

It is our pleasure to make this article from Inroads 13 available to you free of charge.

Please consider a subscription (or a small donation) to help us to continue to provide timely, thought-provoking articles in print – and often on-line – to readers across Canada and beyond.



On the last page, you will find information about subscribing. You can print it out or just send us an email or give us a call. Or you can subscribe on-line.

www.inroadsjournal.ca

Check out our website to find out more about Inroads 12, and our back issues.

Thanks.

A WORD ABOUT PRINTING THIS ARTICLE: These pages are intended to print on legal (8.5 x 14 inch) paper, two pages per sheet, in a horizontal landscape. Pages can also be printed onto letter sized paper, vertically, at a reduced size.

North American Community

A prospect to excite and inspire

by **Hugh Segal**

R

ELATIONSHIPS BETWEEN COUNTRIES DEVELOP AT DIFFERENT speeds at different points in history. Emerging as separate sovereign countries from a strong European colonial presence in the Americas, Canada, the United States and Mexico evolved in different ways, through different processes and with very different outcomes. The outcomes are measured in different governing cultures and different federal realities – although all three are, interestingly enough, federations.

The most salient concerns about any European-style treaty approach to North American integration always tend to focus on the galaxy of differences and similarities. For Canadians, such concerns centre on the pressure of absorption: greater economic or treaty-based integration with our dominant English-speaking neighbour could make this pressure culturally irresistible for the 75 per cent of Canadians who live and work in English. Conversely, the

disproportionate strength of the United States relative to Mexico and Canada in terms of size and economic might is invoked as a key reason that European-style integration via treaty could not work. According to this argument, European integration works because the economies of France, Britain, Germany and the second-tier partners are not so unequal to one another.

It is the precise role of statecraft to work with other countries with which one shares common economic, social and security interests to maximize mutual benefit from that relationship. This is especially true when



The same Canada that helped create the UN Charter moves with almost paralytic lethargy on the most important risk and opportunity that face us.

arrangement that would consolidate and update existing arrangements and treaties between the three North American neighbours.

asymmetry makes achieving this goal a serious challenge. Clearly, that is what the European experiment since the immediate postwar period has been about. It has not been without acrimony, stark divisions and intense rivalry. There have been setbacks and diversions. At the height of its successes, the European community has been no panacea, although present progress in terms of social cohesion and infrastructure investment from Brussels in poorer European partners is profoundly encouraging. But in the same way as the perfect is the enemy of the good, attributing more benefit to European Union and the Maastricht Treaty than it is reasonable to expect from any instrument of governance and international relations is seriously counterproductive. In essence, such arrangements bring gains at the margin in terms of aggregate outcomes and enhanced prospects and opportunities for the individual citizen. Similarly, it would be a serious strategic mistake to overstate the benefits from a new all-encompassing treaty

Hugh Segal is president of the Institute for Research on Public Policy and Ivey Foundation Fellow at Queen's School of Policy Studies. In 1998 he was a candidate for the national leadership of the Progressive Conservative Party, finishing second on the first ballot behind Joe Clark.

On the other hand, overstating the prophylactic and defensive capacities involved in present notions of state sovereignty is also a profound mistake. Sovereignty is an instrument, not a goal. Among the many strengths we share as Canadians – decency, compassion, moderation, tolerance – we also have a particular weakness that combines wishful thinking, nostalgia and confusion in what I would like to call the Canadian Disease. This problem manifests itself in an often deeply felt emotionally rooted devotion to various instruments of public policy – a devotion so deep it confuses instruments with the goals they are used to achieve. Instruments are means to an end, not ends in themselves.

Health care is a classic example. The Canada Health Act and the universal-access health care system we share are not goals in and of themselves but instruments Canadians have put into place for a purpose – the broadest possible access for Canadians to the best available medical, diagnostic and

If the “summer” of American interest in a North American Community does come, what would be our excuse for not being ready?

hospital services in the country, without regard to their individual ability to pay. The goal is better health, and longer disease- and impairment-free lives, along with reduced financial worry. The instruments involved here, some of which are nearly 30 years old, have been elevated by some to Holy Grail status – a classic example of the Canadian Disease on the loose. Another more recent example is “multilateralism” in our foreign policy. The UN is an agency that is a means to an end, not the end itself. The goal is a more civilized and peaceful world with more opportunity for all. Putting multilateralism ahead of our other policy priorities is a serious confusion of the role of instruments with the purposes of foreign policy.

