



The Three Amigos—US President Barack Obama, Mexican President Enrique Peña Nieto and Prime Minister Stephen Harper at the North American Leaders' Summit in Mexico in February 2014. Jeremy Kinsman writes it's time for a deeper NAFTA. PMO photo

Building on the NAFTA Legacy: A North American Moonshot

Jeremy Kinsman

As the world copes with a West African pandemic, Russian expansionism and a death cult from the Middle Ages, the continental bonds of North America's Three Amigos feel frayed. It's a radical departure from Ronald Reagan's vision, 35 years ago, of a North American accord that would forge, "the strongest, most prosperous and self-sufficient area on earth." NAFTA formed the foundation for that dream, but it will take real leadership on the interdependent endeavours of energy and climate change to pick up the torch.

Wild lunges of violence from a suddenly scarier world jarred Canada's peaceful summer. Hopeful assumptions of only a few years ago that the unchanging authoritarianism of the Middle East could be challenged by impatient young reformers, keen to link in to the 21st century, have been hijacked by a sectarian death cult from the Middle Ages. As aid workers and journalists were beheaded by ISIS on the Internet, Canada and other democracies debated how far to put their own militaries in harm's way again in the area. Robert Fowler's advice that "We've got to get nasty or get the hell out" of a region, where misplaced thrusts of liberal internationalism have caused a

train wreck, is a chastening judgment to those clinging to the ideal of eventual one-worldism and universal human rights. The Middle East will see reform but the road is very long.

Meanwhile, Russia's manipulation of a vengeful throwback civil conflict in Ukraine revived East-West hostility thought to have dissolved a quarter century ago. China's hostility to Hong Kong's peaceful democrats is ominous. The outbreak of a deadly epidemic in sparsely equipped West Africa, one that is bound to migrate, has left world health authorities scrambling.

All in all, it seems a good time to rely more on our own more predictable neighbourhood as a secure base from which to operate more globally. But in our home region, on the day-to-day political level, North Americans seem more divided than ever.

The events of 9/11 created a homeland wall in US official mentality that raised and thickened borders and spawned gigantic new agencies. Hundreds of miles of fencing on the US border with Mexico are patrolled by a US paramilitary force as large as Canada's armed forces. To the North, Canadian bureaucracies have struggled to negotiate new surveillance programs to work around US anxieties. But heavy controls have left Canadians, Mexicans, and to the extent their disabling internal quarrels permit them to notice, Americans, with a diminished sense of community with their neighbours.

Harder economic times resulting from the financial melt down of 2008 have exacerbated protectionist sentiment in the US Congress that too often draws from the patriotic narrative to counter cooperative intentions. Canada-US business facilitation initiatives such as Beyond the Border help with pre-clearance of goods but they are below the public's radar.

Intergovernmental relations, especially between Canada and the US, show the strain.

Buoyed by increased national energy

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security from the shale gas revolution, President Barack Obama still balks at approving the Keystone XL pipeline that would transport heavy oil from Alberta's oil sands to US refineries. Prime Minister Stephen Harper misplayed the politics of the issue, scolding environmental and other opponents of the project for their inability to see it as a "no-brainer," chiding them he would "not take 'no' for an answer," whatever that means. He damaged relations with the White House by distancing Canada from US efforts to encourage moderation of hard lines in the enduring Israeli-Palestinian confrontation and in nuclear negotiations with Iran. The showboat sniping at US efforts makes no difference to the outcome of those issues, but it irritated President Obama when Canada needed political capital. Playing catch-up, Harper seems to show he got the point by volunteering a six-pack of Canadian CF-18s to join in the US led allied campaign to try to contain and degrade ISIS from the air.

US-Mexico relations are what they can be, given the semi-hysteria in the US on immigration issues and border defense. The drug war is as complex and contradictory as ever. But Mexico's new President Enrique Peña Nieto is providing determined leadership with several initiatives on infrastructure development and economic reforms that have caught the attention of business partners in the US and Canada. The miasma of organized crime and local police corruption continues to reveal grotesque surprises, yet overall Mexico is making progress against the narco-political gangs.

