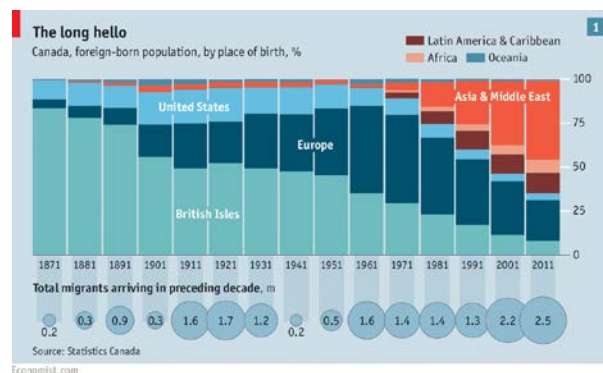


The last liberals: Why Canada is still at ease with openness

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Most people “would give anything to trade places with you,” Dwight MacAuley, the province of Manitoba’s chief of protocol, tells his audience. No one disagrees. In a packed hall in Winnipeg’s century-old train station, 86 immigrants from 31 countries are becoming citizens of what Mr MacAuley characterises as one of the “greatest, freest, richest nations that has ever existed”. Some crowned with turbans, others with hijabs, they sing “O Canada” and take the oath of citizenship in English and French. A local member of parliament, Robert-Falcon Ouellette of the Red Pheasant First Nation, drums an honour song. A Mountie in red serge stands at attention; afterwards he poses for pictures with the new Canadians.

Some 2,000 such events take place across the country every year. Fresh recruits keep coming (see chart 1). Canada admitted 321,000 immigrants in the year to June 2016, nearly 1% of its population; typically 80% of them will become citizens. It is contemplating an increase to 450,000 by 2021. A fifth of Canada’s population is foreign-born, nearly twice the share in America.



The warmth of the welcome is as striking as the scale of the intake. Immigrants are encouraged to keep their cultures. Winnipeg’s public schools have classes taught in Spanish and Ukrainian as well as French and Cree. Its Central Mosque is a few blocks down Ellice Avenue from the Hindu Society of Manitoba.

The Juliana Pizza & Restaurant serves its “Greek/Jamaican food” just a bit farther on.

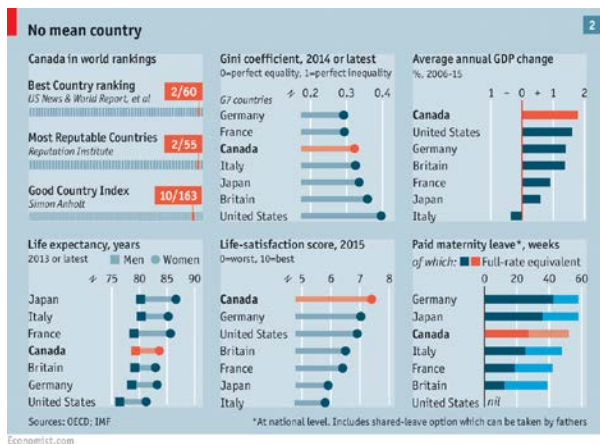
Canada’s openness is not new, but it is suddenly getting global attention. It is a happy contrast to what is happening in other rich countries, where anger about immigration helped bring about Britain’s vote for Brexit, Donald Trump’s nomination and the rise of populist parties across Europe. And it has an appealing new face: Justin Trudeau celebrates his first anniversary as prime minister on November 4th. Mr Trudeau comes from Canada’s establishment—he is the son of a former prime minister—but is not despised for it. A former high-school teacher and snowboarding instructor, his cheeriness played a large part in the Liberal Party’s victory over Stephen Harper, a dour Conservative who had governed Canada for almost ten years.

Dancing across the water

Where Mr Harper was liberal, for example on trade, Mr Trudeau carries on his policies. Where the Conservative clenched, the Liberal loosens. Mr Trudeau is seizing the opportunity offered by low interest rates to ramp up investment in infrastructure. He will end a visa requirement for Mexicans that Mr Harper imposed and plans to legalise recreational cannabis. Mr Harper was close to being a climate-change denier; Mr Trudeau announced in October that he would set a price on carbon emissions. A month into the job he went to Toronto Pearson International Airport to welcome some of the 32,737 Syrian refugees admitted since he took office.

Mr Trudeau’s domestic critics—so far a minority—deride him as “Prime Minister Selfie” for posing incessantly with fans and celebrities, sometimes (though not as pictured, above) with his shirt off. To European and American liberals he is a champion of

embattled values and his country a haven with many charms (see chart 2). “The world needs more Canada,” said Bono, the activist and lead singer of U2, in September. When in Ottawa recently the IMF’s chief, Christine Lagarde said she hoped Canada’s pump-priming economic policies would “go viral”. Mr Trump’s “Super Tuesday” victories saw Google searches for “How to move to Canada” surge south of the border.



