

Prairie Centre Policy Institute
Weekly Commentary

WHERE DO WE GO FROM HERE
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TITLE: **Our Relationship with America**

Crude nationalists always present free trade with the US as a loss of Canadian sovereignty. What they forget is that the Americans have sovereignty too and can use it in ways that are deeply damaging to us. Free trade is often a delicate balancing of a loss of our own freedom of action in exchange for the Americans accepting the same. It has always been in our interest to attract America into rules-based relationships like the NAFTA and multilateral organizations like the WTO and the UN because both strategies allow us to create constraints on what would otherwise be a relationship based solely on power, and hence one where America would hold all the cards.

The stakes at the border now are as high as they have ever been for Canadians. In my view our top challenge is to make absolutely clear to the Americans that we are a trustworthy partner who is ready to work with them to create a well-policed continental perimeter within which we can all feel as safe as possible. Then we can get on with the business of dismantling the barriers to the movement of goods and services between our two nations on which our mutual prosperity depends. This wall doesn't have to be loveable, just liveable.

But the problem with the trade-off that is envisaged here is that our bargaining power is a wasting asset. With each passing day, America makes more and more of the decisions about how it will respond to the darker more threatening world it now sees, and Canada has been, to put it charitably, ambiguous and confusing about where it wants to go. On the one hand there has been the excellent Smart Border Accord, and practical things like the presence in Halifax, Montreal and Vancouver of US customs inspectors helping to ensure that containers are properly inspected. Ultimately I hope that this is the precursor to a continental perimeter border where the two countries negotiate mutually acceptable standards for goods and persons entering the continent, and once let in by one country, they then move without let or hindrance throughout the continent.

But how can we reconcile that hope with Canada's offensive behaviour toward the Americans in the run-up to the recent Iraqi military action? The message sent by our politicians, and, I am sad to say, a distressingly large segment of the population, was that Americans were not our friends, but nasty bullies to be derided, mocked and harried.

It is, of course, right to say that the US benefits from open borders with Canada too, but Canadians are far too optimistic about what that means. Yes, we are the US's largest trading partner (and the largest trading partner for 38 states), but China and Mexico are growing more rapidly. More importantly, while we export 40% of our GDP (and 50% of

our private sector production), and virtually the totality of that goes to the US, the US only exports about 11% of its GDP, and does so to a more diversified range of countries.

It is extremely hard to get the US government even to focus on problems in the US-Canada relationship. And when we have gone out of our way to be disobliging on the Iraq issue in such an egregious way, the US can do us tremendous damage simply by their indifference, by being too busy to notice that there are problems. Yes, they will be quick to take action to protect and defend US interests, but in my view they will be rather less quick to try and accommodate Canada's concerns. And while we usually have been there for the US, we cannot simply blithely assume that therefore nothing we do can damage what has hitherto been an extremely positive relationship.

I am not saying that there is no alternative to repairing, broadening and deepening our relationship with America. Of course there are choices. But all of the others are ultimately inferior to this one. There are complementary measures, but no substitutes.

They are our friends and allies, not because circumstance forces that relationship on us, but first and foremost because we are very much alike and we believe that that is the right way for us to be.

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