



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

**Domestic Income Fairness and Strategic Global Security  
...now one and the same?**

by Hugh Segal  
January, 2017

# POLICY UPDATE

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**E**ver since the end of World War II, there has been a wide – and far too polite – space between global and strategic security strategy; with all its military, intelligence and geopolitical fellow riders on the one hand, and the domestic politics of income and employment policy on the other. From Russia to Singapore, Israel to South Korea, the two fields of domestic social policy and global security policy have been intentionally kept separate by politicians, civil servants and business and labour lobbies in most self-governing countries. These discrete policy sectors always have different cabinet secretaries, ministers and other cabinet posts. The departments that run these two separate areas of public policy are very different from each other in terms of design and implementation expertise deployed, as is the academic and working background of the professional public servants who serve these separate missions.

The graduate schools that address geostrategic goals and related disciplines (military strategy, international logistics, diplomatic engagement, foreign direct investment, intelligence and cybersecurity planning, defensive and offensive geopolitical strategies, and related contingencies) were, in their academic departments and modes of scholarship, training and research, quite apart and removed from those who study income security policies, educational planning and administration along with the myriad of economic social and health care policy skill sets related to employment, housing, pensions, poverty abatement, truancy and the rest. The division between federal or national governments in some countries with a federal structure (Germany, Russia, Canada, South Africa, Mexico, Switzerland, the United States, India, and many others) would classically upload foreign, defence and global security policy to the central government, while issues around income security and related domestic well-being were left largely, but not completely, in the hands of provinces, states, oblasts or constituent regions. At times of war or engaged conflict, when public legitimacy for, and voter confidence in, governments truly matters, these divisions have tended to blur. The economics of homeland productivity efforts, veterans health and income needs, and the infrastructure of victory, including women in the workforce at home, are important at war time. And while international financial institutions like the World Bank or the International Monetary Fund (IMF) do engage at the level of financial solvency across borders, this is not an engagement necessarily driven by global security threats or micro and macroeconomic issues of opportunity or income aspiration among those beneath the poverty line in any country. International financial institutions obsess about relative balances between spending, foreign exchange, deficits and revenue raising capacity in fiscally challenged countries. Over recent post-war history, some have argued that IMF regimes in some countries conditionalized debt bailouts to governments who agreed to reduce spending on social subsidy or poverty reduction.

In my own work as a Senior Deputy Minister in Canada's most populist province of Ontario, there would have been precious little discussion at senior levels of the provincial government of geopolitical threats or risks on a global frame. In so far as federal transfer payment capacity and liquidity might affect provincial budgets, budgets largely focused on education, healthcare, local infrastructure, welfare, municipal government, and local policing. Global threats to national economic stability might be discussed but only as a tertiary non-proximate contingency. As



Chief of Staff to Prime Minister Mulroney in Ottawa (who served between 1984 and 1993), debates about foreign military deployments through NATO or the UN, or post-Soviet Union recognition of new democracies in Eastern Europe, analysis and policy direction rarely, if ever, focused on any linkage between income security challenges in the countries upon which we concentrated and the geopolitics of military alliances or necessary deployments.

This was not about naïveté or purposeful insensitivity. Deploying NATO-led Stabilization forces (SFOR) to Bosnia was about sustaining the Dayton Peace Accords and protecting the civilian population from marauding and deeply brutal militias. The internal social economics of Bosnia, Serbia or Croatia were not on our radar screen nor were they on the screens of our American, UK, Czech, or other deployed stabilization allies. That did not change for the multi-year duration of the NATO commitment in the region.

While UN High Commissioners for countries of the former Yugoslavia, who were often high-ranking US Generals or senior UK diplomats or former politicians, did look, on occasion, beneath the security bed linens, their mandate was narrow and socio-economic support resources way too limited.

This began to change in the NATO Afghanistan deployment which, for Canada, ran twelve years, making it longer in duration than World Wars I, II, Korea or Bosnia for Canada and other allies in the mix with us. Provincial Reconstruction Teams, which combined military with engineering and other civilian development and design capacities, did begin in the different regions of Afghanistan to work on both the hard-edged side of security and stability as well as the softer, but just as vital, social infrastructure of roads, dams, schools, health units, and related necessities. While the efforts often misfired and Taliban combatants sought to destroy these small bits of progress first, the principle emerged that, even in a war-torn part of the world, strategic and social security had compelling value, both for advancing the human condition and sustaining the bona fides of Allied forces.

