

THE BROOKINGS INSTITUTION
HOW DEMOCRACIES CAN SHAPE A CHANGED GLOBAL ECONOMY

Washington, D.C.

Tuesday, October 11, 2022

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P R O C E E D I N G S

MS. LIU: Wonderful. Good afternoon, everyone. So glad to see all of you here. My name is Amy Liu, and I am the current president of Brookings, and I am so pleased to welcome all of you, both those in the room and those who are joining us on the webcast, to this event today on how democracies can shape a changed global economy.

Our feature speaker, as you all well know, is Canada's Deputy Prime Minister and Minister of Finance Chrystia Freeland, and she has many friends here at Brookings. And in fact, I got to meet Minister Freeland many, many moons ago, when my team at Brookings worked on a multi-year initiative on global cities and their importance in this hyperconnected urbanized world. And so, we're really honored to have you back at Brookings.

Now, Minister Freeland is visiting D.C. as you well know to attend the annual meeting of the IMF and the World Bank Group, so we are really lucky and we're really grateful that she is going to spend time here with us to share some of her thoughts this afternoon.

Now, the topic of the role of democracies in a changing global economy, it's a timely one, and it's one in which even our scholars spend a lot of time studying, thinking about, and generating ideas around. As you well know, many democratic nations are themselves facing threats to democratic norms and civil liberties inside their own borders as they simultaneously manage and challenge the rise of authoritarianism across the world. Democratic nations also have been purveyors of the global economy that promote innovation, entrepreneurship, competition, as key to wealth and opportunity for all, and yet we know that for all has been hard to attain. And in fact, that rising inequality among people, among communities, and nations, has fueled the distrust and the populism we now see against the governing elite.

Meanwhile, climate change and new technologies add further urgency for ways in which leaders can create a global order that is free, just, sustainable, and secure. These, these are the challenges that the United States, Canada, and our global allies and partners face and share. And it is imperative that we find a way to address them together. And I believe this afternoon we're going to hear from Minister Freeland where she's going to give us that idea on her ideas for a way forward. So, I'm very

much looking forward to learning from her today, and to the discussion we're going to have about how international partners with shared values and principles can work more strategically together to realize the full potential of a democratic global economy.

Now before we begin, I want to recognize that this event is part of our long-running Alan and Jane Batkin International Leaders Forum, which brings world leaders and other officials to Brookings for thoughtful exchange and ideas on current critical policy issues. In fact, we at Brookings are very grateful to have programs like this to be supported by a diverse group of funders, individuals, corporations, governments, and others who share our commitment to independent research, that help address a lot of the critical local, national, global, issues we face. Now, as a global think tank, we are also grateful to have financial support from Canada's international development research center and the Global Affairs Canada, but is -- those support is for work that is unrelated to today.

Now, it is my great honor to introduce Canada's Deputy Prime Minister and Minister of Finance Chrystia Freeland. Real quickly, her background, Minister Freeland was first elected as a member of Canada's parliament in 2013, and from 2015 to 2017 she served as minister of international trade. From 2017 to 2019, she served as Canada's minister of foreign affairs, during which time she was a leading advocate for democracy, for human rights, and for multilateralism around the world. In November of 2019 she was appointed deputy prime minister of Canada, and she was also named the minister of finance. And previously she was a journalist and international bestselling author. And I am proud to note, by the way, that she was also a contributor to a Brookings essay series. Her 2015 essay on Ukraine, which is a powerful, personal, and indeed timely reflection, is worth a read.

Now, following the minister's address, my colleague Suzanne Maloney, who is vice president and director of foreign policy, is going to moderate our discussion with Minister Freeland. And by the way, I am so proud that today's program is entirely led by successful women (laughter). One final reminder, we are on the record today, and we are livestreaming, so please send your questions via email to events@brookings.edu, and on Twitter using the hashtag economic order.

And with that, it is my great pleasure to introduce Deputy Prime Minister Chrystia Freeland and ask her to come on up. Thank you. (Applause)

MS. FREELAND: Thank you. Thank you. Okay, Amy, well, thank you very much for that generous introduction. And since we are speaking of women leaders, I do want to recognize Ambassador Kirsten Hillman, Canada's ambassador to the United States, who is here with us, and actually is someone I've worked with for a long time, probably most notably given our presence here in our negotiations around the NAFTA trade deal. So, it's great to have you here Kirsten. Thank you very much. And since you mentioned Brookings publications, I have to give a shoutout to the great Strobe Talbott, formerly -- well still sort of of this parish.

