

This issue snapshot is excerpted from [Unmasking the Future](#) (2021), a scan of major current socio-economic trends and developments, at local, provincial, national and international scales, authored by James Stauch of the Institute for Community Prosperity, commissioned by the Calgary Foundation.



A POLITICAL FORECAST:

Shifting Polarities

World politics in the early part of 2021 will continue to be dominated by the pandemic and the Darwinian struggle for access to vaccines. Longer term, much of the world's focus will continue to be on a resurgent China, which ironically weathered the COVID storm better than almost any other country on earth.

While the "rise of China" seems almost banal to declare, having been a theme in foreign policy circles for the last four decades, this coming decade will see China definitely supplant the US as the global hegemon. As influential investment guru Ray Dalio has commented, "as you can see the United States is now the most powerful empire by not much, it is in relative decline, Chinese power is rapidly rising, and no other powers come close."⁴⁸ While the US remains number one in terms of absolute GDP, China is the clear leader when purchasing power parity (or PPP) is factored in, with a 27 trillion dollar economy, the largest the world has ever seen.⁴⁹ For the past few decades, China was essentially the world's factory, an industrial manufacturing base that has gradually built a strong and growing middle class.

Beijing's next five-year plan, which anticipates a weaker West, is focused on the knowledge economy: Science, technology and innovation. Aiming to displace Silicon Valley, the plan replaces the former emphasis on smelters and factories with labs, robotics and artificial intelligence (AI). Accompanying this is unprecedented global resource-prospecting, led by the acquisition of lithium and rare earth mineral mines, including from under the Canadian government's nose.⁵⁰ Already, three of the world's largest tech giants investing in

AI are Chinese firms, and China's cleantech investments already dwarf the rest of the world.⁵¹ While China is in focus here, in general, productive economies with a strong and growing middle class tend to also be clustered in East Asia.

China also expects that other countries will come to embrace its particular form of societal governance – a remarkably resilient though objectively authoritarian melange of market-friendly, globalization-embracing growth, accompanied by state-surveilled "socialism" without democracy. The world's reaction – Canada's especially – to an impending flight of Hong Kong citizens will be revealing.⁵² Anne Applebaum's *The Twilight of Democracy: The Seductive Lure of Authoritarianism* warns that "without a much more serious strategy to curb or counter the forces that precipitated

“The ignorance of one voter in a democracy impairs the security of all.”

John F. Kennedy

this crisis [in growing worldwide despotism] – Chinese illiberalism, EU inertness, Anglo-American self-harm and Russian information warfare – the prospect of a starless, moonless future for democracy will only grow.”⁵³ According to the Pew Research Center, 52% of respondents polled across 34 countries were dissatisfied with democracy. As Harper-era Citizenship and Immigration Minister Chris Alexander observed recently”

“The Economist Intelligence Unit’s Democracy Index for 2019 ranks only twenty-two states as full democracies – fifteen in Europe plus three in Latin America (Chile, Costa Rica and Uruguay), Mauritius in the Indian Ocean, New Zealand, Australia and Canada. Recent concerns over the electoral system, immigration and asylum policy, inequality and the role of money in criminal justice and politics have relegated the United States to the ranks of the “flawed democracies.” And without a single full democracy in continental Asia or Africa, where three quarters of the world’s population now lives, how far have we really come in the struggle to make democratic freedoms a global reality?”⁵⁴

The good news for Canada, according to a new study by the Samara Centre for Democracy, is there is a clear and consistent shift revealing that not only are Canadians satisfied with democracy, but their trust in one another, and in institutions (especially government) is strong.⁵⁵ The same study revealed that Canadians are less cynical about political leaders, less nostalgic for the past, and considerably less likely than Americans (and for that matter, most of the world) to express populist sentiments.⁵⁶

Previous scans have noted the precipitous decline of the US as a global leader, but the putrefaction is all the more obvious these past few weeks.⁵⁷ Two and a half months after the US election, a democratic outcome prevailed over an attempted coup d’état, an armed insurrection anointed if not engineered by the outgoing President. While Biden won the popular vote by a clear 6 million+ margin, Trump still received the second largest vote count of any Presidential candidate in history, besting his own 2016 count by well over 10 million and counting.⁵⁸ Trump made polarization an art form, which served him well, as did many of the key economic numbers, pre-pandemic. But his diminishment of the pandemic, and his blitheness toward the world-leading body count (pushing 450,000 as of this writing, with over 4,000 deaths a day) were ultimately his downfall. COVID-19, more than Joe Biden, defeated Donald Trump.

“The better a singer’s voice, the harder it is to believe what they’re saying.”