I remember one afternoon, at a *loya Jirga* (grand assembly) in Kandahar province, Peshawar district, local elders meeting with Canada's then Minister of Defence, Chief of the Defence Staff and other military leaders from within the Canadian deployment. I was deeply impressed by the elders very detailed request for financial support in terms of fresh water and generated electricity for the construction of a pomegranate juice factory that would create employment, export to other parts of south Asia, and produce a coherent economic base for revenue and taxation. The Canadian representatives made the appropriate warm and sincere take-note comments, in which I joined in as a visiting Senator and Chair of the Senate Anti-Terrorism Committee, after the Elders presented.

Sadly, as Canada had no unified economic/security delivery instrument with which to follow through quickly, no progress on this idea seemed likely. We did invest more in heavy long distance air lift, tanks, helicopters, new armoured personnel vehicles, and real-time intelligence capacity as part of our in-theatre Canadian NATO deployment – investments vital to both



regional security, force protection and increasing the effectiveness of our deployment. And Canada's international aid agency, then known as CIDA, was in the field trying to be helpful at the margins. But focused, measured and sustained support of local economic aspirations and goals was well beyond NATO's remit at the time.

In fact, without questioning either good faith or planning competence, separating the politics and economics of domestic social inclusion and vital initiatives from strategic and contingent plans to help promote global security and stability does seem a little odd.

To some extent, the dilution of an integrated approach to both strategic and income security has developed over the last few decades in a fashion that was itself quite ahistoric.

From the decision of Allied and Canadian troops to distribute their own tinned rations to starving Dutch citizens of all ages during the World War II liberation of the Netherlands from the Nazis, to the historic joint deployment of both the generous financial investment of the Marshall Plan in Western Europe, along with the strategic defence framework embodied in NATO, the arresting of totalitarian Communist aspirations in Western Europe was achieved by a joint and integrated strategic commitment on both fronts.

Moreover, it is fair to conclude that the post-World War II liberal democratic consensus throughout the free world was, in part, shaped by the engagement in the US, UK, Canada, France, Italy, Australia, Japan, and Germany and many of this key group's smaller allies around greater liquidity and opportunity for those who emerged from the Second World War in precarious or depressed personal economic circumstance. While each country and region went its own way in a fashion that reflected their own post-war democratic political culture, social security for seniors, expanded affordable housing stock, university and high school construction, student bursaries and scholarships, free education, and enhanced financial assistance to remove barriers to low-income access to post-secondary studies all abounded. Different state empowered or backed bodies assisting with home financing and ownership and different countries embraced, between 1945 and 1980, enhanced universal access to health care. Sustaining or expanding the gaps that existed between the one percent and the rest was simply not part of the post-war rebuild of a western order of international liberal democracy. Conservatives, Social Democrats and Liberals in different countries differed about how, and at what pace, and with what tax framework, progress towards a more accessible economic mainstream might proceed. But few, if any, were opposed to that progress as a matter of principle.

The sacrifices of the War in the front-line countries like the UK and occupied Europe, the rationing and massive commitments of personnel and resources in the aerodromes and arsenals of democracy in Canada and the US, and the devastation experienced by the defeated Axis powers in Europe and Asia similarly underlined a social security imperative at the centre of any effective liberal-democratic rebuild or reach out after the War had ended.



That the Soviet Union, despite its immense courage and suffering as the entire Eastern front that stopped and attacked the Nazis, was not part of this liberal democratic order reflected the long-held view that a dictatorship of the proletariat requires strong collective state power, exercised in reasonably harsh and authoritarian ways to sustain the revolution going forward. When, not surprisingly, the citizens of the west made measurable individual, family, and community economic and material progress, this was portrayed by the Soviets as a serious sign of consumerist weakness and a lack of coherent collective resolve, anathema to the Soviet power structure and totalitarian communist mission at home and abroad. This really only changed with Gorbachev.

Gorbachev's acclaimed great international success in winding down the Cold War under pressure from President Reagan, President George HW Bush, and Prime Ministers Thatcher and Mulroney, had little traction at home, especially when his successor, Mr. Yeltsin, presided over a chaotic fragmentation of Russian fiscal social and institutional resources with salaries and pensions going unpaid. This only fed the subsequent "collective order and consolidation" mission of Mr. Putin. That the continued thematic of liberal democratic societies being weak and ineffective should now figure prominently in Mr. Putin's "Eurasian Culture", which advocates against the liberal values of the west, should not be at all surprising. The tougher the internal economics of Russia, the more this bias about the "morally weak" West, advanced also by Iran and in a more extreme way by North Korea, will be promoted. Non-democratic governments in countries where public opinion and voter disaffection matter little need not worry about the legitimacy of, or public trust in, their foreign or defence stance. Even a NATO ally like Turkey, tragically rebuffed by a self-proclaimed "Christian Europe" from any route to EU membership and, facing its own internal strains and pressures, is not beyond being tempted by this anti-Western Eurasian Culture focused on orthodoxy, limited dissent or tolerance and a general dilution of the liberal democratic world order.

