

“Reflections on Summitry”

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Catherwood Scholarship Commemoration
Trinity College
February 12, 2008

It is an honour to help you celebrate the 10th anniversary of the Robert H. Catherwood Scholarship. Bob was the editor of the Financial Post's editorial page for more than two decades. His fine hand guided politicians and officials alike towards more prudent fiscal policies, freer trade and, most notably, to take account of the impact of global events on Canada. He was a journalist of substance and fairness, allergic to spin and committed to a very high standard of writing. I was proud to be his friend.

I was associated, in one way or another, with 11 of the first 17 G-7, now G-8, Summits since Canada joined in 1976. I suppose that makes me a Summit 'groupie' of sorts but not in the same league as John Kirton who has the record for most consistent attention to Summitry. As I am sure John will attest, it can be infectious though not necessarily contagious.

Over the last twenty years, the G8 Information Centre under John's leadership has become a highly reputed source of information and analysis about past and current Summits, invaluable to Summit scholars and practitioners. I commend the Centre for its excellent work.

When the Leaders gathered in Toronto in 1988, the economic emphasis was on a few hardy perennials: the need for structural reforms, notably on agricultural policies, and for sustainable, non-inflationary growth, stable-exchange rates and progress on multilateral trade negotiations. Sound familiar?

There was the customary call for more debt relief for the poorest of the developing countries along with the suggestion that the "newly industrializing" countries accept a greater role in institutions such as the GATT "commensurate with their importance."

Most importantly for Canada, the G-7 leaders "strongly welcomed" the Canada – U.S. Free Trade Agreement. As John Kirton knows, there is more than one version about the 'nimble nudging' which produced that endorsement but there is no doubt about its significance for a Canadian government approaching an election in which that agreement became the primary issue.

For good measure, Margaret Thatcher came to Canada's Parliament shortly after the Toronto Summit and, in her inimitable style, gave an even stronger and more eloquent personal pitch for the Free Trade Agreement. (Her performance at Summits was, incidentally, a story in itself.)

The political summary from Toronto was very much a product of the times – namely a year before the collapse of the Berlin Wall. Gorbachev had been in power in the Soviet Union for three years and perestroika and glasnost had become part of the political lexicon. The Leaders could not know that the end of the Cold War was so near and that Ronald Reagan's strategy (as he put it, "we win; they lose") was about to be vindicated. They were cautious, welcoming the changes in East-West relations while urging the Soviet Union "to move forward in ensuring human dignity and freedoms."

Toronto attracted some 3000 demonstrators, a few with citizens' arrest warrants for the Leaders. One demonstrator burned a 2\$ bill in those pre-toonie days symbolizing his rejection of capitalism. His invitation for the crowd to follow his example went unanswered. Canadians can demonstrate with the best of them but 2 bucks is 2 bucks!

Then as now, Canada brings considerable assets to the Summit table. Democracy, the rule of law, tolerance, and an increasingly multicultural society fed by immigration from the four corners of the world, give us an enviable international image. As a country with a long history of constructive engagement in global governance, and neither a colonial past nor imperial ambition, Canada has no hidden agenda. What you see is what you get.

But, never forget, we are # 8 at a power table of 8.

As we head into this year's Summit, the dominant concern will undoubtedly be the downturn in the global economy, compounded by the meltdown of credit markets and spectacularly lax financial controls. These are serious issues and there is a real risk that the response to stupidity, coupled with greed, may generate Sarbanes-Oxley style regulatory excesses that were prompted by the Enron fiasco. The Summit's original goal was to ensure better coordination of macro policies among the leading economic powers. It is clearly time to focus on first principles! However, the recent meeting in Tokyo suggested that we are more likely to see "to each his own" rather than clear G-7 coordination.

Canada's several years of solid economic performance - budgetary balance, firmly controlled inflation and low unemployment - should help us weather the storm of what the IMF now acknowledges is a global economic slowdown. At this year's Summit we are certainly entitled to speak credibly to the U.S. about the need for fiscal order and discipline in the hope that some who will serve the next Administration may be listening.