The Canadian Disease virus often goes over the top on the issue of sovereignty. If there was ever a case of a conceptual pandemic of serious proportions that is debilitating to a society as a whole and prejudicial to its prospects, overdoing “sovereignty” fits that bill. Sovereignty is a vital national instrument. It is not a goal. We use it to shape domestic policy within our own borders; we share and divide sovereignty in the creation and negotiation of federal and confederal constitutions; we protect it by patrolling our airspace, land mass, sea lanes



and coastal waters with our armed forces; and we use it to make agreements with other sovereign governments that duly and democratically elected Canadian governments deem to be in our national interest. Sovereignty is not hoarded or locked away. It is there to be used to advance the legitimate social and economic interests of Canadians on a host of fronts.

But the Canadian Disease virus has produced a very strange behaviour pattern in which, beyond the trade specialists and proponents of a dynamic outreach by Canadians across traditional bilateral perspectives, the traditional creativity we are known for

as a country in international statecraft is, in fact, very much constrained. So the same Canada that helped create the UN Charter, the concept of international peacekeeping and the Universal Declaration of Human Rights moves with almost paralytic lethargy on the most important risk and opportunity that face us – the challenge of structuring a North American Community that is responsive to Canada’s core economic, social and security interests.

The opportunity to create a community that enshrines democratic principles, enhances economic growth and opportunity, deepens trade and regulatory cooperation, increases social justice and economic development and forms a basis for a Hemispheric Community of the Americas should excite and inspire. In any healthy society, the progress made at the Quebec City Summit of Americas, the coupling of trade integration with important democratic and social priorities, should be the inspiration for immense creativity and enthusiasm. And yet, beyond the civil servants, trade lawyers, scholars and business practitioners engaged in this work as part of their honourable professional service to us all, the Canada we know has responded with reticence, angst and evasion instead of a strong national popular commitment.

Now, there are reasons for politicians to be reticent, although there are even more public reasons for politicians to offer far more courage than they have. Laurier was defeated on a proposal for “reciprocity” far more modest than the Free Trade Agreement for which Mulroney won a mandate in 1988. Mackenzie King almost signed an agreement with the Americans after World War II, and then demurred – demurrage being the operative word for much of his

successful career in public life.

Today’s governing party was, when in opposition in the 80s and early 90s, clearly opposed to the FTA and NAFTA until a policy conference in 1991 in Aylmer, Quebec, where Liberals wisely decided to bury the hatchet on free trade and move on. So today’s “host” community for the Canadian Disease is defined by: a parliamentary opposition in disarray; a Liberal government under no appreciable competitive partisan pressure from any source with a hope of replacing them at the next election, and a public ethos on the challenge of reaching out that is more prone to turn inwards and give in to fear and insecurity than to embrace any farsighted national vision.

While all of this very Canadian pathology rambles along, self-contained and self-reinforcing, we face the likely prospect of events and circumstances being shaped by others and overtaking legitimate Canadian interests in the process.

I am very much persuaded by Mancur Olson’s argument that, when it comes to the importance of institutions to facilitate trade, “Without the right institutional encouragement, a country will be restricted to trades that are self enforcing.”¹ The enlightened institution-building that created NATO, NORAD, FTA and NAFTA must not be allowed to grind to a halt because the contagion of self-doubt and insecurity are about in the land. The argument that Americans would never be interested in a more cohe-

sive North American Community is a bit like a weather report. Having to live with the depths of winter does not mean planning a new cottage should be put off forever; if the “summer” of American interest does come, what would be our excuse for not being ready?

If sovereignty is an instrument to be used to expand freedom and opportunity, then surely our use of our own sovereignty to build a North American Community must also be seen as an instrument with which we create a larger framework that reflects many of the values and priorities we share.

What are the goals such a community would serve?

- *Enhanced market size and trading opportunities for Canadian companies, employees and investors.* In a North American Community there would be fewer nontariff barriers and exclusionary measures of various forms.

