



Canada 2014

Standard Note: SNIA/6822

Last updated: 13 February 2014

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Section: International Affairs and Defence Section

A country profile on Canada



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1 Basic information

1.1 Area and Population

Area: 8,965,121 sq km

Population (mid-2011): 34,483,975

Population density (mid-2011): 3.8 per sq km

Life expectancy (years at birth, 2011): 80.9 (males 78.7; females 83.3)

1.2 Finance

GDP in current prices (2011): US \$1,736,051m. (\$50,344 per head)

Real GDP growth (2011): 2.5%

Inflation (annual average, 2011): 2.9%

Currency: Canadian dollar

1.3 Government and Politics

Head of State: The Queen, represented by David Johnstone, Governor General since 2010. He is a former legal academic specialising in market regulation and information technology law. The post of Governor General traditionally rotates between English-speaking and French-speaking holders, with each appointment lasting for five years.

Prime Minister: Stephen Harper, of the Conservative Party, was appointed in 2006 and represents Calgary West, in the province of Alberta.

Last election: Legislative, 2 May 2011

Next election: Legislative, October 2015¹

Canada is a federal state with the Queen at its head. The federal parliament consists of the Monarch and the House of Commons (308 members, elected by universal adult suffrage for single-member constituencies) and the Senate (a maximum of 112 members, nominated on a regional basis). The Governor-General is the representative of the Monarch and appoints the Prime Minister and federal ministers, according to the composition of the House of Commons. The House of Commons is due to increase its membership to 338 at the next general election, due to be held in 2015. The maximum parliamentary term is five years.

Canada is composed of 10 provinces and three territories. The ten provinces are Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan. The three territories are Northwest Territories, Nunavut, and Yukon. Each province has a Lieutenant Governor and a provincial legislature. Territories have no representative of the Crown because their status depends on the Federal government and they have no sovereignty.

¹ [Canada](#), in Europa World online. London, Routledge. House of Commons

2 History

2.1 Constitutional background

The Dominion of Canada was established by the *British North America Act* of 1867 but in its original form Canada did not include all of the provinces and territories that it does now. British Columbia, Alberta and the Yukon, among others, joined in 1905 and Newfoundland joined only in 1949.

The 1867 Act served as the Canadian constitution but the British Government maintained control of Canadian foreign policy and amendments to the constitution could only be made by the British Parliament. A second *British North America Act*, passed in 1949, also allowed the Canadian Parliament to amend the constitution in matters that concerned the Federal Government.

The *Statute of Westminster* of 1931 gave the Dominions (including Canada) practical independence and stopped the British Parliament from legislating for these countries.

In 1982 the Westminster Parliament passed the *Canada Act 1982*, which transferred to Canada authority over all matters contained in British law relating to Canada. This meant that the Canadian constitution could be amended without reference to Westminster.

The 'patriation' of the constitution came at a time of conflict over the distribution of power between the provinces and the federal government and particularly of the Quebec sovereignty movement. The first Quebec referendum was held in 1980 and, although defeated by a comfortable margin, underlined dissatisfaction with the constitutional arrangements of the time.² Prolonged negotiations failed to reach a definitive solution to the problem. After the narrow defeat of the second Quebec referendum, in 1994, the issue of Quebec separatism became less pressing.³

3 Domestic politics

Ever since 1935, the Liberal Party had been considered the natural party of government in Canada. Conservatives had been in government for a total of less than seven years and Liberal Pierre Trudeau ruled for a total of 15 years, almost throughout the 1970s and into the 1980s. Recent decades have brought radical change.

3.1 Brian Mulroney and Kim Campbell

After victory in the 1984 general election, the Progressive Conservative Party under Brian Mulroney and later Kim Campbell (for under a year, although she was Canada's first woman prime minister) governed for nine years. Mulroney set the direction for Canadian conservatives by ending the pro-British policy of earlier conservative governments and setting a vigorously independent foreign policy. He supported sanctions against South Africa and accepted Latin American refugees from countries with dictatorships supported by the US. In the economy, he gave a stronger role to market forces, abandoned protectionism and signed the North America Free Trade Agreement, sealing closer economic integration with the US.