Energy is another potentially strong card for Canada, especially as we adjust to the fallout from \$100 oil. I have to think that a new U.S. Administration will make a stronger effort to wean itself off excessive dependence on oil supplies from an increasingly unstable region of the world. Canada stands as a beacon of stability in terms of supply – a position we should use to our advantage in a broader dialogue first and foremost with our neighbour as we look to chart not only a more prosperous North American economy but also a more healthy environment.

Our role in Afghanistan gives us a voice on political issues at the Summit, more authoritative than many others at the table.

Canada's engagement in Afghanistan embodies the central themes of Canadian foreign policy:

- peace and security under a U.N. mandate in concert with NATO and other allies;
- nation building, combining humanitarian assistance in one of the poorest countries in the world with reconstruction and governance initiatives.

In examining what we are doing in Afghanistan and why, it is important to underscore that Canada is a G-8 member and, as such, is expected to engage internationally serving global organizations to which we belong in a manner befitting our responsibility, our capability and our interests provided, of course, that we want to be a player, not a bystander, on major issues. Our role is, as John Manley, chairman of the Afghanistan panel stated, a noble undertaking consistent with Canadian interests and values and our traditions. He added "For the first time in many years we have brought a level of commitment to an international problem that gives us real weight and credibility."

Too often, in my view, we pretend to be what we are not and run away from what we are. At times, we seem to want to be an Atlantic nation, or a Pacific nation, or even an Arctic nation, anything but a North American nation. We get caught up with slogans like “Bring more Canada to the World” – whatever that means. Apart from Afghanistan, we seem indisposed to set priorities on foreign policy. One example is that Canada has 33 Embassies and Consulates in Europe, an area of declining Canadian interests and influence. Another is that CIDA lists 143 countries as beneficiaries, at one time or another, of Canadian development and humanitarian assistance. Trying to be all things to all countries risks our becoming of very little interest to most of them.

In the immediate term, Afghanistan is front and centre – the most robust expression of Canadian foreign policy since the Korean War. Our effort – military and civilian – is substantial and yet, as our Panel report has indicated, it is hobbled by a collective effort – military and civilian – that is highly fragmented, under-resourced and ineffectively coordinated. These shortcomings contribute to understandable unease among Canadians about the utility of what we are doing and about the prospects for success. We have urged a series of moves that would respond to current deficiencies and better ensure that Canada’s diplomatic voice is more disciplined and commensurate with our contributions – in terms of blood and treasure.

We have tried to give our Prime Minister some leverage to secure what is needed most – more troops for more security and for more training, as well as more balanced burden-sharing by our erstwhile allies. And he has begun to use it. Our willingness to extend should be contingent on new commitments from others. This is, after all, a test of resolve for NATO and the international community.

We could use more sensitive and more constructive leadership, too, from a reinvigorated and more confident America, an America with the will to tackle threats to global security with judicious elements of panache, diplomacy and respect, enabling others to share the responsibility.

To the critics who say fundamentally that we should not be in Afghanistan, I ask the following question: If we are not willing to commit our military resources when asked to do so by the United Nations, for a mission coordinated by NATO, in a country whose democratically elected government wants us and whose citizens desperately need us, then precisely where and when would Canada be prepared to do so?

Some have suggested that we would be better in Darfur, forgetting presumably that Sudan is not favourably disposed to such involvement by Canada. In any event, do we go to Darfur only to get out when the going gets tough? To what Canadian tradition or value would that speak?

History has too many examples of what can happen when the international community chooses not to engage in the face of aggression. It is not just the lesson of Munich, it is a more recent lesson from Rwanda. Roméo Dallaire’s harrowing account, “Shake hands with the Devil,” illustrates what happens without collective, international resolve.

Above all, peace-keepers need a peace to keep.

We need to recognize too that security is the essential condition for reconstruction and good governance. They are intrinsically linked. Security enables development and good governance enhances security.

We should not exaggerate either our influence or our capability but there are some things we can do well and what we are doing in Afghanistan, I can assure you from personal experience, is making a difference. Will it succeed? Well, there are no guarantees and our panel had no illusions about the complexity of the challenge.

