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Canada-US Relations at 150

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Mr. Burney was born in Fort William (now Thunder Bay), Ontario, and was educated at Queen's University, where he received an Honours B.A. and M.A.

Mr. Burney headed the Transition team for Prime Minister Harper from January to March, 2006. He was President and Chief Executive Officer of CAE Inc. from October 1999 until August 2004. Prior to joining CAE, Mr. Burney was Chairman and Chief Executive Officer of Bell Canada International Inc. (1993-1999).

From 1989-1993, Mr. Burney served as Canada's Ambassador to the United States. This assignment culminated a distinguished thirty-year career in the Canadian Foreign Service, during which he completed a variety of assignments at home and abroad.

From March 1987 to January 1989, Mr. Burney served as Chief of Staff to the Prime Minister. He was directly involved in the negotiation of the Canada-U.S. Free Trade Agreement. He was the Prime Minister's personal representative (Sherpa) in the preparations for the Houston (1990), London (1991) and Munich (1992) G-7 Economic Summits.

In February 1992, Mr. Burney was awarded the Public Service of Canada's Outstanding Achievement Award. In July 1993, he was named an Officer of the Order of Canada.

Mr. Burney was conferred Honorary Doctor of Laws degrees from Lakehead University, Queen's University, Wilfrid Laurier University and Carleton University.

His memoir of government service - Getting it Done - was published by McGill-Queen's in 2005.

He is a Director of TransCanada Pipelines Limited and a Senior Research Fellow at the Canadian Defence & Foreign Affairs Institute.

Mr. Burney is married to Joan (Peden) and has four sons.

Before looking at Canada-US relations at 150, let me turn back the clock to 1947 to see how Louis St. Laurent, Canada's first full time foreign minister, and subsequently two term Prime Minister, saw Canada-US relations at 80.

In a lecture at the University of Toronto in 1947 (which laid out the foundations of post war Canadian foreign policy), St. Laurent observed that, "It is not customary in this country for us to think in terms of having a policy in regard to the United States. Like farmers whose lands have a common concession line, we think of ourselves as settling, from day to day, questions that arise between us, without dignifying the process by the word "policy."

St. Laurent's few words capture the essence of a relationship that requires constant care and attention. Matter of fact, pragmatic, unemotional and as apt a description today as for the decade ahead. After all, our two countries share continental defence, trade \$2 billion daily, make 200 million annual individual border crossings, enjoy the benefits and face the risks of an integrated economy and meet global challenges from a shared value base. Sound management has to be a consistent priority for every Canadian government and should be a top of mind concern for every Prime Minister.

It is a relationship that transcends foreign policy and embraces virtually every area of public policy and every level of government. More often than not, it is a subject that should rise above partisan politics – which explains, primarily, why I am here today.

In the same lecture, St. Laurent reminded us that the US "is a state with purposes and ambitions parallel to ours." This reality has never been comfortable for many Canadians. We frequently pass through episodes where indulging in the narcissism of small differences and trying to create distance or differentiation with our neighbour seems to be a more satisfying option.

More than forty years ago, scholar and diplomat Doug LePan spoke to this mood. He said, "Canadians naturally hanker after a world where they could pursue more independent foreign, defence, and economic policies without sacrificing any advantage from the close association with the United States." And, he added, "if wishes were horses, Canadians would certainly ride off in all directions."

We need to separate wishes from realities, set aside sentiment and devise a coherent, strategic approach that harnesses the strengths of our interdependence because that is the most effective way to safeguard and advance our national interest. We need to focus clearly, confidently and creatively on what is, by any measure and for the foreseeable future, our most vital relationship.

So here are a few guiding principles:

A single, coherent voice, whether in managing the bilateral relationship or in asserting Canadian global interests, is always more powerful than several voices speaking at cross purposes. Canadians have a unique capacity for dividing and conquering themselves and the US, among others, is not shy about exploiting that tendency. Whatever else it may accomplish, a cacophony of Canadian voices – partisan or federal/provincial – does not advance the national interest.

Neglect is not an option nor, as history demonstrates, is the pursuit of illusory alternatives. We should dispel the notion that other countries will respect Canada more when we have a frosty or fractious relationship with the US. That is perverse. I suggest instead that, if we manage

relations with the US productively, we will be better able to develop stronger ties with China, India, Brazil, Japan, and other countries. If Canada genuinely aspires to be a global player, our single, greatest asset for influence on global affairs will be the degree to which we are perceived, in Washington and elsewhere, as a serious partner of the United States.

When our interests diverge, as they most certainly can, the manner in which we disagree can be more sensitive to US eyes and ears than the fact of our disagreement. We can disagree, as the saying goes, without being disagreeable provided that we recognize the difference between posture and purpose. The US respects different interests and perspectives; it has little time for differences manufactured to create distance. And anti-Americanism just bores them. As the past masters, if not the originators, of “grandstanding” and spin, the Americans can be very astute identifying such behaviour from others.