Okay. When Vladimir Putin ordered his tanks across the Ukrainian border in the early hours of February 24th, he brought a brutal end to a three-decade-long era in geopolitics. That period had begun at midnight, in joyous optimism, on November 9th, 1989, with the very different preaching of a frontier 750 miles away, the fall of the Berlin Wall. The 33 years between the euphoric dismantling of a barrier that had torn a society apart, and the barbaric violation of a border that had kept a country sovereign, were a sunny season in human history. But that time has now come to an end, and one of our most urgent tasks is determining what will replace it. We're living through a moment of extreme economic upheaval, and today, I want to lay out the new economic path that the world's democracies should chart together.

The past 33 years were guided by an idealism that was both high-minded, and, for the countries of the transatlantic alliance, supremely comfortable. We were fat and happy, assured in our belief that we could do good by doing well. Now, with hindsight it's easy to mock the hubris and the naivete which animated that era. But as we set about building its successor, it's important to start by remembering how generous and humane our intentions were.

The effort that followed the fall of the Berlin Wall was not punitive, or vengeful, or colonial. The objective wasn't conquest. It was fellowship. It was more martial plan than Treaty of Versailles. The past three decades were framed by two complementary convictions. The first was what -- was that we had come to what Francis Fukuyama vividly termed the end of history, that the contest between competing forms of human social and political organization was over, and that capitalist democracy had emerged as the single best way for people to live. Our core belief was that the rights and opportunities

enjoyed by the citizens of Western countries could and should be universal, that people around the world wanted, and merited, and could achieve the freedom and prosperity we already enjoyed.

Now, it's impossible to utter these words without a shamefaced grimace, without an acknowledgement of how inconsistent and ineffective we've been at putting this moral commitment to universal rights and values into practice. But for a moment, just consider how radical and how progressive this universalism was. For most of human history, even democracies had built their relations with other states on the naked and unabashed assumption that the liberty and prosperity we cherish were somehow undesirable, or unnecessary, or unsuitable for other people. For Slavs, for Asians, for Africans, for Arabs. The end of history was founded on the profoundly liberal and egalitarian conviction that everyone in the world had the right and the ability to live as well as we do. That's why it was such a powerful and promising idea.

And the end of history had an economic corollary. Not only did we believe that the capacity for liberal democracy was universal, we also thought it was inevitable, provided a society got rich enough. The struggle between transatlantic democratic capitalism and Soviet communism seemed to have ended on November 9th, 1989. And history would end in other parts of the world as they, too, became more prosperous. And we believed, or perhaps hoped, that as countries became richer, and as they built their increasing prosperity on trade with one another, war would become an anachronism. This conviction was most colorfully captured by Thomas Friedman, with his golden arches theory of conflict prevention. The view that no two countries that both have a McDonald's would fight a war against each other.

Now, these two broad ideas, that all human societies were heading towards democracy and that growing rich together would make the world both more democratic and more peaceful, have been the guiding principles of Western statecraft for the past 33 years. They inspired hopes for a peace dividend, and visions of a Europe free and united, from the Atlantic to the Urals. They were the intellectual foundations for Moscow's admission to the IMF in 1992, and Beijing's accession to the WTO in 2001. They were why Germany worked with Russia to build Nord Stream 2, and why Australia and New Zealand negotiated free trade agreements with China.

As we look back on the past three decades and move beyond them, we should remember that a world in which we all grew freer and richer together was a laudable objective, and one worth taking some risk to construct. But we also need to be clear-eyed about the results of that effort. Liberal democracy worldwide has today declined back to 1989 levels, and autocracies have been making a comeback. Many, including China, the second most powerful country in the world, have grown both wealthier and more coercive. And as Putin is murderously proving, economic interdependence does not always prevent war. All of this means that we, the countries of the nongeographic West, need to build a new paradigm. The cold war is still over, but so is the end of history. It's up to us to design what replaces it.

So, let me begin by suggesting how we should think about this new era. First, the world's democracies must be realistic about the world we inhabit. History hasn't ended. We share the planet with authoritarian regimes, and there is no inevitability to their decline, just as there is no inevitability to our continued existence. Democracies account for a minority of the world's population, and while we possess comfortably more than half of its wealth, our portion is shrinking. We need to assume that in the decades to come we will be sharing the planet with rich and powerful countries who do not share our values, who in fact often see our values as both hostile and inferior to theirs. Yet, we need to find ways to coexist.