David Byrne

Since last year’s election, the minority Liberal government has been able to govern almost as if they held a majority, benefitting from at least three factors: 1. The post-pandemic glow that visits most political leaders in a national crisis, 2. An NDP with few resources to campaign (and a leader continuing to poll low), and 3. A Conservative leadership race and the need for the Tories to build the profile of a new, untested, and relatively obscure leader. However, all three of these factors could quickly evaporate as the year unfolds: Revelations about Canada’s lack of domestic capacity to manufacture a vaccine have come to light. As our reliance on supply from companies manufacturing overseas results in potentially weeks-long shortages, the Liberal’s pandemic glow will dim.⁵⁹ New Conservative leader Erin O’Toole has so far deftly navigated pleasing his social conservative base (where Jason Kenney’s endorsement helped him greatly) while reaching across to moderates and even disaffected NDP’ers, even taking a swipe at the inability of free markets to solve 21st century problems.⁶⁰ Meanwhile, Millennials and Zoomers pushing hard for a “green new deal”, and grown tired of Trudeau’s often vacuous virtue signaling, may begin flocking to Jagmeet Singh’s association with the wildly popular Alexandra Ocasio-Cortez. Singh’s biggest threat, on the other hand, may be from a resurgent Green Party, under new leader Annamie Paul (not to mention the Lazarus-like Bloc Quebecois). O’Toole’s task in building a ‘big tent’ conservative groundswell will not be easy: They will need to be seen as credible on the climate change file, one important election front, yet a substantial proportion of their base don’t even believe climate change is real. The Conservative’s policy position on climate change action was their largest Achilles heel in the last election.⁶¹ If the government does fall in 2021, and the Liberals are replaced (most likely by a Conservative minority), expect calls from within the party for Trudeau to be replaced, the most obvious successor being Alberta-born Finance Minister Chrystia Freeland.

As for the provincial scene, many twisted ironies and paradoxes have washed up on our landlocked shores: Premier Kenney has been placed in the unenviable position of walking the tightrope between the political pressures of restrictive public health measures, and the desire to keep business running and houses of worship open. An invisible virus took the winds out of the sails of the nascent “Wexit” movement, its future being less of a serious political threat than a cabal of disgruntled white nationalists and conspiracy theorists. It hasn’t helped the Wexit cause that federal subsidies to Alberta (and Albertans) are now even with, or even slightly exceeding, federal income tax paid by Albertans. Still, the new Wildrose Independence Party is polling in the double digits, enough to bleed critical rural votes away from the UCP.

It is unclear whether there is substantially more polarization in Alberta than in other provinces, but certainly there is more crystallization: Long a land of one-party rule, with a handful of other parties jockeying to be the runner-up, Alberta is now (for all practical purposes) a two-party province. One party is a popular, bankable brand, saddled with a deeply unpopular leader and a handful of controversial cabinet ministers.⁶² The other party is its mirror opposite - a stigmatized brand with a very popular leader. In successive recent polls, the UCP and NDP have gone from running neck and neck to the NDP decisively polling stronger, particularly in Edmonton and Calgary. If the UCP numbers continue to tank, a Kenney leadership review may not be far off.⁶³ While most other Premiers have enjoyed a leader-during-crisis uptick in popular support, Kenney's approval numbers have floundered. Tellingly, Albertans have shown greater approval for the federal Liberal government's response.⁶⁴ And this was before Alberta's COVID numbers started trending to being the highest in the country. Kenney has been relatively invisible compared with premiers in other 'hotspots', like Doug Ford and Brian Pallister, an approach that has been met with widespread dissatisfaction across the province.⁶⁵ The Premier's initial reluctance to implement stricter measures or to call out anti-maskers, as other provincial premiers have done, is further polarizing.

But the missteps that may haunt Kenney the most are not COVID related, but instead ironically relate to the UCP's alleged strong suit - support for the oil and gas sector, the one area where Albertans earlier in the fall believed they outperformed the federal government on.⁶⁶ The UCP invested \$1.3 billion in direct subsidies plus nearly \$6 billion in loan guarantees to TC Energy's Keystone XL pipeline. But that bet was contingent on a Trump presidential victory. On Day One of his Presidency, Biden followed through on his widely publicized election vow to kill Keystone. A reckless gambit in itself, Kenney has pre-emptively scuttled any faint hope of reversing this decision.⁶⁷ In the meantime, construction of "Trudeau's pipeline" - the one that some