Unfortunately, the Mexican president hasn't convinced Canadian authorities to undo Canada's recently imposed regime of visas for Mexicans. Canada-Mexico relations are

desultory. Harper and the Canadian bureaucracy sullenly resent Mexico's greater political resonance in Washington, preferring the undivided attention of two-way dealings with the US over the Three Amigos route.

Can't North Americans do better?

It's a bleak contrast to the vision of North America set out by Ronald Reagan 35 years ago. Reagan's hopes for North America had about them the quality of a big idea, especially in contrast to self-involved national agendas today. He intuitively believed in the notion of North America, distinct in history, geography, shared identity, values, and destiny. His announcement on November 13, 1979 that he was a candidate for the presidency included the surprise aspiration for "a North American accord" that would enable the US, Canada and Mexico together to make the continent "the strongest, most prosperous and self-sufficient area on earth." It could "show the world by example that the nations of North America are ready, within an unswerving commitment to freedom, to seek new forms of accommodation to meet a changing world."

In years since, the world has changed more profoundly than imaginable back then. New conditions of rising regional competition and weakened multilateral institutions mean North Americans are going to need to rely more on themselves.

Some Canadians don't see closer integration as the answer for Canada because they judge that a declining US is "done" as the leading force in the world. They argue for urgent strengthening of Canadian ties to Asia to compensate. Succeeding in Asia is mandatory for a country with internationalist goals—including for oil and gas exports—but not because of a false



Mexican President Carlos Salinas, US President George Bush and Prime Minister Brian Mulroney at the signing of the NAFTA in Texas, September 1992. In the first row, trade ministers Jaime Serra Puche, Carla Hills and Michael Wilson. Policy archives photo

perception that a diminishment of US economic and military preeminence is making the case for a stronger North America yesterday's story.

It has been a rewarding story but far from complete. Since Reagan's vision encouraged Canadian and Mexican partners to join with the US in the North American Free Trade Agreement, trade between the three has more than tripled, and direct investment is up fourfold. And as this year marks the 25th anniversary of the implementation of NAFTA, this should be cause for celebration. But today those gains are banked, taken for granted. They were very real, especially for Canada. Moreover, the "identity" damage many Canadian cultural nationalists feared from closer economic integration with the US didn't happen. Canadians and more "conservative" Americans diverge on many basic social issues even more today than 25 years ago, despite increased economic ties, and most Canadians wouldn't have it any other way.

In recent years, strategists, scholars, and business circles with a wider geo-

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political lens, preoccupied with the rise in competitive regionalism, have argued for taking the North American story to the next level, making the case for shoring up a shared home base by strengthening NAFTA as the framework for our common economic space. Prominent voices in Canada, the US, and Mexico call for reinforcing common infrastructure such as the electricity grid, overhauling and simplifying trade and other economic rules to reflect current realities and new opportunities, and bonding together in a concerted effort to forge common approaches to some very big policy challenges. US Commerce Secretary Penny Pritzker is already a protagonist.

This autumn, the US Council on Foreign Relations produced a task force report asserting "It is time to put North America at the forefront of US policy," to create a continental base for US global interests. It would be a mistake to discount the report just because it radiates self-focused US corporate and global strategic agendas. In any case, it will be up to Canadians and Mexicans to make sure the benefits are to the wider communities in all three countries, and that closer integration works for social safety nets as well as for the interests of US private equity.

Realistic voices point to partisan political gridlock in Washington and the choking self-indulgence of the US political system and its manipulation by special interests, to argue that US leadership won't be up to such a far-reaching task. But this report from a group loaded with corporate interests sees the possibility of trade-offs in US politics that would enable the US to work on a big package of immigration reform, strengthened continen-

tal perimeter security, more common norms for a “made in North America” manufacturing label, and indeed an energy/environment swirl that could move North America to an improved competitive position globally.