And secondly, we must not be naïve about that coexistence. Because we believe that prosperity was the midwife of liberal democracy, and that economic interdependence was the best shield against war. We opened our economies to our former adversaries and committed ourselves to building a rules-based system of global free trade. The problem is that many of the world's dictators have been guided by entirely different principles from our own. The economic ties we thought would constrain Russian bellicosity are instead being used to try to blunt our own response to the Kremlin's war crimes. With hindsight, it's clear that appointing Gerhard Schröder to the Rosneft Board was as essential an element in Putin's war planning as any military exercise. (Speaking French).

And so, nearly eight months after the invasion of Ukraine we find ourselves in a world where bloody history is back, and where muscular dictatorships show little sign of mellowing into liberal

democracies. And yet also where, in conscious contrast with the age of the Iron Curtain, we have spent more than three decades building an interconnected global economy. This is the reality of the 21st century. Now is the time for the world's democracies to craft a policy to respond to it and to shape it.

Today, I'd like to propose three pillars of what that new policy should be. The first and most fundamental pillar is that we, the world's democracies, must strengthen our connections with each other. The immediate and necessary reaction to Putin's invasion of Ukraine has been to deepen and expand our core military alliance, NATO. Sweden and Finland have joined, ending generations of neutrality. The transatlantic Alliance is cooperating more closely than ever with other democratic partners around the world, most notably in the Indo-Pacific. But we must now expand that closer cooperation to the economy. As fall turns to winter, Europe is bracing for a cold and bitter lesson in the strategic folly of economic reliance on countries whose political and moral values are inimical to our own. China's increasingly aggressive wolf diplomacy has already given many smaller democracies a foretaste of that experience.

Now, for some democracies, especially the largest among us, a tempting response to these vulnerabilities will be autarchy. But for most democracies, that just isn't feasible. And for all of us, the economic costs would be very high. A better alternative is what U.S. Secretary of the Treasury Janet Yellen has described as friend-shoring, that democracies must make a conscious effort to build our supply chains through each other's economies. Where democracies must be strategically vulnerable, we should be vulnerable to each other. One way to do this, of course, is through trade agreements. Canada is proud to be the only G7 country with trade deals with every other G7 partner. But we would happier still to give up our bragging rights, and to have our feat replicated by each of our allies. And trade deals aren't enough. Going forward, we should design our government procurement and incentive programs with friend-shoring in mind.

The Inflation Reduction Act is a forward-thinking example of this approach. The new \$7,500 tax credit to buy a new electric vehicle requires that its battery be build using critical minerals and metals produced in countries with which the U.S. has a trade agreement.

Now, trade deals are one way to define who are friends are. A complementary approach,

exemplified by the EU's proposed ban on imports produced with forced labor, is to identify shared values. Replicated across the world's democracies, friend-shoring is a historic opportunity for our workers and our communities. For Canada, and Canadian workers, and for those of our democratic allies around the world, this is an economic opportunity to attract new investment, create more good-paying jobs, and for us all to thrive in a changed global economy. It can make our economies more resilient, our supply chains true to our most deeply held principles, and protect our workers and the social safety net they depend on from unfair competition created by coercive societies and race-to-the-bottom business practices.

Workers in our democracies have long understood that global trade without values-based rules to govern it made our people poorer and our countries more vulnerable. They have long known that it enriched the plutocrats, but not the people. Friend-shoring is an answer to these longstanding and legitimate concerns. But if we are to tie our economies even more closely together, we must be confident that we will all follow the rules in our trade with each other, even and especially when it would be easier not to. We will friend-shore more quickly and effectively if we work together to develop shared approaches, and if we make an explicit commitment to each other to implement them. And crucially, we must then be prepared to spend some domestic political capital in the name of economic security for our democratic partners.

The EU set a powerful example during the COVID pandemic when European vaccine makers honored their contracts with non-European allies. Canada remembers. Canada must and will show similar generosity in fast-tracking, for example, the energy and mining projects our allies need to heat their homes and manufacture electric vehicles. I cite these examples because, critically, friend-shoring must be green. The curse of oil is real, and so is the dependence of many of the world's democracies on the world's petro-tyrants. Friend-shoring can both defend liberal democracy and help to preserve the planet, if one of our objectives is to speed up the green transition together.

The Canadian-German hydrogen partnership announced in Newfoundland in August by Prime Minister Trudeau and Chancellor Scholz is one example of this green friend-shoring in action. Friend-shoring should also mean standing up for each other in the face of economic bullying from the

world's dictators, an approach Anders Rasmussen and Ivo Daalder have described as an economic version of NATO's Article 5. We can't allow Lithuania to be coerced over its policy towards Taiwan, or South Korean companies to be harassed and boycotted in retaliation against legitimate national security decisions taken by Seoul. A commitment to support each other in the face of such economic strong-arming is the best way to ensure it doesn't happen again.

