservative base, they're, they're wondering just exactly what kind of government they elected here. Because in, in allowing his government to survive, Mr. Harper moved a long, long way from his base. And you know, we don't know when the election will, will be, but we do know that 2009 is going to be a very, very tough year in the economy. And, and he's going to — he and his government are going to be wearing that. And he is not, he's not good at, at compassion and empathy, let's face it. And when people are hurting, they're going to be looking for somebody that seems to understand what their problems are. That may be the Liberals or may not be. I don't know.

Doug McArthur: Mr. Ignatieff is not good at that either, so it's a real — real problem.

John Manley: I feel your pain.

Paul Frazer: I think as well that — I'm not sure to what degree our political leadership in Canada is fully appreciative of the degree to which not just the Obama effect, but also the media coverage in the United States, that flows into the United States uninterrupted with respect to the crisis at hand. And they are looking at what's going on in the US automotive sector and thinking well, maybe it's exactly the same in Canada. They're looking for direction more to Washington these days than to Ottawa, I think, on how to resolve the problems that they think they're aware of and that they're experiencing. That's an impression I get talking to a wide range of people in Canada. But I honestly believe that the political side doesn't get it right now on just what Canadians themselves are not only experiencing but thinking about what's going on and who's actually acting to solve the problems.

John Geiger: So I guess we've decided that we have an empathy deficit, maybe death in Canada.

John Manley: One of the mounting deficits.

Paul Frazer: Right.

John Geiger: All right, well we've run out of time. I'd like to thank you all for participating and Ed and the panel will be back next week, so thanks very much.