- *A commitment to economic and social development throughout the North American Community.* Models like our own equalization program or the European Community Cohesion Fund could be adapted for continental use.

- *Cooperative environmental, social and military activities.* Such activities would magnify our individual capacities and would be built to deal with opportunities, threats and challenges that are larger than any one of the three founding nations.

- *A gradual and modest response to the endless angst about democratic deficiency in interstate dealings on trade and other matters.* The creation of a North American Assembly, not unlike the early European Parliament, could begin to give legitimate expression to the concerns we share with our allies

and partners to the south, as well as the opportunity for legitimate democratic linkage across national borders.

A North American Community is not about the victory of the right or the left in Canada, the United States or Mexico. With just a touch of statecraft and leadership, it could be about the coming together of the very best of our Canadian commitments to both economic performance *and* social justice, in a farsighted vision that sees Americans and Mexicans as among the best allies in the world in pursuit of these common goals. Who in the world would we rather have as allies and fellow travellers in pursuing the twin challenges of economic performance and social justice? Why would we not seek primary allies first among our hemispheric neighbours?

What September 11 brought home to us all is that neither the Atlantic nor the Pacific ocean insulates us from “man’s inhumanity to man.” But September 11 also taught us that *in extremis* we get down quickly to the fundamentals of security and humanity, along with the key economic tools. Open and secure borders are better than closed and slow-moving ones; planning ahead is better than panic and insecurity; joint institutions built on common ground, mutual interest and practical reality are far better than a retreat into the narrow sovereignty of fear and misunderstanding.

The rules that have defined our foreign policy approach since World War II are:

- (1) We can secure many national interests best as an open economy.
- (2) Our success as a small-market middle power is best advanced through creative and selective multilateralism.

These have never mattered or meant more than they do today. A North American Community with institutions shaped in large measure by Canadians, by our ingenuity, creativity, respect for cultural and linguistic diversity, and desire for both economic and social performance, would be the ultimate trilateral instrument, and its value would only grow as it went hemispheric over time.

The narrow-minded focus on sovereignty as an all-encompassing self-fulfilling goal – as opposed to an instrument by which we advance our national purpose and interests – is the refuge dutifully inhabited by those who fear the broader context. But that fear is completely out of keeping with the wider Canadian tradition that has been in place since Confederation in 1867.

The legacy of Lester Pearson in furthering both international and Atlantic institutions is well known. On economic development, Brian Mulroney stood in the tradition of nation-builders like Sir John A. Macdonald. In opposition to apartheid, he followed John Diefenbaker’s antiracism leadership of the Commonwealth. Our present Prime Minister showed significant courage and leadership at the Quebec summit, with its project for free trade in the Americas. Mr. Chretien’s efforts to create stronger links between democracy, trade flows, investment and foreign aid in Africa (the NEPAD plan) is also reflective of both creativity and courage. Former Finance Minister Paul Martin’s role as chair of the G20 is also reflective of a very Canadian preference for strategies that encourage both economic performance and social justice in continuation of this tradition.

While it is a truism in politics that the urgent always takes precedence over the

important, leaving the development of a North American Community to the sands of time would give a whole new meaning to the idea of “abdication of duty.” The time is right, at the very least, for a Canadian white paper on a North American Community, including a suggested process for institutional structures for monetary, immigration, environmental, security and economic aspects of the relationship. The time is right for a white paper on what a North American Assembly would look like, how its members could be elected within the three founding countries, and what initial advisory, consultative and auditing roles it might play. The time is right for a white paper that addressed, as well, how we might include our Caribbean neighbours and friends, and move beyond some of the de-

The enlightened institution-building that created NATO, NORAD, FTA and NAFTA must not be allowed to grind to a halt because the contagion of self-doubt and insecurity are about in the land.

bilitating ideological disputes (Cuba) that even today hold this hemisphere back from its full potential. And recent geopolitical events have clearly shown that neither the European Community nor the Maastricht Treaty inhibits genuine foreign policy divergence when strongly held views make that necessary and unavoidable.