As George Shultz once asserted, “If you want to kick us, do it in private, we feel it just the same.” We can, at times, forget that distinction.

Effective management does not mean “going along in order to get along.” That is juvenile criticism. We do have to be sensitive to America’s global priorities and its global leadership role and, if we want to influence them in a manner that serves both Canadian values and Canadian interests, we have to calibrate the tone and substance of our dialogue to meet the credibility, not the publicity, test.

In fact the best way for Canada to assert concerns on bilateral issues is to engage constructively on global issues which we know are priorities for America. Not, as John McCain once observed, come calling “only when we want something.” The US needs more than ‘fair weather’ friends.

As we look to the relationship at 150, here are some ideas which I believe ought to command our attention.

I. The Border

First the border. Not long ago speeches about Canada-US relations waxed lyrically about “the longest undefended border in the world,” or as one wag called it, “the longest undefended cliché in the world.” No more. Since 9/11, the border has been steadily thickening. Increased inspection fees, country of origin labeling, major penalties for minor infringements, intense scrutiny of consultants and technicians crossing the border and a host of other measures frustrate trade and undermine the basic purposes of the NAFTA and the WTO.

As the EU has moved systematically to dismantle internal borders enabling more open access for people, goods and services, Canada and the US have turned in the opposite direction injecting more hassle and increasing compliance costs.

It is tempting to place all the blame on American paranoia about security. But their concern about security is genuine. It will not be otherwise in 2017. We need to recognize, too, that some American concerns about Canadian immigration and refugee policies may be legitimate. We should not shy away from trying to address valid concerns nor indulge in the false luxury of made-in-Canada sentiments.

We need to restore a healthier balance between legitimate security concerns and our mutual need for smooth access. Today, that balance is out of whack!

I suggest that our Prime Minister propose to the President establishment of a new, Bi-national Border Commission which, consistent with Parliamentary and Congressional prerogatives, would be specifically empowered to do the following:

- a) streamline customs and entry provisions along our shared border and remove blockages that are protectionist, not security, inclined. The new Detroit- Windsor bridge (which may be a reality by 2017!) and the new Gateways should be used as pilot projects employing innovative technologies and procedures to facilitate smoother entry. Exporters and importers should have direct access to the Commission to air complaints about border restrictions;
- b) spearhead coherent rationalization of overlapping and needlessly different standards and regulations that hobble the integrated nature of our two economies. The auto sector alone has more than 150 different regulations for vehicles manufactured by the same companies. Now that governments are the (beneficial) owners of most of this North American industry, there should be even greater reason to improve, rather than retard, efficiency and competitiveness;
- c) recommend sensible harmonization of immigration and refugee policies, countering the myths about security while redressing aspects of genuine concern;
- d) examine the merits of a Common External tariff regime as a means to reduce inefficient Rule of Origin provisions. With most MFN tariffs already below five percent, this should not be difficult, at least outside the agriculture sector; and
- e) intensify police collaboration specifically to address security concerns, illicit drug traffic and the activities of organized crime that straddle our border.

Note that I said Bi-National, not Tri-National. Because the problems faced by the US on its northern and southern borders are different both in character and degree – as is our broader bi-lateral relationship. It is essential that we not allow US-Mexico border issues to drive US-Canada border policy.

II. A Defence Perimeter

As a complement to the new Border Commission, Canada should also propose that the air defence command we share under NORAD be extended to land and sea. By strengthening joint defence along our respective external borders we will be better able to ease restrictions at our shared border.

The Arctic region, which we also share, might be an extension of the perimeter concept. In any event, greater emphasis needs to be placed on the potential for cooperation between Canada and the US in the Arctic – on economic, transportation and environmental issues as well as defence. We should seek diplomatically to address outstanding legal claims. The operative term should be sensible stewardship of a region with much potential for both countries.

Cybersecurity should be a higher priority and command urgent bilateral cooperation. Our mutual dependence on computer driven technology to manage electric grids, telecommunications networks and other shared infrastructure makes us increasingly vulnerable to attack. Along with

moves on our physical perimeter, we should commit jointly to a solid defence from cyberspace by 2017.

III. Energy Security and Climate Change

The energy security and climate change debate would benefit from St. Laurent's advice: settling problems between us in a pragmatic and mutually beneficial manner. Getting our collective minds around a few home truths would be a good start. One is that energy security and climate change are joined at the hip. Canada is the largest supplier of all forms of energy to the US and this trend will only increase over the next decade. This gives us a unique position from which to influence a constructive dialogue on these twin issues.

The political challenge is that the economic costs of action are "now" whereas the benefits may come "later". In my experience, politicians of all stripes normally prefer the reverse equation: benefits now, costs later.

Policy prescriptions to address energy security and climate change issues have to respect both the opportunities and the constraints of our integrated North American economy. Putting a price on carbon by whatever means has to take account of the competitiveness impact. There is a risk of serious economic damage if each country goes its own way. The negative potential is amplified by a spaghetti bowl of provincial and state measures whose purpose seems at times to me to be more a demonstration of political correctness rather than serious commitment to emissions reduction.