The second pillar, and the hardest question that a friend-shoring approach must grapple with, is our attitude towards the in-between countries. It's easy enough to make the case for deepened economic ties between the countries of the nongeographic West, bound as we already are by close political and often military alliances. NATO allies and the rich, industrialized democracies of the Indo-Pacific. But what about the other countries of Asia, Africa, the Middle East, and Latin America? Their experience of the end of history era was different from ours, and the reaction of some to the invasion of Ukraine has accordingly been more ambivalent. Where should they fit into a world in which some of the battle lines that were erased 33 years ago have been redrawn? Our alliance of democracies must be opened. Friend-shoring can't be a closed club, be it the G7, or NATO, or the Five Eyes. It cannot be only for rich countries, or only for historic partners. It must be open to the democracies of the Caribbean, of Latin America, of Africa, of the Middle East, and of Asia, open to any country that shares our values and is willing to play by collectively agreed upon rules. (Speaking French).

History shows that the West is not innocent of imperialism or transactional deals, but neither are the world's dictators today. We must keep the door wide open, and not doubt the long-term appeal of our principles. And remember, the rules-based order we are seeking to strengthen is most valuable to the smaller, poorer countries who are most susceptible to coercion by larger and more hostile economies. One of our most convincing arguments will be our success. Winning matters, and winning works. Victory creates its own momentum. Ukraine is proving that with its battlefield progress. We will all show it by delivering widespread prosperity for our own people.

The third pillar is our relationship with the world's autocrats. This is where our break with the assumptions and approaches of the past 33 years must necessarily be the sharpest. We should all still hope that Martin Luther King's assertion about the arc of the moral universe is true, and that it applies

to all of humanity. But we also need to recognize that it does not accurately describe much of the world right now. WE must govern our relationships with the world's authoritarian rulers accordingly. Those relationships should be predicated on the imperative that the world's democracies intuitively recognized on February 24th, that in the 21s century, some actions are utterly unacceptable, and require an unequivocal response.

The end of history has not been a garden of Eden, and the golden arches theory of conflict prevention has not held perfectly true. But over the past 33 years, and indeed in the entire post-war era, the world has largely been free of the wars of conquest, which were a principle means in conducting foreign policy in all the time, in all of human history, before 1945. As Tenisha Fazal has calculated, between 1816 and 1945, a state disappeared on average every three years. Before February 24th, it had been more than 30 years with the Iraqi invasion of Kuwait, since one country had tried to conquer another internationally recognized country outright. This was perhaps the greatest achievement of the post-war era, we agreed to refrain from eating each other. Allowing the Kremlin's anachronistic invasion of Ukraine to stand would plunge us all back into the 19th century. That's why Narendra Modi told Putin last month that the era of war was over. It must be. And that is why Putin must be defeated.

But after Ukraine triumphs, and we must do everything in our power to ensure that victory comes and comes quickly, we will quite likely continue to face a tyrannical Russia on Europe's border, and powerful authoritarian regimes elsewhere. Our approach to them must be different from what it has been over the past three decades. Rather than imaging that their political systems will gradually, peacefully, and enthusiastically come to resemble our own as we all grow richer together, we need to understand that authoritarian regimes are fundamentally hostile to us. Our success is an existential threat to them. That is why they have tried to subvert our democracies from within, and why we should expect them to continue to do so.

We must likewise recognize that authoritarian regimes have as little fundamental respect for rules-based order among states as they do for the rule of law within their own countries. That means we need to be cautious about our economic relations with the world's dictators and their elites. We need to make clear that it will no longer be possible to rule like Stalin but Abramovich. We should continue to

trade, but we should avoid strategic vulnerabilities in our supply chains and our economies more broadly. (Speaking French).

Yet even as we are more cautious and more limited in our economic ties with authoritarian regimes, we need to work with them to preserve the global commons. That means first and foremost continuing to work together on tackling the preeminent threat of climate change. It also includes arms security, pandemic preparedness, and the stability of the international financial system.

During the cold war, we learned to contain and engage at the same time. Washington understood that it could not prevent nuclear Armageddon without talking to Moscow. We cannot save the planet today without working with Beijing. (Speaking French).