Canada is not exempt from stresses that are causing other rich countries to freak out. “All the pressures and anxieties that people are feeling around the world exist here,” Mr Trudeau said in a recent interview with *The Economist*. But Canada seems to be coping with them less hysterically. In part, this is thanks to history. After Britain wrested control of Quebec from France in 1763 its new French-speaking subjects resisted assimilation. So did Canada’s indigenous groupings: Inuit, First Nations and mixed-race *Métis*. Such resistance was sometimes met with oppression and cruelty, and Canada’s treatment of its indigenous peoples has been atrocious in some times and places. But as Peter Russell, a Canadian historian, argues in a forthcoming book (*Canada’s Odyssey: A Country Based on Incomplete Conquests*, University of Toronto Press, 2017), their “incomplete conquests” forced Canada’s overlords into habits of accommodation that have shaped the country ever since. “Diversity is our distinctive national value,” he says.

Canada’s selective but eclectic taste in immigrants goes back a fair way, too. Clifford Sifton, the interior minister in the early 20th century, sought out farmers from Ukraine, Germany and central Europe in preference to British immigrants. His ideal was “a stalwart peasant in a sheepskin coat” with “a stout wife and a half-dozen children”. This does not mean that the country was always all-welcoming. Canada “turned away boatloads of Punjabi and Jewish refugees” in the 20th century, notes Mr Trudeau; 100 years ago Chinese immigrants had to pay a head tax. But by the middle of the century Canada was admitting non-Europeans on a large scale and in 1962 it scrapped all ethnic criteria for immigrants. Five years later it introduced its points system, which scores would-be immigrants on the basis of such criteria as skills, education, work experience and ability to speak English or French.

As with people, so with goods. Canada’s vocation for trade began in the early 17th century, when French fur traders established bases in what are now Nova Scotia and Quebec. “We have always been dependent on trade with the world,” says Mr Trudeau. “So an anti-trade argument really doesn’t get very far in Canada from the get-go.” Exports plus imports account for 65% of Canada’s GDP, more than double their share of the American economy. Nearly three-quarters of Canada’s trade is with the United States.

This habit of openness has not made Canada immune to its costs. Factory employment dropped from almost 2m in 2000 to 1.5m in 2015, with some of those jobs moving to Mexico—Canada’s partner, along with America, in the North American Free-Trade Agreement. South-western Ontario and the Niagara peninsula are as blighted by industrial decay as depressed parts of Pennsylvania and Michigan.

Nor does the national creed of tolerance carry all before it. Mr Harper flirted with Islamophobia: during the election campaign he

called for women at citizenship ceremonies to unveil. Kellie Leitch, an MP who aspires to succeed him as head of the Conservative Party, wants to screen immigrants for “anti-Canadian values”. Resentment against Chinese buyers who are driving up house prices in Vancouver can be tinged with racism.

Questions of identity are particularly complex in Quebec, where the Parti Québécois has called for a ban on burqas for those seeking public services. The French-speaking province prefers “interculturalism” to Anglophone talk of “multiculturalism”, regarding its language and culture as the basis of its identity. Philippe Couillard, the province’s Liberal premier, likens that core to the trunk of a tree, from which other identities can branch off. For Anglo-Canada, dominant within Canada but overshadowed by America, cultural diversity itself is the trunk.

When we were strangers

But though there are some misgivings, some 80% of Canadians think immigrants are good for the economy, according to a recent survey by the Environics Institute, a polling firm. An ageing workforce means that belief is likely to strengthen: as Prime Minister John Diefenbaker put it in 1957, “Canada must populate or perish”. This is particularly true in the Atlantic provinces, where more Canadians die than are born and the median age exceeds that in the rest of the country by nearly five years. Nova Scotia, which received 200 refugees last year, has taken in 1,100 Syrians. Brian Doherty, himself an immigrant from Northern Ireland, hired four to work in the pubs he owns in Halifax, the province’s capital. “They are a net asset to the economy, and believe me in this part of the world we need more of them,” he says.

Two linked factors bolster this pro-immigrant feeling. One is a matter of geography. Refugees do not arrive by the hundred thousand in overloaded dinghies; impoverished children do not sneak across the southern border. Illegal

immigration, which so enrages Mr Trump and his acolytes, is “hardly noticeable” in Canada, says Jack Jedwab of the Canadian Institute for Identities and Migration in Montreal.

The second is a matter of policy. Canada’s points system gives the government a way to admit only the sort of people it thinks the country needs. This ability to regulate the influx fosters public approval. Immigrants are twice as likely to have university degrees as people born in the country, notes Mr Jedwab. Refugees jump through hoops, too. The Syrians that Mr Trudeau embraced were first subjected by Canadian officials to the sort of extreme vetting that Mr Trump might approve of.

None of this guarantees success in their new home. Immigrants struggle, especially during their first years in the country, although their children do much better. They have lower incomes than natives, unless they are from Europe or English-speaking countries such as India. Employers are more likely to interview applicants with English-sounding names than foreign ones, an experiment in Toronto showed. Foreign qualifications may not be recognised. But the points system gives politicians a way at least to appear to be doing something about such problems. Mr Harper introduced an “Express Entry” system which greatly increased the number of points for people with job offers.