There is also a pernicious threat from green protectionism in America masquerading as climate change virtue. Proposals in the US Congress and various states exclude electricity generated from large-scale hydro projects from a unique definition of "qualified" sources for the national renewable electricity standard. Other measures deliberately discriminate between domestic and foreign heavy oil of the same carbon intensity. We need to confront firmly what are blatant threats to legitimate energy exports and to the basic principles of international trade.

The ideal would be a joint Canada-US plan. If that is beyond our reach, we need to align our objectives and seek to harmonize most of our measures. It is not a question of "waiting for" the US to act. Rather it is choosing to "work with" the US to find a sensible, achievable solution. Canada should not hesitate to lead, initiating concrete proposals in pursuit of a new accord.

In that spirit, and in order to drive a more coherent approach to this intricate set of issues, the Prime Minister and the President should appoint Special Envoys with a clear mandate and timelines to guide governments, including provincial and state governments, to a common goal. This is exactly what helped shape consensus out of rancor on Acid-Rain. A solution to Climate Change will be much more complex. But respected, arms length expertise, acting for the two leaders, would help us achieve a balanced outcome that safeguards our economies and our shared environment while ensuring efficient operation of our cross-border pipeline networks and bulk power grids. These Envoys could also be charged specifically to be the first line of defence against measures which, while camouflaged in green, would have trade distorting consequences.

In my view pragmatic co-operation and creative initiatives – not grand designs – are the instruments for success in relations with the US. Above all, Canada needs the confidence to harness the natural advantages of our proximity as opposed to the reticence or inferiority complex that diminishes our benefits from that proximity.

The US periodically passes through episodes when the country seems to be in a deep funk. A troubled US economy evokes nativist and unilateralist sentiments that are dangerous and not only for Canada. The more uncertain US economic prospects become, the more protectionist pressures are stoked. The bill introduced recently in the US House to terminate the NAFTA is a prime example. Eternal vigilance and creative footwork are needed to preserve access that is vital to our economy.

No one should imagine that a dysfunctional Washington is good news for Canada. We need a resurgent US economy. We need the US to put its financial house in order. As many of their own experts observe, the US may even benefit from the example of Canada in this area. We do not need lessons from them. We need the US to act confidently and decisively on global issues. And we have more interest than most in helping them achieve these goals.

In managing this all-pervasive relationship, we basically have a choice – adopting either a vigorous, creative and activist approach or a risk-averse, “correct” stewardship, allowing relations to evolve more or less on their own and hoping common sense will prevail.

A passive stance would, I suggest, be particularly risky in the years just ahead when the prospects for global recovery remain fragile and as the serious imbalances between surplus and deficit countries become sources of real tension.

Both the choice and the initiative ultimately rest with Canada. Getting and sustaining attention in Washington to Canadian priorities is a perennial challenge. It should be stimulated and led by the Prime Minister. It is not always reciprocated nor is it customarily rewarding politically on the homefront. What is even more certain, however, is that a conscious decision not to try will always deliver much less and increase Canada’s vulnerability to the whims of Washington.

Reinvigorating relations with the US does not prevent Canada from having an activist foreign policy agenda of its own beyond our shared continent. We can walk and chew gum simultaneously in international affairs.

I believe we should complement a more robust approach to the US with, among other things, a similarly assertive and more concentrated focus on expanding trade and investment ties with the major and fast-growing economies of Asia. We need, for example, to move ahead with infrastructure enabling energy exports to Asia. The benefits of focusing on Asian trade and investment, whether direct or indirect, inward or outbound, are likely to be more substantive than what may emerge from negotiations with the EU. Economies recording and projecting growth rates of 6 – 10% annually should get priority.

We can bolster our competitive edge vis-à-vis the US and our competitive attraction to markets in Asia with advantageous corporate tax regimes, prudent fiscal policies, improved productivity and more open access for trade and investment. Equally enlightened and distinctively Canadian would be more determined support for Canadian global champions in energy, agriculture and natural resources, in aerospace, IT, telecoms and education.

When our motto for Vancouver was initially announced, some Canadians bridled, thinking it was, well, too American. Yet, when it produced golden results, the whole country responded with enthusiasm and pride. We need the same spirit, the same zeal and commitment to ensure that Canadian companies gain similar golden success in an increasingly competitive global economy.

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CDFAI was created to address the ongoing discrepancy between what Canadians need to know about Canadian international activities and what they do know. Historically, Canadians tend to think of foreign policy – if they think of it at all – as a matter of trade and markets. They are unaware of the importance of Canada engaging diplomatically, militarily, and with international aid in the ongoing struggle to maintain a world that is friendly to the free flow of goods, services, people and ideas across borders and the spread of human rights. They are largely unaware of the connection between a prosperous and free Canada and a world of globalization and liberal internationalism.

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