We democracies may have been sincerely convinced that we were all converging towards global peace and prosperity. But the world's dictators never believed that, and they never believed us. They thought we must be either fools or liars. They are cynical and craven, and they think we are, too. Paradoxically, we may find that the world's authoritarian regimes understand us better, and respect us more, when we are brutally frank about all of our profound disagreements.

Now, I recognize that the broad thrust of what I have just discussed was intuitively obvious to most of the citizens of the world's democracies on February 24th. Our people immediately understood that Putin's invasion of Ukraine was among the greatest threats to our security in a generation, that Russia and its leadership must henceforth be pariahs, and that the world's democracies needed to work more closely together than we had since the second world war.

We have all known from the very outset that this war matters so much, because Putin's invasion will be either an inspiration or a cautionary tale for the world's tyrants. Yet I also know that following the path I have outlined will be hard and controversial. The world's democracies may understand that this is the right and prudent course to follow, but it is by no means certain that we will summon the collective will to do so.

One reason that consciously breaking with the end of history era and building a new paradigm will be so difficult is that it means giving up on an uplifting and self-validating vision of the future. After the sacrifice of the greatest generation, and the nuclear standoff of the cold war, it was a

relief and a vindication to imagine the entire world peacefully marching together towards global liberal democracy. It is dispiriting and frightening to accept that it is not so.

A second cause for hesitation is economic. One reason the end of history was so beguiling is that it promised us we could do good by doing well. I am now proposing that the only way for us to do well is if we do good. The turbocharge globalization of the past three decades made many Western fortunes and brought down the cost of consumer goods and commodities for us all. Friend-shoring may come with an initial price tag. Although, as Europe is discovering this autumn, the cost of economic dependence on a dictator can be much, much higher. But I think the biggest reason to question our collective ability to move beyond the end of history is our own self-doubt. Democracies are strong because we are self-critical. The jeers I face in question period, and there are real jeers, the fact-checking of skeptical journalists, the hard verdict of the ballot box, all of these make me a better minister than I would be if we governed in splendid authoritarian isolation, but we must always balance that essential capacity for self-criticism with the equally important power of self-confidence.

Democracies are flawed, to be sure. As a Canadian, I am always conscious of my country's original sin against indigenous peoples. As finance minister, I worry every day about our ability to build an economy that works for everyone, even as we act to preserve our planet. But in awareness of unredeemed historical crimes, and of our serious fresh challenges, in no way contradicts my equally profound contradiction that the liberal democracy we are so lucky to enjoy in Canada is the best way humans have found so far to organize a society. Self-criticism is a feature of democracies, not a bug. But it is a pitiless mirror that can rattle our self-confidence when we measure ourselves against tyrants and their armor of oblivion. We should not doubt our own strength, moral, social, political, and indeed economic. We have achieved greater freedom and prosperity for more of our people than any civilization in human history. Yet I also know liberal democracy faces threats, as it always has. You may not be interested in war, Trotsky reputedly said, but war is interested in you. War is interested in us, and it has shattered the end of history hoax of the past 33 years.

And so, we find ourselves at another crossroads. The end of history is over, and now is the time to replace it. Putin's world, where might makes right, and where oil means impunity, is one

option. We cannot, we will not go down that path. Instead, let's build a world where we can save the planet, and ensure that working people have good jobs, and lead comfortable, secure lives. A world where we look after our friends. A world where democracies depend on democracies rather than despots. A world where the door is open, and a helping hand is extended to all people, everywhere, who are choosing to do the hard work of building their own democracies.

Putin's invasion of Ukraine could have been, indeed it was intended to be, a broader defeat for liberal democracy. He sought to create a world, indeed, to bring back a world, where greater powers dominated lesser ones, and where liberal values and human rights were universally viewed with the contempt with which they are seen by the Kremlin. Instead, the incredibly brave people of Ukraine have reminded us all that democracy is both important enough to die for, and strong enough to win.

As we set out to build a new world together, let that inspire us to build one in which all liberal democracies cannot just survive, but thrive.

Thank you very much. *Merci Beaucoup.* (Applause).

MS. MALONEY: Thank you so much, Minister Freeland, and thank you to Amy Liu for the kind introduction to our event today. We have a few minutes for a discussion. We're so grateful to have you here with us today, and we will provide an opportunity to those of you who are here in the audience to join with your questions. After we start the discussion, there will be mics passed around to people here. To those of you who are tuning in online, I'd really encourage you to send questions via email to events@brookings.edu, or using the hashtag [economic order](https://twitter.com/economicorder) on Twitter. We've already received a few questions, and I'll try to weave those in as we go.