Another reason why Canadians are not worried about immigration is that they feel less insecure. Compared with the United States, Canada’s losers are less wretched and its winners less obnoxious. As in other rich countries, income inequality has increased since the early 1980s, but it remains considerably lower than in the United States. Poverty has fallen sharply since the mid-1990s. Low-income men—Mr Trump’s base in America—are less likely to die prematurely in Canada, which suggests they are less beaten down. In 2007 those in the bottom income

quintile died 4.7 years earlier than those in the top. In the United States the gap was 12.1 years.

America spends a larger share of its GDP on social programmes than Canada does, but Canada is more generous with spending that acts as a safety net. Unemployment benefits replace a much bigger share of lost income than in America. Universal health care “makes a huge difference in creating a high level of public security”, says the trade minister, Chrystia Freeland.

Although the commodities boom, and the strong currency it brought with it, made life hard for manufacturers, it shortened the recession started by the global financial crisis. It also created lots of fairly high-paying jobs for low- and semi-skilled workers, mainly in western Canada. This kept inequality in check when it was rising elsewhere, notes France St-Hilaire of the Institute for Research on Public Policy, a think-tank. Now prices have fallen and the economy has slowed, she wonders whether inequality will creep back up.

Finding out it's real

Even if it does, Canada's fat cats are less reviled than those elsewhere. Its boringly profitable and well-regulated banks did not crash the financial system in 2008 and ask for bail-outs. Its conservatives have mostly been less ferocious tax-cutters and state-shrinkers than America's Republicans, though Mr Harper was an exception. “Our one percent gets it,” says Ms Freeland, whose Rosedale-University riding (constituency) in Toronto contains one of the country's richest neighbourhoods.

Mr Trudeau acknowledges the country's economic anxieties—“There hasn't been enough growth, and the growth that there has been hasn't benefited the majority of Canadians”—but campaigned on the basis of solutions, rather than scapegoats. In government his answer has been, first of all, to redistribute income on a modest scale. He raised taxes on the top 1% of incomes to help

pay for a middle-class tax cut. This year's budget subjected a universal child benefit to means testing, diverting cash from the rich to the bottom 90%.

Mr Trudeau's most eye-catching promise—and one which wrong-footed the New Democratic Party to his left—was to abandon Mr Harper's goal of a balanced budget. Instead, the government plans a deficit of 1.5% of GDP this year and aims to spend C\$60 billion (\$45 billion) over ten years to give Canada a much-needed infrastructure upgrade. The extra spending will provide a stimulus to the sluggish economy worth 0.2% of GDP this fiscal year. As Mr Trudeau admits, his room for manoeuvre was bought by the prudence of his predecessors, who left federal debt at just 32.5% of GDP. But if wise spending increases the economy's long-term growth, governments yet to come will have reason to thank him in their turn.

Barack Obama had similar ambitions for investment in the future; unlike him, Mr Trudeau does not have to deal with a hostile legislature. Nor does he need to shout down demagogues to promote trade deals. He fought hard to save the “comprehensive economic and trade agreement” (CETA) with the European Union, which was negotiated by Mr Harper. Canada is part of the Trans-Pacific Partnership negotiations with 11 other countries, and though Mr Trudeau has not committed to ratifying it he is thought to support it. In September he announced that Canada would explore trade talks with China.

Mr Trudeau has sought to allay scepticism about trade with what has fast become a hallmark of his government: incessant consultation. Ms Freeland boasts of holding one of the first formal dialogues by a trade minister with aboriginal communities. But there are issues ahead that consultation alone cannot solve. These include low productivity growth and an unimpressive record on innovation. Low interest rates have pushed

house prices and consumer debt to alarmingly high levels. Beyond saying he will build more roads and tightening mortgage-insurance rules Mr Trudeau has so far given little clue about how he will deal with such problems.

Whatever he does he will upset people. The announcement of a national price for carbon angered some in energy-rich provinces; the approval of a liquefied-natural-gas pipeline has alarmed green voters. He faces hard bargaining with the indebted provinces over federal transfers to cover their rising health-care costs. Mr Trudeau, in other words, is about to suffer typical political wear and tear.

That will matter more to him, though, than to his country's standing. With an admirably Canadian mix of personal modesty and national pride, Mr Trudeau credits the country's stability not to "any particular government. It comes from Canadians themselves." Had Mr Harper won last year Canada would have remained open to trade (though probably less keen to strike a deal with China) and welcoming to newcomers (though Mr Harper

would not have let in so many Syrian refugees). Rock-star encomia would have been scarcer, but the Canadian model would have endured.

Canadians do not take their openness for granted. A serious terrorist attack on Canadian soil, or a deep recession, could yet damage the dream. The country has seen "lone wolf" assaults, including an attack on parliament in 2014, and larger plots have been uncovered. But there have been no mass killings like that at the Bataclan in Paris. "We shouldn't have any smug sense of 'We would never do this'," says Jodi Giesbrecht, head of research at the Canadian Museum for Human Rights in Winnipeg. Nor do they see it as a model for all. "What works in Canada may not work elsewhere," cautions Michael Ignatieff, an unsuccessful Liberal candidate to be prime minister who now runs the Central European University in Budapest. "Many countries in the world are just dealt tougher hands to play." But the sight of a continuing liberal success might make playing those tough hands just a bit easier.