Mulroney drew up the Meech Lake Accord in consultation with provincial leaders. This proposal gave the provinces, especially Quebec, greater autonomy but was in the end

² For more on the Quebec separatists, see the Library research paper *The Quebec Referendums*, July 2013

³ This section based largely on Country Profile (Canada), in Europa World online. London, Routledge. House of Commons. <http://www.europaworld.com/entry/ca.is.1>

rejected. A second attempt at resolving the status of Quebec was made in the form of the Charlottetown Agreement. This agreement, too, would have reformed the Senate as well as delineating powers between the centre and the provinces. It, too, was never implemented.

Mulroney's efforts to solve the Quebec question and his espousal of policies to protect the environment may have weakened his support in the west of Canada, which was moving to the political right, but economic recession was probably the biggest factor in the declining popularity of the Progressive Conservatives.

3.2 Jean Chrétien and Paul Martin

At the 1993 election, the Progressive Conservatives were reduced to two seats in the House of Commons and the Liberals came back for another 13-year spell under Jean Chrétien and later Paul Martin. Chrétien pursued more Keynesian policies, including increasing investment in infrastructure and removing an unpopular and hawkish Governor of the Bank of Canada, while announcing some spending cuts, particularly to the Canadian military. Paul Martin succeeded Jean Chrétien as Prime Minister in 2003. Persistent allegations of corruption dogged the Liberal Party.

At the 2004 election, the Liberals failed to gain a majority in the House of Commons, on a historically low turnout, and formed the first minority government in Canada since 1979. In 2005, Canada became one of the first countries to legislate for gay marriage. Also in that year, a merger of conservative parties produced the Conservative Party of Canada, with Stephen Harper as its leader.

3.3 Stephen Harper

The Conservatives, now without the 'Progressive' label after their merger with Canadian Alliance, won a narrow victory in 2006 and formed a minority government. The election of the Conservatives in 2006 marked the end of dominance of Canadian politics by the Liberal Party. The new government introduced legislation containing stronger anti-corruption provisions. Quebec was recognised as a 'nation within Canada' although not without resistance from those who opposed its alleged endorsement of ethnic nationalism.

In 2008, Harper called an early general election to try to secure a majority. Although the Conservatives increased their seats they still fell short of a majority. Faced with a no-confidence vote that he was expected to lose, Harper dissolved Parliament for the second time. The government announced a C\$40 billion stimulus package to respond to the worldwide economic crisis. The government survived a no confidence vote in 2009 but in December of that year prorogued Parliament again, until March 2010, on the grounds that more time was needed to review the economic situation before the budget. Opponents said that the government was avoiding questions on the alleged torture of prisoners in Afghanistan.

After the government lost a confidence vote in 2011 and was declared to be in contempt of Parliament, a general election was called for May, at which the Conservatives won an overall majority. This time it was the Liberal Party's turn to be trounced, holding only 34 seats. The election saw the rise of the federal New Democratic Party (NDP) to Official Opposition status under the leadership of Jack Layton. The NDP did particularly well in Quebec, almost wiping out the Bloc Québécois, the Quebec separatist party and showing how much the separatist movement had died out.

More attempts to reform the Senate were made and the number of seats in the House of Commons was increased for the forthcoming election (expected in 2015). The Conservative government also reformed crime policy and continued to exert a policy of fiscal discipline. However, relations with the House of Commons are still difficult, with many questioning the government's use of 'omnibus bills' to get sometimes barely related pieces of legislation through parliament in one go, undermining their scrutiny according to critics.⁴

4 Foreign relations

Canada is a member of the Arctic Council, which aims to protect the region's environment and indigenous populations and coordinate policies with its seven other members. The Arctic has become increasingly important and the government has pursued a determined policy of protecting Canada's interests, commissioning a number of ice-breaking patrol boats for the Navy, and setting up new bases near the Northwest Passage.

In December 2012, Canada became the first country to withdraw from the Kyoto Protocol on controlling carbon dioxide emissions, as it was clear that it would not be able to meet its commitments.