Albertans claim (with a straight face) was purchased for \$4.5 billion to shut it down - is steaming ahead. TMX's costs, however, have ballooned nearly 3-fold to \$12.8 billion, and some industry analysts are questioning whether it is even needed.⁶⁸ But Kenney's most serious long-term issue may simply be one of style. Aping Klein's 90's era fiscal hawkishness, and the talking points of the "Calgary School"⁶⁹ but a generation too late, he lacks the humour and authentic populism that defined the former Premier's iconic status. Kenney brings a maudlin father-knows-best tone that lands poorly with too many urbanites, women in particular, and isn't folksy or populist enough to keep the base energized. He has kept his many campaign promises with respect to the "war room" (The Canadian Energy Centre), the public inquiry into "Anti-Alberta Energy Campaigns", the fair deal panel, and the red tape reduction initiative, but the first two have been a comedy of errors, while the latter two remain low key.⁷⁰ But the UCP's battles with doctors and other health professionals during a pandemic is a clinic in bad timing (pun intended).

A provincial election is a long way out, so much can change in the intervening period. An Alberta economy recovery will obviously play to the UCP's favour, as will any resurgence in the Alberta Party or provincial Liberal party's fortunes. The NDP, too strong right now to seriously entertain a "unite-the-left" push, which some have advocated for, along with a rebrand of "NDP", will ironically (and secretly) wish for a strong showing from the new Wildrose Independence Party to bleed votes from the UCP. The biggest unknown, however, will be the role of Political Action Committees (PACs), still relatively new to Canada, but which had a huge impact in the last provincial election (the largest PAC, the pro-UCP Alberta Advantage, collected more donations than any political party).⁷¹ Look for the influence of PACs, right and left, to play a big role in next year's municipal election. The Americanization of Alberta politics is afoot.

Calgarians will be going to the polls to pick a new Mayor in October, 2021. If current Mayor Naheed Nenshi runs again, unopposed by any high-profile progressive candidates, he will likely be a fourth term Mayor. If he doesn't, it will prove to be the most interesting race since the 2010 race, where Nenshi was first crowned. This race will happen under new rules brought in by the UCP Provincial government this past summer under the Local Authorities Election Act, which relaxes the rules on municipal campaign financing. The individual contribution limit, self-funded contribution limit and limits outside the campaign period have all increased, while the thresholds for third party advertisers and for disclosing financial statements have been relaxed. We can also expect to see a continued rise in third party messaging and financing.⁷² What this means from a practical standpoint, is that developers and other deep-pocketed interests will have more allowance to finance their candidate vis-à-vis, for example, an anti-poverty activist, who may rely more on smaller donations.

Very few people have declared their candidacy so far, only one of whom - Jeremy Farkas - is on City Council. It's not yet clear that the unconventional populist Farkas will be the 'establishment' choice in the way Bill Smith was in the 2017 race. Canada West Foundation CEO (and former Provincial cabinet minister) Gary Mar has been rumoured to have been courted by the UCP as their preferred Mayoral candidate.⁷³ Councillor Jeff Davidson would be a less surprising choice, were he to run, but as Calgary has not yet had a woman in the Mayor's chair, the smarter money would be on Councillor Jyoti Gondek, assuming the establishment can get their heads around backing a woman of



colour (a very generous assumption given the curious, and poorly explained, departure of the very capable Sandip Lalli as Chamber of Commerce CEO).⁷⁴ One outside candidate that has been courted to run is radio personality and former Wildrose Party leader Danielle Smith. But as she is not a Calgary resident, and her views skew well to the right of Farkas, she would have a tough time making inroads. In general, Calgarians have tended to prefer a centrist candidate: Nenshi's three immediate predecessors, Ralph Klein included, took office as card-carrying Liberals. And as yet, no high-profile progressive candidates have yet thrown their hat in the ring.

A growing political narrative we are seeing in North America, with respect to social media platforms and university campuses, and in Alberta, with respect to anti-mask rallies, is the political "right"

positioning itself increasingly as guardians of "freedom of speech", previously a cause more aligned to the liberal left. Ironically, Premier Kenney has become one of the staunchest defenders of the Charter of Rights and Freedoms, the brainchild of Pierre Trudeau, even exempting anti-mask protesters from mandatory outdoor gathering limits.⁷⁵ In some respects, this mirrors the claiming by the right in previous generations of political space accorded to "fiscal responsibility" and "family values", neither of which, to the extent they can be measured (say, by deficits in public accounts or by teenage pregnancy or divorce rates, respectively) have any empirically verifiable heft. But the stories we tell matter more than evidence. The left's defence of free speech in recent years, meanwhile, has been relatively anemic, and wholly absent in some circles. Just as "Red Tories" have been a dying political flavour for some time in Canada, so too is libertarian socialism.