



COMMENTARY

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THE CANADA-UNITED STATES RELATIONSHIP: IS THERE A VIEW FROM WASHINGTON?

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The short answer to the question, "Is there a Washington point of view on the United States – Canadian relationship?" is "no." There are multiple views. They range from zero to the quite sophisticated. This is an obvious point. But it is nevertheless important and often not fully appreciated.

The diversity of US views, including sometimes their absence, is one reason why the US – Canada relationship is difficult for the US to manage and why that management is often episodic and not always coherent.

To begin with the most obvious point, the relationship is highly asymmetrical in

favor of the US. We are ten times as large when our populations and economies are compared. Canada's economy and population is about the size of California's. For that reason, the relationship commands far more attention and more consistent senior attention in Canada than in the United States.

Our relationship is enormous, complex, intimate and generally friendly. Much of it is beyond the normal reach of government and has a momentum of its own. The most prominent and significant feature of the relationship is the continuing and accumulating integration of the North American economy.

Bilateral trade exceeds one billion dollars per day. We are very large investors in each other's country. Tens of millions of Canadians and Americans visit across the border each year. A large number of jobs in Canada and the US depend on our trading relationship. Thousands of companies operate in both countries; we share gas and oil pipeline systems, watersheds, air sheds and electric power grids. We manage North American defence on the shared understanding that North America is a single military theater, and we manage North American air defence and missile warning on an integrated basis. We are inextricably bound together. This both limits and expands our possibilities. We really are best friends whether we like it or not.

At the same time, the US – Canadian relationship is changing in a fundamental

manner. This is true because of the shifting of American population and political power away from the North East and towards the West and South and also because of the increasing size and political importance of the Hispanic and particularly Mexican-origin population (in 2002 the latter group comprised 66.9% of all Hispanic-origin persons in the US¹). The Census Bureau reported that in 2002, there were 37.4 million Hispanics in the US² – a number larger than the population of Canada. The South and West as well as Hispanics are occupying more of the US political landscape than before, and this trend is likely to continue.

These regions, their populations and leaders have a distant relationship with Canada, and their primary attention lies elsewhere. These demographic changes and the related shifting in US focus are diminishing the special nature of Canada's relationship with the US. or example, Mexico's relationship with the US now

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shares many of the same features that defined Canada's uniqueness ranging from numerous family members on both sides of the border, a vast number of visitors crossing the border, increasing cultural and linguistic commonalities, rapidly growing trade, and economic integration. It is possible to foresee the day when Mexico will become the United States' largest trading partner. The aspect of the US – Canadian relationship that now marks it as unlike the US relationship with Mexico is defence. And that link is degrading as the effects of long-term under funding of the Canadian Forces become more and more apparent.

Canada works much harder at managing the bilateral relationship than does the US. This is often a frustration for Canadians and can make us look irresponsible in their eyes, particularly when it is hard to get our attention or when the US acts on domestic matters in ways that appear to ignore Canadian interests or in ways that appear to contravene existing agreements. This work will probably become more demanding as the demographic and related political changes in the US continue.

Canadian foreign policy is fundamentally focused on the US because the US is far and away the country whose actions affect Canada the most. Canada's basic strategy is to endeavor to counterbalance the power asymmetry in the relationship by seeking to manage it in a rules-based manner. Hence the Canadian stress on multilateral agreements and organizations and on bilateral structures like the International Joint Commission, the Permanent Joint Board on Defense, the NAFTA dispute settlement panels, special negotiators for specific issues and a strategy of seeking minister – to minister arrangements. (The US has found this Canadian strategy to be convenient, particularly its stress on bilateral arrangements,

because it renders Canadian diplomatic behavior predictable and because it can provide a home for specific issues, thus often taking the political heat out of them and making them easier to resolve. One effect of this policy has been the increasing institutionalization of the bilateral relationship.)

US policy toward Canada lacks a comparable focus; although, there are a few traditional principles which inform it:

- It is in the US interest than Canada be united and prosperous. Here it is interesting to note that the US made its negative view on Quebec secession absolutely clear in 1995.
- The security, including defence, of North America requires an integrated, common effort.
- The North American economy must be seen and managed as a single unit given its rapidly increasing integration and shared infrastructure. There is also a growing US view that Mexico is a part of this continental economy.
- Finally, there is a traditional and informal but deep joint commitment to a problem solving approach to matters in dispute - a confidence that, in the end, we will be able to work things out.