While Canada has close relations with the US, it maintains an independent foreign policy, resisting US restrictions on dealing with Cuba, for example. Even within the trade relationship, regulated by NAFTA, there have been many disputes. The neighbours have close defence ties through NATO and NORAD – the North American Aerospace Defence Command – an agreement to cooperate on early missile warning systems. Particularly following the 9/11 attacks, there is extensive cooperation on border surveillance.

Canada participated in ISAF, the UN-backed operation in Afghanistan, and in the UN-backed action in Libya in 2011. Jean Chrétien refused, however, to participate in the 2003 invasion of Iraq. Stephen Harper criticised this policy at the time, although he changed his mind later.

Canada expelled Syrian diplomats in 2012 in response to reports of a massacre at the town of Houla in 2011. The killings were thought to be the work of the government-backed Shabbiha militia.

Stephen Harper did not attend the Commonwealth Heads of Government meeting in Sri Lanka in 2013, sending a more junior minister instead.

5 Provinces

Each of the ten Canadian province has a single-chamber legislature with considerable powers, some backed by transfer funding from the federal government, although the provinces have the power to levy local property taxes and income taxes. The relationship between the federal government and the provinces has been controversial for some time and constitutional reform is still discussed, although the question of Quebec independence has receded.

As well as the division between French- and English speaking Canadians, there is a marked divide between the eastern provinces, traditionally more densely populated, industrialised and social democratic in outlook, and the western provinces, which tend to be more conservative and whose economies are based on resources. In such a vast and sparsely populated country, it is not surprising that life in the different regions should be quite different.

⁴ This section based largely on Contemporary Political History (Canada), in Europa World online. London, Routledge. House of Commons. <http://www.europaworld.com/entry/ca.is.4>

5.1 Ontario

Ontario is the biggest province in population, with about 13 million people, and home to the biggest Canadian city, Toronto and its population of nearly 2.6 million, and the federal capital, Ottawa. Proximity to the industrialised (or post-industrial) northern states of the US and full access to the sea via the Great Lakes made Ontario the industrial powerhouse of Canada. Ontario rivals Michigan in the US for the number of cars produced.

The provincial government is headed by Kathleen Wynne of the Liberal Party, the first openly gay premier of a Canadian province. The government does not have a majority in the provincial parliament.

5.2 Quebec

Quebec, the second most populous province, with about eight million inhabitants, and the largest by area is located to the east of Ontario. The largest city, Montreal, used to be Canada's biggest but has been overtaken by Toronto. Most of the population is concentrated in the south of the province along the St Lawrence River in Montreal, Quebec City and the region.

The Quebec economy is diversified and many large companies have their headquarters in Montreal.

The Quebec government is led by Pauline Marois, the first woman premier of Quebec, who heads a minority Parti Québécois administration.

5.3 British Columbia

BC, as it is often known, is on Canada's Pacific coast and has a population of about 4.5 million. Its largest town is Vancouver, with a population of 2.3 million, although the administrative capital is Victoria. BC's economy is largely based on the resources found in the state and on Pacific trade through the port of Vancouver.

The government of BC is run by the BC Liberal Party, which is not connected to the federal Liberal Party and is a broader and more free-market organisation.

5.4 Alberta

Alberta has a population of about 3.7 million. Its capital is Edmonton while the largest city is Calgary. Alberta is known for its oil industry, particularly the tar sands which constitute 97% of Canada's oil reserves and which have boosted production significantly in recent years. Alberta's income per head is much higher than the Canadian average. The government in Edmonton is headed by Alison Redford of the Progressive Conservative Party.