Economic uncertainty in the west, strong divisions between economic classes in North America and Asia, eroding economic prospects for some and diminished confidence and trust in the economic and social balances of post-Berlin Wall capitalism, create genuine threats and challenges to the derivative liberal democratic order worldwide.

All of which takes us to the central strategic reality that the legitimacy of the west, its governments, democracies, independent judiciaries, free press and tolerance of both dissent and diversity, now requires a joint focus on domestic income security and global strategic security at one and at the same time.

In a series of thoughtful interviews before retiring from his post, US General Philip M. Breedlove, Supreme Commander of SHAPE and NATO, spoke eloquently when asked about the long-term battle against Daesh and other terrorist forces very much on NATO's radar. He frankly admitted that there was a limit to what even the most technologically advanced military alliance could do against these forces and their future prospects uniquely through kinetic engagement or sustained intelligence, and that there was a compelling need to focus as well on



jobs, education, housing and economic opportunity so that young people in economically and stability challenged parts of the world had other choices beyond terrorism. This spoke to the wisdom of a general officer who has seen both the potential and limitations of deployable military power, even for the strongest and most robust global military alliance ever.

Moreover, as political unrest in Europe, the Brexit vote in the UK and the recent US elections clearly convey, no boxed set of institutional legitimacy legacies can survive the fears, anxieties, divisions, and pessimism of folks who feel little sense of economic opportunity or upward social mobility for their families or communities. The liberal democratic global framework is, at its best, about trust, confidence and a broad sense of fairness and opportunity associated with economic and political freedom. Large government-to-government macro-solutions, treaties, alliances, or agreements that are no longer anchored in popular belief in equality of opportunity, its reality and genuine prospects for oneself or one's children, can and do become quickly untethered from the rooted credibility of public support. At some level, Mr. Trump and his successful campaign understood this in ways the Clinton campaign appeared not to. The anti-EU campaigners in the UK understood the disconnect and found ways to exploit and weaken the assumed, but untethered legitimacy, that the "Remain" forces took very much for granted. Self-evident institutional truths or underlying values and purposes are not obvious to those outside the economic mainstream. The structure and supports of the family table are unimportant to those who are denied access to it, or worse, see no hope for themselves or their children of ever sitting at the table.

No large global institutional framework, the WTO, the IMF, the World Bank, the UN, NATO, or even NORAD can survive this kind of untethered disconnect.

Reducing income inequalities in Europe, democratic Asia, Africa, and North America, jointly pursuing an integrated domestic income security mission as part and parcel of a global security engagement, is no longer one of those "wouldn't it be nice options". It may well be the one compelling central priority the liberal democratic world must step up and embrace if we are to defend a viable liberal democratic world order where diversity, tolerance, dissent, rule of law, presumption of innocence, democracy, and human rights remain, while not perfect, the dominant path for both economic progress and ensuing social stability worldwide. Our Russian friends, their client states and, to a lesser and much less aggressive extent, our Chinese partners, are clearly on the other side of this debate and seeking to broaden the reach of their opposition.

Abdication by the West here would be much more than serious. Falling into an isolationist or neoliberal stance might be seen by some as simpler. But that abdication, from Ukraine and Eastern Europe, to the Middle East, South Asia, the Arctic, and Pacific could end up producing even more costly and complex geopolitical threats that make our present threat continuum look very simple indeed. Freedom – political, economic, and social has never been inexpensive. Enhanced military investment by NATO members is vital; so is the economic opportunity investment vital in sustaining belief in freedom.



A better and more constructive approach is for joint planning to take place, both within democratic nations and among them, using, where appropriate, linkages with NATO, the EU, the Commonwealth, ASEAN and the OAS, to develop near-term strategic and tactical investments not unlike the Marshall Plan that dilute economic adversity and diminished prospects among key stakeholders in the liberal democratic world. Concurrent with the values of democracy, freedom and rule of law, economic opportunity for those beneath the poverty line and the many more worrying about joining them, must become more genuine and real. This should not happen at the expense of robust engagement and containment with appropriate kinetic and diplomatic resources of those non-democratic state and non-state actors, proxy or otherwise, seeking to expand the reach and influence of an authoritarian, orthodox and deeply intolerant world view. But to be effective, this contingent kinetic strategic and global investment must accompany the kind of economic and social investment that renders the economic value of freedom an indisputable part of the global bargain the west continues to champion.

## ▶ **About the Author**

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## ► **Canadian Global Affairs Institute**

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