North America and the “Three Noes”

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The Question(s)

- In economics and security nexus, where is security driving policy debate in North America?
  - What will this look like under Obama?
  - How can North American agenda be moved forward?
My Argument

- Part I: The “Three Noes”
  - The “Three Noes” have complicated the North American agenda since 9/11.
  - Obama Administration has, thus far, continued where Bush Administration left off.

- Part II: Where do we go from here?
  - “Three Noes” mean incremental progress on both streams in North American agenda: Security and Prosperity.
  - Not all is lost. Proposals for reform of DHS could help advance broader North American agenda.
The “Three Noes”

- Derived from the Three Noes articulated by Taiwan in its relationship to the PRC starting in 1979 after U.S. cut diplomatic ties with ROC.
- Three Noes an effort by ROC to resist pressure from PRC.
  - 1. No contact
  - 2. No compromise
  - 3. No negotiation
The “Three Noes”

- In North America, the Three Noes serve similar function for the United States.
- Re-invigoration of North American agenda always on the agenda, but with constraints:
  - 1. No Money– initiatives with Canada and Mexico cannot entail expenditure of new funds.
  - 2. No Disputes– new initiatives cannot generate new trade disputes between the three countries.
  - 3. No Legislation– new initiatives cannot require new legislative grants of authority from Congress.
“Three Noes” as Complications and Opportunities

- Large US agenda
  - North America complicated by DHS
- Wreckage of US Trade Policy
- Where is Ottawa?

- Futility of Re-bilateralization
- Labor mobility/US immigration debate
- Regionalization of federal politics in NAFTA area.
1. Large U.S. Agenda

- Financial Crisis
  - Financial Reform
- Health Care Reform
- Climate Change
- Oh, and Iraq and Afghanistan
- North America has been high on the agenda!
  - Security made North America a major agenda item
    - 9/11
    - Smart Border Accords
    - SPP
SPP as Product of “Three Noes”

  - Useful technocratic agenda-setting exercise
  - Institutionalized annual Leaders Summits (NALS)
    - NAFTA has only Ministerials
- U.S. gave responsibility for agendas to DHS (Security) and DOC (Prosperity).
  - However, neither of these agencies noted for being disposed toward liberalization.
  - USTR minimal involvement
SPP as Product of “Three Noes”

- No money – for trilateral initiatives, at least. Work with Canada and Mexico, but keep it cheap.

- No disputes – agenda setting nature of SPP keeps efforts limited. Unlikely to generate new frictions that distract.

- No legislation – No political capital available for going to Congress to push for trilateral initiative.

- Has also pushed North America deep into the bureaucracy. No profile, no action.
Foibles at DHS

- Challenges of reorganizing federal bureaucracy well-documented…. But improving.
  - 22 existing agencies under one roof
  - 180,000 employees
  - Dominated by law enforcement mentality.
    - Immigration and Customs Enforcement (ICE)
    - Customs and Border Patrol (CBP)
    - Federal Emergency Management Agency (FEMA)
    - Transportation Security Administration (TSA)
    - Coast Guard
    - Secret Service
Department of Canada and Mexico: aka DHS?

- DHS has become frontline agency for dealing with Canada and Mexico.
  - SPP about dealing with a pile of low-grade issues and irritants. ....This is good. No expenditure of political capital.
  - But, .... SPP is (unfortunately) about dealing with low-grade irritants.
    - August 2009 Leaders’ Summit in Mexico.
      - Summit Pandemic? Haper-Obama 10 Times
      - Canada hosts in 2010 (G8/G20, NALS)

- Getting Canada and Mexico on U.S. agenda for anything other than negative attention (ie. drug violence) more difficult than ever.
Department of Canada and Mexico

- DHS Runs North American Agenda
  - Asymmetrical borders increasingly treated symmetrically. “Thickening”
    - First 10 months of Obama Admin are entrenching this.
  - Created an “Alphabet Soup” of programs and do-dads at the border designed to boost security with as little impact on trade as possible.
Alphabet Soup of Border Measures
DHS Law Enforcement Mentality

- Tom Ridge, essentially a politician
- Michael Chertoff, essentially a cop
- Janet Napolitano, a hybrid of both?
  - How close to the President?
  - Northern Border review?
    - First 10 months of Obama Admin: More symmetry in border policy!
2. U.S. Trade Policy Wrecked

- A trade policy “renaissance” under Bush-Bergsten

- Poisonous US trade politics since NAFTA (1994).

- A Dark Age in Trade?
  - Consensus on liberalization disappeared
  - Financial crisis and fears of economic nationalism
  - “Buy America” and the like
U.S. Trade Policy Wrecked

- 2008 Presidential Campaign
  - “NAFTA-Gate” and Ohio Primary

- In Memoriam: Fast Track, 1974-2008
  - Change to House rules considering Colombia FTA.
  - Wrecked credibility of “up or down” votes.

- Lack of consensus on trade major reason DHS is driving most of North American agenda.
  - Where are the coalitions pushing for more liberalization?
Three’s a crowd....?
3. Hello Ottawa…. Anyone home?

- Little leadership on North America coming from Ottawa relative to Mexico City.