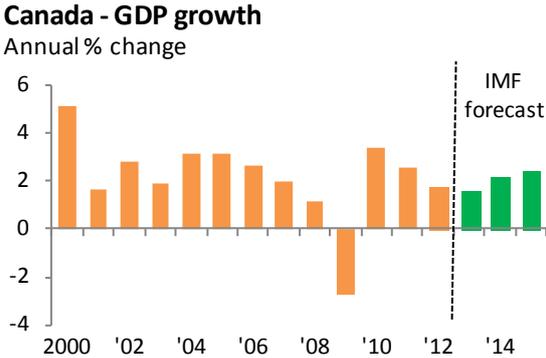
5.5 Other provinces and territories

Nunavut, the northernmost territory, has a population of some 30,000 people, mainly Inuit, living in an area about the same size as Western Europe. Nunavut sends a single MP to the Canadian House of Commons, making it the largest constituency in the world. While Canada's north is sparsely populated and economically undeveloped, increasing interest is being concentrated on the region as the Arctic Ocean becomes more navigable.⁵

6 Economy

⁵ This section based largely on The Provinces and Territories of the Dominion (Canada), in Europa World online. London, Routledge. House of Commons. <http://www.europaworld.com/entry/ca-pt>

Canada is one of the richest countries, with the ninth highest GDP per capita in the world (the UK is 21st). Annual GDP growth averaged 2.2% during 2000-2012, and the recession of 2008/2009 was not as severe as in many other advanced economies (GDP fell by 4%, compared with 7% in the UK). The economy has since recovered and GDP is currently 6% higher than it was before the recession, supported by strong consumer spending and a buoyant housing market.⁶ GDP growth in 2012 and 2013 has been a little subdued at 1.7% and 1.6%, respectively, and remains unbalanced, as the IMF has recently noted:



...the composition of growth does not yet point to the much needed rebalancing from household consumption and residential construction towards exports and business investment.⁷

Economic activity is forecast by the IMF to pick up in 2014 as the US economy continues its recovery (around three-quarters of Canadian exports go to the US⁸), with GDP growth of 2.2% expected. Some risks to this fairly benign outlook remain, however. As a major commodity producer, changes to commodity prices can have a big effect on the Canadian economy. Any faltering of the US economy, or indeed a further eurozone crisis, remains a risk to growth. In addition, high household debt levels and what many believe to be an overvalued housing market is a further vulnerability.⁹

Canada ranks fairly highly in international surveys of economic competitiveness. In its Global Competitiveness Report, the World Economic Forum ranks Canada 14th out of 148 countries in 2013/14.¹⁰ Meanwhile, the World Bank's *Doing Business* rankings put Canada 19th out of 189 countries for "ease of doing business" in 2014, and 2nd in terms of starting a business.¹¹ Transparency International ranks Canada equal 9th out of 177 countries for levels of transparency in public institutions in 2013.¹²

7 UK relations

In November, the UK opted in to an EU-Canada deal to share passenger information for the prevention of terrorism and serious cross-border crime.¹³ The UK signed a memorandum of understanding with Canada, coming into force in 2012, on defence materiel cooperation. Canada and the UK share some diplomatic premises with Canada: in Bamako, Mali, and Rangoon, Myanmar. There are also plans to share missions in Port-au-Prince, Haiti.¹⁴

Priorities for UK policy towards Canada are to

- increase business between the two countries,

⁶ Figures are from IMF, *World Economic Outlook database*, October 2013 and *OECDstat*
⁷ IMF Survey Magazine, "Canadian Economy Gains Steam, But More Balanced Growth Needed", 3 Feb 2014
⁸ Statistics Canada, *Trade data by country*, 6 Feb 2014
⁹ IMF, "IMF Executive Board Concludes 2013 Article IV Consultation with Canada", 3 Feb 2014
¹⁰ World Economic Forum, *The Global Competitiveness Index 2013–2014 rankings*
¹¹ World Bank, *Ease of Doing Business (2014) in Canada*
¹² Transparency International, *Corruption Perceptions Index 2013*
¹³ HC Deb 20 November 2013, c54WS
¹⁴ HC Deb 11 February 2013, c487W

- cooperate in science, innovation, and higher education,
- work with Canada to strengthen the Commonwealth and
- cooperate to counter weapons proliferation and prevent conflict.¹⁵

The British Army has a training facility in Alberta (BATUS). Canada is also part of the so-called 'five-eyes' group: the UK, the US, Canada, Australia and New Zealand have agreed to share signals intelligence. Other countries participate in the group. Canadian and UK forces have worked together in NATO operations such as in Afghanistan and Libya.

¹⁵ UK and Canada: [priorities](https://www.gov.uk/priorities), gov.uk