A North American Community would certainly be a compelling step ahead for a better world: an economic market with four hundred million participants, linked by culture and language to the Anglo-Saxon, Francophone and Hispanic worlds across the globe, with enhanced infrastructure,

defence, respect for diversity, far-reaching social opportunity, mutual commitments and obligations, fuelled by reasonably unencumbered trade flows and impressive economies of scale

To let the contagion of the Canadian Dis-ease or some unjustified insecurity prevent us from taking this step, or keep our political leaders on both sides of the floor from embracing these opportunities, would be to lose all sense of priority and perspective. The challenges and issues we face at home need not be set aside by this common effort toward a North American Community. They would be placed in a more realistic context which would, I predict, assist in their resolution, as would the enhanced national wealth created through broader economic

A North American Community could be about the coming together of the very best of our Canadian commitments to both economic performance *and* social justice, in a farsighted vision that sees Americans and Mexicans as among the best allies in the world in pursuit of these common goals.

integration. We have reached the point where our national interests – economic, social, security and the rest – are now best served by a North American Community engaged in the economic broadening and institutional cohesion that generates both focus and opportunity.

There will be a huge effort by the forces of reaction, the old proponents of a “little Canada” and the merchants of insecurity and polarization, to systematically strip away our will to move ahead.

Proponents of the contrary view must

engage across this country to ensure that we do all that our democratic system allows not to let the “little Canada” forces prevail. We must take the case beyond universities, law offices, specialized bureaucracies and trade associations and engage our fellow Canadians with respect and determination. And we should not wait until the next crisis or negotiation. We should begin the inoculation process against the Canadian Dis-ease now by advancing the prospects, issues, challenges and opportunities of a North American Community on a go-forward basis.

It is both legitimate and relevant to reflect on just how long it took for relationships among European countries to evolve to the present state of customs, currency and regulatory union. The process began very modestly with issues like coal and atomic energy many decades ago. Some argue that this chronology suggests a very gradual pace: incremental, issue by issue, and utterly unfriendly to a consolidated treaty approach.

But this argument ignores the large number of bilateral and trilateral agreements that already exist between Canada, the United States and Mexico. There is significant treaty critical mass between the three countries already: more than 100 bilateral treaties, agreements and memoranda of understanding between Canada and Mexico, more than 190 treaties, agreements and MOUs between the United States and Mexico; more than 170 between Canada and the United States; and 12 agreements that are trilateral in scope. Areas covered by letters of exchange, MOUs and treaties include social policy, tax policy, defence, environment, cultural and broadcasting issues, agriculture, boundaries, dispute reso-



Mexican President Vicente Fox and U.S. President George W. Bush clasp hands with Jean Chretien after a meeting between the three leaders after the closing of the Summit of the Americas in Quebec City, April 22, 2001.

lution, health, commerce, tourism, transportation, telecommunications, customs, patents, atomic energy, civil emergencies and more. The treaty critical mass is a rich reflection of the reality of constructive integration. It compares quite favourably with the treaty critical mass between European countries leading up to Maastricht.

There are many reasons to put off progress or creative policy development on this file – including the lack of a constructive working relationship between the present American administration and the present Canadian government. Whether those problems are illusory, overstated or even deeper than officials can admit is, in a sense, beside the point. The strategic question for Canada, for the Department of For-

eign Affairs and International Trade, the Privy Council Office and the Department of Finance, is not what we do to cope with present tensions, but how we prepare for opportunities that will come to pass when present difficulties are overcome. Failing to prepare, refusing to build alliances in the U.S. Congress and choosing not to engage President Fox’s interest in a more cohesive North American Community would be a serious mistake. Preparing for an opportunity that never comes is a far lesser sin than failing to promote an opportunity that is very much in Canada’s interest. ■

Note

1. Mancur Olson, *Power and Prosperity* (New York: Basic Books, 2000), p. 185.

Inroads

now twice yearly

subscriptions • 2 years (4 issues) • \$48
(students \$36 • institutions \$60)

Inroads, Suite A, 3777 Kent Avenue,
Montreal, Quebec H3S 1N4

subscription info: 514.731.2691
or by email: inroads@canada.com

On subscribe on-line at www.inroadsjournal.ca

Prices include taxes.

Foreign orders in U.S. funds. as quoted above.

Visa and Mastercard accepted.