The CFR notes the big additional spatial dimension, projecting the NAFTA community across the Atlantic to meet the EU. Everybody’s public “pivot” is to Asia but in reality the more important forefront deal will be trans-Atlantic, enabling a stronger base from which to engage across the Pacific.

Dan Hamilton of Johns Hopkins wrote a seminal book a decade ago with Joseph Quinlan on the Trans-Atlantic Partnership that forms the world’s strongest relationship, enhanced because of its shared democratic governance. The relationship is built as much on direct inter-investment, supply chains, and affiliate sales as on export trade. The Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations between the US and the EU will eventually bind these advantages. Canada’s landmark pending Comprehensive Economic and Trade Agreement (CETA) treaty with the EU is something of a precursor, much as the Canada-US FTA was the template for the NAFTA. Mexico’s special relationship with the EU predates both. The CFR looks to a big Trans-Atlantic FTA, a comprehensive deal between NAFTA and the EU, positioning the wider trans-Atlantic region to reach out and compete more effectively in a regionalizing world.

There will be ample protectionist and political resistance on both sides of the Atlantic but there always is.

A grand bargain on energy/climate change cooperation could be a centrepiece. At a Berkeley conference a few years ago on “North American Futures”, a top administration official encouraged a call by ex-Undersecretary of State Tom Pickering and former Canadian deputy prime minister Anne McLellan for the three countries to attack the issue as a “project model.” Acting as “first movers” globally could hopefully break the

international log jam of competitive blame-laying on climate change that has stalled meaningful progress (and thereby help restore multilateral co-operation more generally).

No issue more starkly reflects partisan divide in the US. A recent Gallup poll found that 61 per cent of Democrats consider climate change a priority public policy challenge, but only 19 per cent of Republicans do.

Hopes that Canada could take the lead on the energy/environment swirl overlooked the fact that the current Conservative Government largely shares the Republican view. But its refusal to acknowledge the need for real mitigation policies on greenhouse gases from the oil sands (forecast to grow by 65 per cent from 2005 levels by 2020), essential to mollify environmental opposition in the US to Keystone XL, is shown by polling to be out of date and out of synch with the Canadian public. One way or another, policy remedy or governmental change will likely intervene to enable Canada to contribute to serious work among the three North American partners (four, with Alberta, which does have some strong carbon capture projects, as well as a \$400 million clean technology fund and a \$15 per tonne carbon charge to large emitters). The US partisan divide is a factor, but President Obama, who sees the imperative of global warming as a legacy challenge, is determined to exercise executive privilege to move the US position forward.

So much for the surface economic and geo-political case behind a renewal of the big North American dream today.

So where’s the music?

My epiphany occurred in 2001 when as High Commissioner in London, I joined my US and Mexican Ambassador colleagues to celebrate NAFTA’s tenth anniversary with a series of huge co-hosted receptions for the British political class at their annual party conferences. At these events, the political Brits saw the unexpected: three countries they thought they had always understood in a com-

pletely new light. Canada appeared part of a much bigger North American enterprise with a demonstrably different “special” relationship to the US from Britain’s; modern Mexico emerged as the “new” Mexico, with a self-confident and buoyant middle class of thirty millions; and the US came across as both strengthened and softened in the company of such family relatives.

We are comfortable as the Three Amigos, the 500 million North Americans, with separate identities and some bad family history, but now together as stewards of our own continent and futures, and as Europe’s essential partner.

When Ronald Reagan proposed his vast North American project, he acknowledged it “may take the next hundred years.”

This is a scale of thinking that Google in-house vocabulary terms a “moonshot” idea, doing something very ambitious in a very different way, as opposed to incrementally improving mechanical parts of what is already being done.

But is it really vaster than the shocking changes we are living through globally and having to react to? The difference is that we can drive this moonshot change ourselves. The time for real leadership is now. **P**

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In memory of
Dr. Robert Pastor, author of
*Toward a North American
Community*,
1947-2014.