

Canadian-American Security and Defence Relations
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Introduction

A drift between Canadian and American defence, security and foreign policy began already in the 1990s when Canadian international objectives aligned quite adamantly with softer West European goals at the risk of disconnecting with US diplomatic and security interests. What made the rift somewhat invisible was the benign neglect given to Canadian foreign policy by Clinton and most of his Departments with the notable exception of the Pentagon.

The 2001 to 2005 period in Canadian American relations brought out the lingering discord amidst new friction at many levels. This period was dominated by divergence in security and defence policies, highly publicized trade disputes, and political coolness at the highest level.

Canada missed an opportunity shortly after 9/11 to expand the existing North American Aerospace Defence Agreement (NORAD) when the US was forming Northern Command.

It is not at all rocket science to predict that American national security policies and structures would be up for complete review after the attacks of 9/11. Canadians also know that American governments have two recurrent tendencies: to do things unannounced or unilaterally *and* to be consistently willing to welcome Canada as a security and defence partner even when we come with moderate resources.

Given these two US tendencies, it was incumbent on Canada to realize changes were coming and a rational approach in Ottawa would have preempted US proposals with Canadian proposals to build on the NORAD model to include missile defence, and maritime and land defences.

When the proposals came from the Office of the Secretary of Defense in April 2002, they were undoubtedly “brisk,” made in the image of the then Secretary himself. But a rough process is never an excuse for Canada not to engage.

Canada worsened the situation by dragging out its decision on ballistic missile defence and eventually refusing to take its proper responsibility in defending the space approaches to North America. In so doing, Canada violated the understanding between our country and our southern neighbour that goes back as far as the 1938 dialogue between Roosevelt and Mackenzie King. In King’s words:

QUOTE “We too have our obligation as a good friendly neighbour...that enemy forces should not be able to pursue their way either by land, sea or air to the United States across Canadian territory.” END QUOTE

Since missiles launched from North Korea or Iran would likely travel over Canadian aerospace, our obligation was to extend the concept of Canadian territory to space. Why we agree to defend against air-breathing weapons but not against missiles can never be logically explained.

These failures caused the United States to act more on its own. Later attempts by the bi-national planning group came too late and were not taken up by either government. The decision by Canada and the US to limit NORAD practices in maritime defence to warning and characterization was another missed opportunity. As a result, Canada and the US today have more parallel structures but less bi-national cooperation.

As the security and defence file deteriorated so did the economic and political portfolios.

Two trade disputes turned into prolonged bilateral irritants with a high public profile in Canada: trade in beef and cattle and softwood lumber.

Hovering over these disagreements in defence and trade was a cool and distant political atmosphere at the top. Most damaging of all in this regard was the public dispute between Canada and the US over Iraq. Canada missed an opportunity to decline participation in the war--as the Dutch did--without registering its international opposition to an act which the US considered to be part of its vital national security.

At the same time, the Republican-controlled Congress focused on border security against terrorism and Mexican illegal migrants with insufficient regard for the trade flow between Canada and the US. The White House did little to counter Congressional action that impacted negatively on Canadian interests in part because there was no political capital invested by Canada in a WH-PMO relationship.

I need not remind this audience how much Canada has at stake in this relationship and how precarious it is to let defence and political relations slip while our economic interests remain enormous. In 2005, 78% of our exports went to the US, and 65 percent of our imports came from the US. The value of our total trade with the US (at \$709 billion dollars) amounted to 52% of the total value of our GDP. Since the implementation of the Canada-US Free Trade Agreement, our trade with the US has grown 120 percent in real terms.

Canada is also the beneficiary of a large trade surplus—almost \$100 billion dollars—with the United States in 2005. In the same year, Canada had a \$50 billion dollar trade deficit with the rest of the world. Clearly, Canada's current account surplus is a direct result of our strong trading relationship with the United States. At the same time, the United States continues to be the dominant source of foreign direct investment in Canada, representing 64 percent of all FDI in 2005.

The expression 'security trumps trade' which has been used in recent years in Washington, should alert Canadians to what is at stake. Our trade interest can only exist inside a stable security relationship. When the security relationship is not stable—which has been the case since 9/11—*and* Canadian-American political relations are distant, Canadian trade interests are vulnerable. American security concerns

center on continental defence, domestic terrorist threats, and the secure flow of people across the border,

Border management is as big an interest for Canada as is continental security. Since the terrorist attacks of September 11, waiting times and the cost of cross-border shipments have gone up.

Despite several attempts to streamline border traffic such as the SMART plan, the Western Hemisphere Travel Initiative and the talks in the Security and Prosperity Partnership, there is evidence that the cost of the border is too high and that in effect it is turning into a growing barrier to trade.

One study estimated border costs in 2004 at 2.3% of cross-border trade. Another study found that processing times for shipments entering the US have tripled from 45 seconds to more than two minutes and fifteen seconds on average.

Summing up: Ad hoc and piecemeal measures in defence and security are not effective, US security concerns and bilateral political coolness delay the resolution of bilateral issues, and a lack of common security policies are a threat to trade, border management and the free flow of people

Recent Developments

I believe *political changes in Canada and in the US in 2006* have created an opportunity to correct the diverging trends and reduce the growing obstacles.

