

PREFACE

Permeable Borders

Until September 11, 2001, Canadians had not thought very much or very hard about the long border they share with the US. Nor had public authorities shown significant concern. There was no compelling imperative to contemplate it, particularly in this global age. Ideas passed through it, money poured over it and millions of people crossed it each year. Post-September 11, the border has changed beyond recognition. It is everywhere and everything. Issues now include enhanced security, protection of privacy rights, who we want as citizens, how cross-border traffic can be expedited and how open the border should be to political refugees.

In fact, the world's longest undefended border was never unimportant. It has always been at centre stage in North America in the exercise of power and international cooperation.

Arguably, Canadians and Americans have come to understand each other less and less, and there are profound differences in how they think about the Great Border. The North American Free Trade Agreement (NAFTA) downsized the importance of national boundaries and minimized their importance as regulatory gates and commercial walls. Now Canada finds itself in a new relationship with the US. There is precious little to negotiate, as Washington expects Canada to get with the program, no questions asked. The security wall is forbidding and many of the old notions about a porous border no longer apply. The security needs of the US now reach into our domestic space and the effects are pronounced.

New Rules of the Game

Washington's Homeland Security Act has redefined and reconfigured the border in a way that is neither anti- or pro-border, but is totally different from what anyone had predicted when NAFTA was signed a decade ago. Canadians are security outsiders as far as US law is concerned, and it is the intent of the US Congress to regard Canada as no different than any other foreign power. We are now "imprisoned" in North America. Supposedly we must choose between the border as an identity line in the sand for citizenship purposes and our strategic self-interest.

The Challenge of Our Borders

Canadians have not often been nimble or successful in defining, let alone defending, their strategic self-interests. We have always walked a perilously thin line between our competing nationalisms, regionalisms and localisms, and the blunt reality of being a smallish dependent economy vulnerable to US pressures. We don't relish being offside. Our elites prefer onside agreements, such as free trade, negotiated in Washington and Geneva. However, we now have little alternative but to learn the science of skilled positioning domestically and internationally.

The challenge of our borders as a strategic policy issue requires getting the fundamentals straight. If we are to come to terms with our new status on the continent in this divisive age and to defend our national self-interest, it is important to realize that Canada is part of a new North American paradigm from which no region is exempt. To maintain maximum manoeuvrability, we need to know what our assets are, no less than our liabilities. It may be, as Denis Stairs argues, that Canada has receded into a very modest place in world affairs as its dependency on the US has grown.¹ Yet another reality is that the emphasis on US homeland security has done more to revive Canadian nationalism than any other force since the 1960s.

This book asks these basic questions about the Great Border. Why does the border pose such a dilemma to Canadians (Chapter 1)? However artificial a border is between two countries, why has the Canada-US border been so resistant to globalization pressures to dismantle it (Chapter 2)? What accounts for so much divergence

in social standards and regional cultures (Chapter 3)? Is the North American community heading towards an era of broadening and deepening (Chapter 4)? How must Canada address the unilateralism of US homeland security (Chapter 5)? Finally, how has the security-first border transformed Canadian sovereignty (Chapter 6)?

Stephen Clarkson began his encyclopedic and prescient volume *Uncle Sam and Us* by describing how, when NAFTA became law, he wore a mental black arm band signifying the death of Canada. A decade later, though, Canada is more politically robust and independent-minded than before. For example, we said no to sending troops to Iraq and, unlike the US, ratified the Kyoto Protocol. Canada signalled a desire to legalize marijuana and gay marriages. Even in this age of unprecedented integration, Canada's welfare state displays a remarkable tenacity to survive financial cutbacks, public carelessness, policy stupidity, collective neglect, media hostility and broken promises. The contrast with the US welfare state, dismantled in 1996 by President Bill Clinton, is stark. Canada's was shrunk but not torn down, and its largest programs consume almost half of the federal budget.

The Blind Spot of Morbidity Politics

Many on the Left believe that the Canadian welfare state has shrunk to the size of a hobbit. The Right thinks it is wrestling with an 800-pound gorilla. "Social Canada," to use a phrase in fashion today, is neither hobbit nor gorilla. Canada's social policy regime is more comprehensive, universal and redistributive than its US counterpart by a long stretch. Three of Canada's top social policy analysts conclude that "the distribution of disposable income was more equal in 1997 than in 1974."² Any story of the border must assess the economic rationality of this institution. Its regulatory impacts affect who we are as citizens with rights and responsibilities for one another.

Not surprisingly there is a large political constituency which does not want Canada to compromise its principles or the welfare state in order to maximize relations with the US, as a *Globe and Mail* readers poll revealed on June 2, 2003. Out of close to fifteen thousand respondents, 76 percent said no to jeopardizing Canadian sovereignty for more access to the US market. The results

shocked many business elites who believe that public opinion is supposed to follow the market imperative towards more integration. Instead, the public's resolve to shape reality rather than being overtaken by it has stiffened. Certainly today, Canadians from all regions have less faith in American leadership than at any time in recent history. Moral conservatism is at the margins of Canadian political life. The steady decline of the Alliance Party, the closest thing Canadians have to the US Republican Party, from a high of over 25 percent scarcely three years earlier to about 10 percent in 2003 polls speaks volumes. Canadians are worried about the future of continental integration, and discerning Canadians want to increase their sovereignty, not compromise it any further.