Beyond these general principles – a united, prosperous Canada, joint defence of North America, a common North American economy and a problem solving approach to disputes -- there is no fundamental US policy toward Canada.

Rather there is the application to Canada of numerous functional policies by nearly all US departments and agencies influenced by the states, non-governmental organizations, special interest groups

and the Congress. This is because of the impact on US domestic interests of many if not most aspects of our relations with Canada. The closer and more integrated our relationship becomes the more attention it will get from more and more domestic US interest groups. Indeed, the growing importance of domestic matters in the conduct of US – Canadian relations is another change of fundamental and lasting importance.

Thus much of US policy toward Canada is best described as fragmented, derivative and a function of the priorities of agencies and groups focused on particular US domestic issues.

The Department of State is frequently neither the lead agency nor the most influential as these policies are conceived or applied. Examples include the role of the office of the United States Trade Representative in setting trade policy, of the Environmental Protection Agency in setting environmental policy, of the Department of Homeland Security in setting border security, immigration and customs policy and of the Congress in trade policy and more recently on the management of the border and related documentation.

A secondary aspect of this situation is the fact that US actions or legislation not aimed at Canada can have unintended effects there. Legislation designed to strengthen controls on the southern US border without taking into consideration the different circumstances on the northern border is one example of this. Indeed there has been objection from some legislators from the South and West to a different regime on the Northern border – an example of the political effects of demographic changes in the United States.

The diffusion of policy-making power in the US makes managing the US side of the relationship difficult and sometimes nearly impossible. Indeed, the notion that

US policy toward Canada should be managed coherently from a national point of view is not widely accepted. Or, perhaps, this might be better stated by saying that there is little agreement within the United States Government on what the national point of view ought to be – the principle here being "where you stand depends on where you sit." Clearly, however, the further one gets from the Department of State, the more specific and fragmented the view of the US national interest becomes.

This focus on myriad specific issues, often seen in isolation from each other and in the context of US functional or domestic issues, can cause the US domestic departments and the Congress to be surprised by developments in Canada – even when the possibility of such events has been anticipated, analyzed and reported over time by the Embassy, State, the CIA, and others. One example of this is the question of the future of Quebec. Here domestic US agencies and actors are regularly surprised by the notion of Quebec secession. Another is the apparent trend to regional politics in Canada which, when combined with the fact that the provinces have more power than states in many areas, suggests that managing our bilateral relationship (including issues of significant concern to domestic US interests) may be more difficult in the future. This is why US consulates are important in Canada. They enable the US to understand provincial developments and to seek to inform and influence provincial governments on matters affecting our interests.

Getting the non-foreign affairs agencies and departments, not to mention states and other parties with narrowly focused interests in Canadian affairs, to consider the larger issues in the relationship is a central US problem in managing relations with Canada. This problem will become more severe as economic integration

brings more players and more domestic issues into play.

Canadian officials, academics and business leaders are well aware of this problem, and there has been considerable discussion in Canada about it. In the last several years, that discussion has focused on the idea of a grand bargain or big idea in creating a new and more institutionalized relationship with the United States. The theory being first, that the bilateral relationship has grown and changed so significantly that new approaches are needed for its management and secondly, that it takes a big idea to get attention in the US and that tightly focused proposals are vulnerable to special interests – views that in my opinion are correct.

This idea has not gained much traction in Canada in part because many Canadians believe that the US would not be interested on the one hand, because many Canadians believe that a more limited approach offers a better chance of success, and because the present combination of a minority government in Canada and a lame duck administration in the US is unpromising for such a project. The assumption that the US would not be interested in a grand bargain is untested and is far from certain. After all, the US turned out to be interested in the Free Trade Agreement and in the North American Free Trade Agreement. The combination of a lame duck US administration and a minority government in Canada presents real, practical problems. But, those problems will pass.

The fundamental reality is that the grand bargain idea is probably the only good strategy for both countries because it offers the best prospect of managing increasing continental integration rationally by minimizing the problems of policy fragmentation described above. ■

Notes:

¹ Roberto R. Ramirez & G. Patricia de la Cruz, *The Hispanic Population in the United States: March 2002*, Current Population Reports, p20-545, US Census Bureau, Washington, D.C., p. 1.

² *Ibid.*, p. 1.

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