So, Minister Freeland, that was one hell of a speech. A historically informed *mea culpa*, and a call to action for the world's democracies. And bilingual, and complete with footnotes, it could be another Brookings essay. It also resonated with some of the themes that we heard in a speech today by Josep Borrell, the high commissioner for foreign policy from the European Commission, as well as what I understand to be some of the themes that are going to be present in the Biden Administration's unclassified version of the national security strategy, which is expected to be released tomorrow.

And so, I wondered, just to kind of paint a big picture, has February 24th, and the events

of the months ensuing since, created a kind of collective crisis of conscience, and then a convergence among some of the key democratic actors?

MS. FREELAND: I think so, and I hope so. You know, I think that we -- I think a lot of people believed, I happen not to be one of them, but a lot of people believed, and it was not an unreasonable belief, that what we're seeing today in Ukraine was just not possible anymore, that it just wouldn't happen, that it wasn't in anyone's interest for this to happen, and in fact that we had built sufficiently strong win-win economic ties that you wouldn't have a return to the kind of naked evil that we're seeing right now in Ukraine. But unfortunately, it has happened. And so, I think that, and I think everyone recognizes that. What I wanted to talk about today is something that I think is maybe not the first reflection, which is, what are the consequences for our economic relationships with each other, and therefore what are the consequences for our own domestic economic policies? And I think those are quite profound.

MS. MALONEY: Well, you brought your experience, both in your current role as deputy prime minister and finance minister, as well as some of your previous roles, including as foreign minister, together to really create, I think, a structure and a proposal that is very meaty and very substantive. You talk about three pillars, strengthening connections among democracies, especially through friend-shoring, leaving the door open to those in-between countries who may be willing to play by collectively agreed-upon rules, and revising the relationship between democracies and autocracies. Tell us a little bit about how this would work in practice. Are you calling for new institutions, changes to the international financial system, does this look like deglobalization? What does this explicit commitment to one another that you described among democracies and creating a new platform that would essentially strengthen our collective good look like, in terms of operational activity by governments?

MS. FREELAND: Okay. Well, I've already spent a lot of time talking, and I think that's not a 35-minute speech, that's like a 5-hour discourse, which I'm not sure people have the patience for. But look, I -- I mean, I was quite intentional in those three areas where I think we need to focus.

And I think we need to think both about our domestic policies, and about our economic connections with each other. When it comes to domestic policies, I think all of us need to take a really,

really careful look at what are vulnerabilities are, where are vulnerabilities are when it comes to inward investment, who owns us and our stuff, and I would say, you know, we've spoken a lot about continental Europe, but Britain has had a little bit of a wake-up call there as well, when it looks at who owns some of, you know, crown jewel London properties. And there are a lot of strategic assets that I think we need to be really, really careful about thinking about who owns them, so that would be one.

Two, I do think, and, you know, I think a lot of us started thinking about this during COVID, where we realize that there's a lot of value to just-in-time supply chains, but there's also a lot of value to resilience. We have here in the audience Flavio Volpe, a great Canadian who knows more about car manufacturing, who has forgotten more about car manufacturing than I will ever learn. And, you know, the car sector is one where dependence on supply chains, not housed in friend economies, has proven to be very, very challenging. So, you know, I think, whereas maybe twenty years ago, the priority was just-in-time manufacturing, not getting something to your plant a minute before you needed it, avoiding warehousing, all that stuff. I think a lot of us, a lot of companies are placing higher value on resilience. I think government policy needs to be sympathetic to that, reflect that, and encourage that. So, that would be an area of domestic policy that I think we have to be really thoughtful about. And I mentioned some of the measures in the inflation reduction act that I think are already leaning in that direction.

And, you know, again, I think one of the things that was maybe surprising to many politicians about the public response to February 24th was how quickly people understood the sea change. There was a lot of talk about self-sanctioning, where consumers were acting before governments or countries impose sanctions, and just saying, you know what, I don't want to buy something that is sending money to the Kremlin. And I think we're living in a time -- actually, you know, I spoke in my remarks about the self-doubt of democracies, but I also talked about the self-confidence of democracies. And I think, you know, we as politicians should listen to people. And, you know, what I am hearing from Canadians is a real belief in our democratic values and wanting to have those values really reflected in supply chains. And we've talked a lot, I think, about environmental values being reflected in the things we buy. I think consumers are increasingly conscious of that. I think we're also now seeing,

and I would say more than ever following the Russian invasion of Ukraine, political values. You know, people don't want to buy something that was made by forced labor, even if it's 50 percent cheaper.