Quebecers don't have the same hang-ups about politics as fate. They don't write books about the end of Quebec, or the death of *la belle province* in North America. Federalists have long wished that the sovereignists would throw up their hands in despair about the asymmetry of power between Quebec and the rest of Canada, but Quebec nationalists never have. Although their part of Canada is small, not as wealthy as Ontario and one of the most dependent of any Canadian region on the US as a market for its exports, modern Quebecers have learned to think outside the box of economic determinism and to strike a more realistic balance between their economic and political agendas.

Canada's corporate elites are way out of step with mainstream Canadian public opinion. They have recurrent anxiety attacks about their place in North America and want their fellow citizens to believe that Canada's almost unlimited access to the US market is in peril. But where is the convincing evidence for this allegation? They want to get rid of the border, seeing it as an impediment to cross-border integration. How ill-informed they are! Since 9/11, no US official has ever proposed that Ford or IBM Canada stop exporting goods to their American head offices. To listen to corporate Canada's main public message, you would think that the Great Border separating the two countries is almost shut down to cross-border traffic. Nonsense.

The facts are that in recent years, on a per capita basis, Canadians have purchased almost \$6,000 of US goods while Americans bought only \$375 of Canadian products. The flows have never come close to balancing. For the last thirty years, US

exports to Canada have remain fixed at about three percent of its GDP. The two free-trade agreements have hardly put a dint in the number. By contrast, Canadian exports to the US soared to more than 37 percent of GDP in 2001.³ For day tripping, cheap eats, family outings, and bargain-based shopping visits to Niagara Falls, Fort Erie, Lewiston, Pembina, Gateway or Blaine, the border flows are largely unmanaged. For everything else, there are all kinds of large and small effects that need to be examined, analyzed and understood.

The Tipping Point

For instance, free trade has punched big holes in the Canada-US border, leaving it highly porous to goods and services, and to the select category of people able to acquire professional visas to move across the border to corporate headquarters in the US. Only a tiny number of Canadians and Americans have relocated permanently. Market fundamentalism has affected all of us in other ways. The very prospect of an incipient North American community exudes the idea of dynamic progress. Building the North American community is one of those “big” ideas that needs to be addressed in real time. Does it have a future, a soft present or only a dim past? This too is an important-looking hypothesis that needs clear and finely-honed analysis.

The great North American border has always been a blend of the “porous” and the “impermeable.” It is like a giant connector plug, to borrow from Thomas Friedman⁴; when this plug misfires or isn’t working as it should, it creates a bad connection between Canada and the US. Canadians feel the effects of this distortion. If the border in all of its aspects is working well, then Canadian sovereignty as applied statecraft will be effective and focused. But, whether through neglect or indifference, if we don’t have the fundamentals down pat, then all the rhetoric about “joined at the hip by geography and the head by mentality” won’t make a bit of difference.

Distance and perspective are required to free ourselves from many of the old debates about economic integration. We are at a “tipping point” where an array of forces are pushing and pulling Canada-US relations towards a new configuration with different rules, practices, ideas and mentalities.

To look at North America with this understanding will help us identify the processes and behaviours that will change outcomes globally and locally. To identify a tipping point, or points, is a strategic way to map and track the complex issues put in play at a time of fluidity and great moment. A good beginning is to recognize the singular importance of the border to who we are and to the political economy of Canada. It is time to consider our future in this way. Even though we are more trapped in North America, we are also separate and apart.⁵ We are not irreversibly driven towards one model of social and political life in North America.⁶

Why? Dani Rodrik's powerful answer in *Has Globalization Gone Too Far?* is that open economies need social protection. Canada is a classic test case of this hypothesis. We spend four percent more of our GDP on income security than our neighbour; we value citizenship more than national identity; we have a stronger social bond and believe in the value of most things public in ways strikingly different from the republic to the south. The debate on whether national differences in North America are more important than similarities has not produced a definitive answer, nor could it. If spending reflects priorities and values, Canadians and Americans are increasingly on the way to becoming very different societies. At one time we were look-alikes in many areas, but now our distinctiveness is unquestionable. Nonetheless, Canadians must get their act together and focus on the essential, and that is the need for public authority to exercise its power and work on our behalf at the border as well as behind and beyond it.

Friends at a Distance: The New Dynamic

If there is a single message in this book, it is that being a prudent, middle-power country with a perennial lack of confidence should not be confused with being voiceless or powerless. When we Canadians obsess about our "sparse demography and vast geography," we do poorly in managing the border, the most important measure of our relationship with the US. But when the concentration is on our separate but parallel destinies, and on finding ways to reduce the asymmetry of power, Canadian public policy can be creative and move away from traditional reflexes. The

northern federation need not be confined by narrowly economic policy prescriptions driven by “irreversible” US market pressures.

Across the continent, disruptive cultural and economic changes are forcing governments, businesses and civil society to look at all the options for re-imagining national communities and their interdependence. At present, values and institutions on both sides of the border matter more than ever. With so much divergence in views the two countries are not copies of each other. A new dynamic is present. The US deficit is spiralling out of control while the Canadian deficit has been wrestled to the ground, leaving Ottawa with an important surplus to spend on rebuilding the social bond. With Quebec sovereignty and the national unity question pushed to the back burner, Canada-US relations may well become the number one priority for the Martin government. This is the story that is about to be told. We have to get closer to ourselves and to understand our relationship with the US as, in Henry David Thoreau’s words, “friends at a distance.” We ought not to have shirked our responsibility to get a handle on the complex issue of the border, and now we have no alternative but to put things right.