- Most Canadian actions on North America have been defensive.
  - Smart Borders, SPP
  - Seek delay or exemption on the “Alphabet Soup”
    - WHTI, APHIS Fees, COOL

- Climate change conundrum:
  - Federalism in Canada: Alberta vs. Quebec
  - Waiting for the American shoe to drop
4. Futility of re-bilateralization

- Makes sense from Ottawa’s perspective
  - Mexico “complicates” North America?

- Reality of Latin America in the United States
  - Political pendulum is shifting to west and south (Arizona, Colorado, New Mexico)
  - Immigration (reform and enforcement) as central issue
    - Link to border security/border fence
The Futility of Re-bilateralization

- United States has invested heavily in Mexican success: NAFTA, Peso crisis, Merida Initiative.

- Ottawa’s road toward greater influence on U.S. agenda starts in Mexico City
  - Engage NADBank
  - Support Merida Initiative— at least politically.
    - Send tourists and development dollars
5. Labor Mobility

- Immigration debate in U.S. critical to all three countries.
  - Security on Southern Border driving procedures on the North
  - Labor mobility not part of NAFTA
    - Chapter 16, Temporary Entry
      - But Mexicans face higher hurdles

Labor Mobility

- A bit of “liberalization” after years of restrictions (real and perceived) on movement of people?
- Implications for Canadian market?
  - If Mexicans enjoy easier access, won’t Canadians want in as well?

- Again, engagement with Mexico City key.
  - Not optimistic. Ottawa has a long history of indifference to Latin America. It’s America’s backyard.
6. Regionalization/Devolution

- A different approach to North America would harness and build upon the experience of federalism in all three countries.
  - Continue the shift of Canada-US relations away from national capitals, but not cut them out.
  - Build upon principles of federalism in which jurisdictions function as “laboratories of reform” – Chief Justice Brandeis.
  - Levels of “compete” to generate a range of best practices– what works for them.
Regionalization/Devolution

- Would stem the tendency toward “one-size fits all” approach to border management.
  - Not all borders are created equally.
  - North America’s Ports of Entry (land, air, sea) diverse physically, their importance economically, and in type of user.
  - Border management should reflect uniqueness of local circumstance.

- National capitals marshal expertise and know-how of sub-fed governments, regional groupings, and local actors into a “partnership.”
Fort Erie, Ontario
Buffalo, New York
Windsor, Ontario
Detroit, Michigan
Niagara Falls, Ont/NY
Pacific Highway Crossing (BC)
Blaine, Washington
Coutts, AB-Sweetgrass, MT
Old U.S. Port of Entry
Sweetgrass, MT
Old Canadian Port of Entry, Coutts, AB
New Joint Port of Entry, Coutts-Sweetgrass
Emerson, MB-Pembina, ND
Regionalization/Devolution

- CANAMEX Corridor Coalition
- Center for Research on North America, UNAM
- Center for North American Studies, American University
- Consortium for North American Higher Education Collaboration
- North American Forum on Integration
- Transborder Institute, University of San Diego
- North American Center for Transborder Studies, Arizona State University
- Western Governors and Western Canadian Premiers
- Council of State Governments and its regional bodies
- Great Lakes Legislative Caucus
- Conference of New England Governors and Eastern Canadian Premier’s
- Border Legislative Conference (U.S.-Mexico)
- Ten States Retreat (U.S.-Mexico)
- Arizona-Mexico Commission
- Border Governors Conference
Regionalization/Devolution

- WHTI and REAL ID Act generated Washington State and British Columbia efforts to come up with enhanced driver’s licenses. DHS reluctantly accepts in 2007.
- DHS needs some help.
- Most proposals for DHS reform include moves toward devolution/regionalization of DHS authority.
- In other words, more regional authority, more direct local coordination with state and local authorities.
Shared Infrastructure

- 1995, Canada-United States Accord on Our Shared Border
  - Three ports of entry to be redesigned as joint facilities.
    - Coutts, Alberta-Sweetgrass, Montana
    - Osoyoos, British Columbia-Oroville, Washington
    - Little Gold Creek, Yukon-Poker Creek, Alaska
  - All sleepy ports, but important in their design and operation to reflect local problems.
New Joint Facility at Osoyoos-Oroville
Vehicle Inspection Osoyoos-Oroville
Vehicle lanes Osoyoos, BC
Vehicle Inspection Lanes: Osoyoos, BC
Conclusions

- Three “Noes” will dominate North American agenda for foreseeable future.
  - No Money
  - No Disputes
  - No Legislation

- No big borders or economic project on medium term horizon. Little political capital to be spent on North America or moves away from “Alphabet Soup.”

- DHS will continue to be main interlocutor on North America as long as security drives the NA agenda.
  - Especially in absence of vision of NA
  - Secretary Napolitano’s approach a work in progress.
Conclusions

- Sub-federal governments and regional groupings could/should drive the North American agenda.
  - Probably more effective than pushing national capitals.

- Progress will build upon competitive “best practices” already a feature of federalism.

- DHS already being encouraged to decentralize operations to regional, state, and local control.

- Circumvents nasty politics of trade liberalization.
  - Avoids anything that “rhymes with NAFTA”
Thank You

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