MS. MALONEY: Well, I have a lot of additional questions to put to you. But I really do want to engage our audience, and also bring in at least one or two questions that we received from our online audience. If there are microphones, I just encourage folks to put up hands here. Why don't we go over here to the gentleman with the beard?

SPEAKER: Minister, first of all, thank you. I'm a proud Canadian here in Washington, D.C., leading the UNAID's office, and I was fascinated because of your experience, both in foreign affairs and now as deputy prime minister, and in finance, just since the 24th of February, there's been such a -- a coalescence of the G7 views on what's happened in Ukraine, and to put it mildly an awkwardness around the G20. Do you see any future for the G20, following that kind of first tier, or first pillar model that you were talking about? Thanks.

MS. FREELAND: First of all, I thought you were Canadian because it looked like you understood me when I was speaking in French. So, that's how I can spot the Canadians generally, and perhaps the Europeans, too. I think that the G20 is tremendously important, and I think now is a moment when we need -- you know, as I tried to say, you know, I think we need a particular degree of collaboration among our friends, our allies' countries that clearly and explicitly share our values and are willing to say it, and ultimately are willing to fight for us. That's really important, and certainly in our economic relationships, we haven't, I think, thought enough about the value of really reinforcing and deepening those partnerships. So, I started there very intentionally.

But I went next to talking about countries that are not so sure, and I think, you know, with equal intensity, that it is so important, even as we recognize, you know, that end of history paradigm, that we're all going to just get rich together and all become liberal democracies, that hasn't really happened, it's not going to happen. And I did, by the way -- I was in touch with Frank Fukuyama. Before delivering this speech, he's a person I respect so, so much, and I think he's brilliant. So, I'm not saying he would endorse every single thing I've said about his ideas, but he knows where I'm going. Anyway, so, like, I think, you know, the second thing we have to really, really emphasize, is our relationship with countries

who have very legitimate reasons to say, yeah, you guys talk about human rights and democracy, and how that's open to everyone, but do you really mean it? And what we have observed, I'm speaking, you know, in the voice of these countries, is actually, you guys talk about that, but when it comes to actually acting, you pursue your self-interest and that's it. So, I think there is a legitimate gripe, and there is legitimate skepticism.

And that's why I think we actually have to work overtime with countries that are democracies, that are doing the really, really hard work to be a democracy, but haven't necessarily had that great a historic or current experience in their relationship with, you know, the rich, industrialized countries. So, that is one reason why I think the G20 is really, really important, and also other fora and other venues. You know, you are Canadian, I think the Commonwealth has a lot of value as being a place where we have those conversations. I think that Canada's special relationship with the Caribbean is more important today than ever for those reasons.

And then, you know, there's the challenging aspect of the G20, which is it brings together not only democracies in in-between countries, but it includes authoritarian regimes. I don't think Russia should be at that table right now, full stop. This is a country which is committing war crimes as we speak, whose leaders are all complicit. I don't feel it's appropriate, certainly, to sit down, you know, over a convivial ministerial meal with people who are doing that, and I don't think that 10 or 20 years from now, any of us will look back on doing that with any feeling that that was appropriate. So, I think we have to kind of shake our heads there and say it really cannot be business as usual.

But again, as I said in my comments, I think, you know, we have to be very clear and direct in our relationship with authoritarian regimes. We have to say, we disagree with you about a lot, and we know you disagree with us about a lot. And we know, actually, that you don't want us to succeed. Because when we're successful, your people see an alternative to the way they live, and a lot of them kind of like it. So, I think we need to be very open about that profound difference, and I think we need to understand that there's no inevitability of crossing that chasm.

At the same time, there's a lot that we need to cooperate on. I think -- I think probably everyone would agree, I hope everyone would agree, that climate change is right at the top. We share

the planet, and we are only going to be able to continue to live on the planet if we can cooperate. But there are other issues, too.

MS. MALONEY: We have a lot of hands up, and we do have some great questions from our online audience, but --

MS. FREELAND: I'll try to give shorter answers. I'm sorry, Suzanne.

MS. MALONEY: I'm cognizant of the fact that you have a very tight schedule. Do you have time for one more question from the audience?

MS. FREELAND: Sure, even two or three. Sure.

MS. MALONEY: Terrific. Why don't we go over here to the gentleman with the blue tie?

SPEAKER: Thank you minister. Can I just --

MS. MALONEY: Too many blue ties. I thought you were wearing a tie.

SPEAKER: Oh, this blue tie.