Progress is decidedly mixed but there are genuine signs of improvement in terms of education, health and basic governance. For a country brutalized by 30 years of internal strife and which ranks as the fourth poorest in the world with a per capita GDP half that of Haiti, expectations need to be conditioned by a healthy dose of realism.

Given the obvious limitations of the current effort in Afghanistan, a premature withdrawal or an abrupt shift to a non-combat role has no operational logic. It would simply shift the burden to others and, frankly, undercut any realistic prospect for success.

Perfection is not the goal. Making things better is.

We chose a tough responsibility in Afghanistan in one of the most difficult and dangerous regions of that country. There are problems that need to be addressed and our Panel offered a candid assessment of what we think is needed. Canada has certainly earned the right to help shape better solutions, notably a more robust diplomatic role to complement our military effort, one that will help bring more coherence to the international effort, not just in Afghanistan, but in what is today the most dangerous region of the world.

We should never allow the fundamental freedoms we enjoy in Canada to become a source of weakness or reluctance when we are called on to support the establishment of those same freedoms for those who do not yet have them. We need to concentrate more on hand-holding than hand-wringing. The ultimate objective is to equip the Afghans to handle their own affairs and to prevent their country from again becoming a sanctuary for global terrorism.

We had hoped, too, that our report would lift the Parliamentary debate out of the partisan ditches. Today, that seems to be a 'work in progress'. It should be. I have to believe that a degree of reason and informed debate will ultimately prevail. The sacrifices to date and those directly engaged in Afghanistan on our behalf merit at least that.

However our role in Afghanistan evolves, the enduring priority for Canadian foreign policy is managing the relationship with the U.S. Overwhelmingly, "whether we like it not," - and many Canadians with their heads buried in the sand in the summer and the snow in the winter do not - our foremost trade and foreign policy relationship is with the U.S. No other relationship comes close to matching its breadth, depth, intensity and sensitivity.

Douglas LePan, once principal of University College and a former Canadian diplomat, observed that Canadians naturally hanker after a world where they could pursue more independent foreign, defence, and economic policies without sacrificing any advantage from the close association with the U.S. "If wishes were horses," he said, "Canadians would certainly ride off in all directions." Wishes are not policies, still less are they a substitute for coherent strategic vision.

The fundamental challenge for any Canadian government is to articulate, promote and defend our security, commercial and environmental interests in Washington while, at the same time, responding to legitimate aspirations in Canada that we act, and be seen to act, as a distinct entity in North America. The two are not mutually exclusive.

We do not have to agree with everything the U.S. does in the world but, when we disagree, we should do so in adult fashion, not with juvenile preening. There is no doubt that, by its own actions, the U.S. has seriously weakened its global leadership role. There is ample scope for criticism but little cause for castigation; certainly none for celebration. Frankly, it is very much in Canada's interest that the U.S. be firmly committed to the major international Institutions seeking to ensure a more stable, more prosperous world. Because, if the U.S. retreats into an isolationist shell of short-term convenience, who do you suppose will take its place? Who will fill the leadership vacuum?

Our security is guaranteed by the U.S. but that should not mean that we take a pass on security more generally. We and many other countries expect that the Americans will "do the heavy lifting" and we are often quick to criticize the manner in which they do. Exercising influence on the U.S. depends ultimately on our willingness to make our own commitments to common goals.

The U.S. political mood today is volatile and somewhat sullen. Not so long ago, Iraq was the dominant issue in the presidential campaign. Now, of course, it is once again, "the economy stupid."

Concerns about the economy, the credit crisis and the profoundly negative impact on middle class Americans present major challenges to the next Administration comparable, some are suggesting, to that faced by FDR in the mid-1930s. The wreckage of excess will require more than a stimulus package. Since 2001, the U.S. deficit has expanded from \$5.7 trillion to \$9.3 trillion. There is a need for real reform. The impact of what Alan Greenspan once described as "irrational exuberance" is taking a heavy toll. Three quarters of Americans polled recently believe that their country is headed in the wrong direction.