First to change in Canada. The new government elected in early 2006 at once attempted to restore political relations, remove the public trade disputes, and change the tone and substance of defence relations.

The Prime Minister understood and applied what former Ambassador Derek Burney described as follows:

QUOTE When leaders get along well with one another, as Mulroney did with Reagan and Bush, they converse frankly

and frequently. Their priorities become priorities for others. Their officials, to a great degree, take their cue from this rapport and act accordingly END QUOTE

The top-level governmental relationship, including at the ministerial and ambassadorial level improved markedly. As US Ambassador David Wilkins put it: "There's now a feeling of shared responsibility as we tackle problems and more of a, 'let's fix the problem' rather than trying to fix the blame." At top speed, Harper and Bush removed the Softwood lumber dispute.

The government also took some action in the area of defence, increasing the budget plan to \$17.6 billion over five years, and secondly, committing Canada to a lead role, including combat operations, alongside American and NATO forces in the South of Afghanistan until 2009.

The significance of this new tone was not lost on Canadian business leaders. A series of polls conducted by COMPAS Inc. tell the story. In March of 2005, 7% of CEOs thought the Canada-US relationship was better than average. But in October 2006, 61% thought so. A remarkable turn-around indeed.

There are also big changes underway in the US which create new and long-term opportunities to bring the relationship closer.

First of all, the House of Representatives in *The 110th Congress* has a Democratic majority of 31 seats and stronger than expected leadership. In passing its so-called 'six for 06' package, it has shown a capacity to peel away scores of Republican votes.

The other big change in US politics in 2006 concerns Iraq and it also is likely to move Republican votes in Congress. Beginning in the summer of 2006, a solid trend has emerged in which nearly two-thirds of Americans are convinced that the war in Iraq is a lost cause. Bush's approval rating is firmly tied to the American public's disapproval of his handling of Iraq. They can no longer be persuaded otherwise as was shown in the public reaction to Bush's new surge strategy. This January, for the first time, a majority of Americans (52%) believe the US should withdraw from Iraq.

Bush's strategy of more boots on the ground and more embedded trainers faces not just public and Congressional pressure. Bush is now as politically trapped as was Jimmy Carter from 1979 onward. Carter's presidential fortunes were in the hands of the Iranian hostage takers in Tehran. Likewise, Bush's political capital is now at the mercy of the perpetrators of violence in Baghdad.

Given the political trap Bush faces, we can expect significant numbers of Republicans in both the House and Senate to gradually vote with the Democratic Party to squeeze funding for additional US operations. Consider just this: in 2008, 21 of the 33 Senators up for re-election are Republicans.

An Opportunity for Change

Political change in both Canada and the United States begun in 2006 offer an opportunity for more cooperation in Canadian-American relations in 2007 and beyond.

Any Canadian government should begin to prepare the public for taking the Canadian-American relationship to a higher level in trade, security and border management, and defence. There is, alas, in Canada a growing trend in academia, media, politics to shrink and shrivel Canada-US relations for ideological reasons. This sentiment must be challenged at all levels.

Alongside, Ottawa should tackle the equally formidable challenge of getting the attention of American decision makers. Too many Americans have used Canada's ambivalence in the recent past as reason to simply step over us.

We should start now in order to consummate deals in the 2009 era and beyond. I realize the American agenda is fully booked. Still, presidents in their waning years often reach out to foreign partners to accomplish things. At the same time, the new Democratic leadership may bring more convergence between Canadian and US positions.

It will require enormous diplomatic effort to generate the political momentum in the United States to negotiate a new paradigm for

integrated continental defence *and* for replacing most of the physical border barrier as we know it today with a truly smart border. To put it into historical perspective: Canadian officials faced an uphill battle back in 1985 and 1986 in convincing American interlocutors to engage in comprehensive trade talks which eventually led to the Free Trade Agreement and NAFTA.

I believe Canada should initiate negotiations on comprehensive new treaties in two areas:

1. border security, trade, and the flow of people
2. bi-national cooperation in continental defence

In a Secure Border Treaty, Canada should pursue the following goals:

1. A customs union to remove differential external tariffs and the cost associated with determining certificates of origin.
2. A Security Perimeter and border management strategy that would include pre-clearing of all commercial crossings, joint border management and infrastructure, and harmonized biometric checks on people.
3. Common security criteria and harmonized processing systems for visas, refugees, and immigration.
4. A bi-national border command to deal with crime, smuggling, and terrorist threats.
5. New steps to enhance labour mobility

In pursuing a *Binational Defence Treaty*, Canada should aim for the following objectives:

1. A single North American Bi-National Defence Arrangement based on building out the NORAD model, or if that structure is now too far behind, by building a new bi-national command out of US NorthCom and Canada Com.

2. This combined air, space, sea, and land bi-national command structure should report directly to US and Canadian decision makers.
3. Make Joint response the norm of dealing with any threat to North America
4. Include a Canadian commitment to invest in defence capacity in all areas, including Arctic security.

It is never too late or too difficult to improve a vital relationship which maximizes Canadian national interests. With leadership at home and persistence abroad we can succeed, thank you.