SPEAKER: I feel so bad. Thank you, madam minister. So, I'm from one of the in-between countries in Africa, I work at the African Development Bank, and we're going through our 16th replenishment of our concessional window. And the messaging we're getting from the West is we're not going to get that much resources, because a lot of the money's going to go to Ukraine. And now you're talking about friend-shoring. You don't want some of our countries to fall in the hands of Russia, and Russia is knocking in many of the countries in West Africa. And yet, we're not going to get as much aid, so we don't backslide on the democratic front. There's a bit of attention there, and I just welcome your response on how you think one could -- how you think we can move forward positively in this regard.

Merci.

MS. FREELAND: So, I think that is an excellent question, and something I am very preoccupied by. And I'm going to start actually by just sort of gently interrogating two words you used, which is about African countries falling into the hands of Russia, and African countries backsliding.

I think it's not my job to sit in judgment about that. And one of the sort of profound lessons, I think, of the war in Ukraine, is democracy can only be built by people themselves, for themselves. And a democracy can only be defended by people themselves if they're actually prepared to

die for their democracy. And I think that's something Volodymyr Zelenskyy understood from day 1, that Ukraine was only going to fight if he stuck around, and Ukrainians saw that he stuck around, and, like, they're fighting for themselves, they're doing it themselves, and actually I think that's why it's working. So, part of what I certainly believe is the in-between countries, certainly the countries of Africa, this is a choice they need to make for themselves, and the people need to make for themselves. And it's hard. Building a democracy is hard. It's hard even keeping a democracy going, even a democracy that is as lucky, and as prosperous, and as safe as Canada, it's still hard. So, that would be, kind of, you know, my first point, is I really think a key idea we have to have is we have to set aside paternalism, maybe even the paternalism of the end of history thinking, and we have to really see the agency as being in citizens, and in citizens choosing, and constructing, and being responsible for their own countries. So -- and their own societies. So, that's kind of -- that would be my first thought, and then my second thought is I do think we, the countries of, you know, do you want to call it the nongeographic West, the rich, industrialized countries, you know, I think if anything, right now, at this historical moment, we need to step up. Our engagement with, you know, the countries I described as the in-between countries, we need to prove we mean it, we need to prove we're sincere, we need to prove we're real partners.

MS. MALONEY: Do you have time for one more question?

MS. FREELAND: Let me think, my minders are here in the audience, they're not dragging me away yet, so.

MS. MALONEY: Let me put one from our online audience, Lise Korson of the Bridge Institute in Brooklyn, New York asked essentially about how to balance this -- the, you know, sort of opportunity and challenge before us, with the need to, as you put it, protect the planet, and really invest in friend-shoring in a green way. Can we do all these things at once? Can we, in fact, ensure that we are protecting our own democracies while we are protecting the planet, and do that effectively without too high a cost to our populations?

MS. FREELAND: You know, I think the short answer is we have to. I don't think we have a choice. And I would say the longer answer is I really believe no great endeavor, no great, good endeavor is accomplished with tainted means, with tainted tools. And, you know, we cannot understand

these efforts as being in contradiction with each other. We cannot understand the effort to ensure, for example, that working people in industrialized countries should have good jobs, that we should have a strong manufacturing base that provides those jobs. We can't see that in any way in opposition to our efforts to fight climate change, and we can't see those two efforts as being in opposition to our efforts to build values-based political and economic alliances. And the minute we start acting to achieve one objective, saying well, we don't have to worry about this other one, we can set it aside we can run counter to it, I think you're going to find you're building on really, really shaky foundations and it's not going to be a lasting effort.

MS. MALONEY: Well, with apologies to our in-person audience, those who weren't able to pose their questions, I -- we'll have to draw this event to a close because I know that you have an incredibly busy schedule while you're here in Washington. We are so grateful to you, and I encourage all of you who have the opportunity, please go back and watch this speech, get the text, read this speech, I think this is a profoundly important outline and manifesto for all of the world's democracies to attend to. And I thank you, Minister Freeland, for coming to Brookings and offering your perspective and engaging in this conversation. We really look forward to continuing it. Please join me in a round of applause in just a moment, and -- (applause) -- and I just ask that those of you in our in-person audience, if you'd give us just a moment for Minister Freeland to get to -- off the stage before leaving your seats, we'd appreciate it. Thank you very much, and thanks to all of those of you who are online.

MS. FREELAND: Yeah, and thanks, everyone. I really appreciate it. I know it was long, I felt people were listening, I saw people nodding along, that was very encouraging for me. So, thank you very much.

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Expires: November 30, 2024