But, rather than more stimulus handouts, the best policy response would be a combination of efficient, predictable and transparent regulation along with sensible tax reform, enabling those who actually create jobs and wealth to get about their business. Those are policies, of course, that rarely attract voter support.

The U.S. mood on trade is increasingly protectionist, almost nativist. Outsourcing, off-shoring, even NAFTA itself, are giving trade liberalization and “free trade” a bad name in Washington. Tainted Chinese pet food, toothpaste and toys are fuelling furor over the trade deficit with China. Neither of the Democratic candidates has adopted a positive position on trade. Even Republicans are ambivalent. A poll last fall revealed that 2/3 of Republicans believe that free trade has been bad for the U.S.

Canada needs to start preparing now for the next U.S. Administration. It matters little whether it is Republican or Democratic. Incidentally, we should put away permanently the notion that Canada has good relations with Democratic Administrations and poor ones with Republicans.

The first priority for the two countries should be to take deliberate steps to bring the architecture of our relationship into line with the challenge of broader economic integration and the political and security realities of the 21st century.

The U.S. border with Canada is steadily thickening. Incidents like the Canadian fire truck that couldn't cross the border to help its U.S. neighbours, or the Canadian ambulance stopped at the Windsor-Detroit crossing with a heart patient requiring urgent treatment are surely from the theatre of the absurd.

As the Europeans move steadily to reduce barriers at their borders affecting the entry of people, goods and services, North America, namely the U.S., is moving in the opposite direction. This makes no sense.

We need to find a better balance between legitimate security (or health) concerns and border procedures which facilitate, not block trade. The initiatives launched under the Security and Prosperity Partnership are making progress but it is painful and slow. More urgency and more creativity in finding practical solutions is needed, including drastic regulatory reform and, possibly, new institutions to govern this complex relationship. We need to have a clear idea about what makes sense for Canada and what we are prepared to do with the U.S. to make that happen.

The new U.S. Administration also has to deal more creatively and more deliberately with the energy/environment nexus of policy issues. Band-aid solutions to each are not sufficient. As mentioned earlier, Canada has a position of privilege and influence as a major supplier of energy to the U.S. market. That also gives us a capacity for influence as well in setting climate change policies (specifically targets for greenhouse gas emission reductions) that are sensible and manageable. If not a common approach invoking the spirit of our Acid Rain Accord we should, at a minimum, contemplate a parallel approach to a problem that we share in our shared continent.

Canada-China relations also require attention. There is a pervasive sense of drift if not disconnect in the relationship and little evidence that either country has a vision or a plan to chart a more constructive future. At times, the two countries seem to be talking past one another.

The focus of Canada's China policy tends to concentrate almost exclusively on the bookends of trade and human rights with not much constructive dialogue on either and with a significant gap between the two.

The focus of China's Canada policy seems to be access to Canadian resources and to the Canadian market combined with acute insensitivity to Canadian interests, notably human rights issues involving (dual) Canadian citizens, and a hair trigger proclivity to take offence over perceived insults by Canada.

We need a clear-headed analysis of our interests vis-à-vis China, how they can best be defended and promoted. It should be anchored in three fundamental realities:

First, China has become a global economy, a magnet for imports of resources of every description and rapidly the manufacturing workshop for the world. The extraordinary expansion of the Chinese economy in the last several years has fuelled global economic growth. Along with others, we need to explain to the Chinese that global economic responsibility, including the management of exchange rate policy coordinated with other major economic powers, is the handmaiden of global economic influence. The artificially low value of the Chinese yuan is certain to be a prominent topic at the next Summit.

Second, it is critically important how China responds to the internal political, social and environmental challenges generated by its economic growth. Whether these challenges can be met without democratic reform and respect for basic human rights standards is open to serious question. Being clear with Chinese decision-makers on matters where we differ is the essence of any constructive dialogue but that should not dilute the priority or level of attention given to the potential for broader engagement.

Third is Chinese engagement in critical issues of global governance. When you consider the challenges around us, we should urge the Chinese to become what Bob Zoellick once described as a "responsible stakeholder" on global issues and in global institutions rather than being passively non-engaged or engaged exclusively in terms of China's narrow self-interest.

These are messages best delivered candidly but tactfully and diplomatically by senior players in an atmosphere of mutual respect.

Fundamentally, both countries need to launch a frank dialogue to balance risks and opportunities, and to balance differences and common interests. Neither country should make one issue - human rights or trade - the litmus test for the whole relationship. There is need for a concerted action plan, linking government and the private sector towards shared goals. In short, substance over sentiment, reflecting real interests – bilateral and global – and a realistic appraisal of what can be achieved.

Let me conclude with a few observations on the Summit process of global governance.

I've heard all the criticisms about Summitry. At times, I have expressed some myself. The annual ritual is longer on rhetoric than action or even consensus. There are too many documents, a veritable flood of communiqués, declarations and Chairman's statements emanating from each Summit. Last year, there were no fewer than 11 on subjects as diverse as "Nuclear Non-proliferation" or "Growth and Responsibility in Africa". For starters, better focus and discipline is needed. The watchword should be: less is more.

The Summit began as a forum in which democratically-elected leaders with roughly similar values and challenges got together to search for common resolve. The inclusion of Russia broke that mould and, each year, efforts are made to reach beyond the "inner core." China, South Africa, India, Mexico and Brazil have now become regular, if not formal members. Regional neighbours of the host country have also attended. And none of the most recent aspirants seems prepared to settle for a subsidiary role.

There are so many players in the room and on the sidelines these days, including aging rock stars, that it can be difficult to discern much focus let alone consensus from the result. There is a real risk that, with the expansion of participants, the already limited consensus will be diluted further and that the informality and intimacy which characterized earlier Summits will be replaced by set-piece interventions – intended more for show than for substance.

And yet, these Summits remain as the pinnacle for global diplomacy. To me the single most important feature is the opportunity that they provide for a degree of candour among the leaders. The personal chemistry forged can pay dividends between Summits for diplomacy at the very top, assuming the chemistry is positive – which it is, at least on some occasions. What evolves from that opportunity depends very much on the personalities involved. But, the dividends cannot be measured only by what emerges from the annual sessions. Contacts continue frequently between Summits and, in my view, offer scope for dialogue and influence on issues affecting global stability.

UK Prime Minister Gordon Brown is advocating substantial reforms to global institutions, changes that would presumably better reflect the enormous shifts in economic power that technology, trade and globalization have spawned. We either adapt the institutions in place or we consider new architectural arrangements.

When the Summit was conceived 33 years ago, it was essentially a response to similar concerns about gaps in the international system. The inadequacies are even more glaring today.

The United Nations is in perennial need of profound structural reform. The debate goes on but change is glacial. Ever expanding numbers outweigh purpose and sap initiative.

The IMF and World Bank no longer command the respect or the relevance they once possessed.

Doha seems perennially stuck in the doldrums.

The credit fiasco has exposed glaring weaknesses in financial controls and banking practices more generally. (As Martin Wolf observed in the Financial Times, “no industry has a comparable talent for privatizing gains and socializing losses.”)

With that grim backdrop, the significance of future Summitry is undoubtedly more, not less, important. The question as always is whether the Summit leaders are up to the challenge and whether the basic purpose can circumvent the increasingly constipated process of engagement.

The Europeans have many occasions on which to meet formally or informally and, in any event, are drawn inexorably to their own agenda. The Americans do not really need an annual session that, more often than not, exposes them to criticism either for not doing enough or for doing things their own way.

For Russia, the G-8 gives the prestige desperately desired without much accompanying responsibility.

For Canada (and also possibly Japan) the G-8 is now, more than ever, a forum of privilege . But we can never forget that we are number 8 of 8.

Recognizing that Canada’s voice will always be commensurate with our relative weight means that we should attach a premium to our preparations and adopt a very selective approach to the Summit agenda. When urging collective action, we have to be ready to be part of the solution. That is the difference between relevance and rhetoric and between influence and posture more generally in international affairs.