The "inevitability" of North American integration?

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"La fatalité, c'est l'excuse des âmes sans volonté"
Romain Rolland

Is Canada's destiny tied up in its geography, as a disconsolate André Laurendeau conceded more than 60 years ago?1 Does our presence on the North American continent make it inevitable that there will be an ever-closer continental integration with the United States and Mexico? One might argue that integration is not only dictated by geography but is also economically necessary, politically beneficial, and totally consistent with the natural evolution of our relations within NAFTA. One could also argue the contrary, namely that there need be nothing inevitable, necessary, or beneficial about continental integration.

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1 Though it did not please him to say it, he admitted that "jusqu'au jour où il sera possible de faire pivoter les continents sur eux-mêmes de façon à situer le Canada entre le Brésil et l'Argentine, acceptons la géographie telle que Dieu et les lois naturelles l'ont fabriquée!" Quoted in Yvan Lamonde, Allégeances et dépendances: L'histoire d'une ambivalence identitaire (Québec: Éditions Nota bene, 2001), 84.
In what follows, I will survey the arguments for and against continental integration and conclude that it remains what it has always been: an option, that is, a political choice that governments may or may not make. Rejecting the option does not mean negating the crucial importance of Canada's relationship with the US. Nor does it imply the need to find an alternative. It simply suggests that the type and level of integration that now exists in North America may well be the one that best serves Canada's interests.

**Geographic Determinism?**

My suspicion of geographic determinism probably stems from the fact that I have spent several years in Germany, the country where the concept of "geopolitics" was developed—and discredited. Geography has often been used (and not just in Germany) to dubious political ends, sometimes being invoked to justify territorial expansion, other times to define "spheres of influence." So when we are told that Canada cannot "escape" its geography, what exactly does that mean? Does it mean that our presence on the North American continent defines a part of our identity? Absolutely it does, and no one would argue otherwise. Must it follow that our destiny will be linked forevermore to that of those with whom we share this continent?

Everywhere these days, one can witness the affirmation of regional identities, often accompanied by the emergence of new or reinforced regional structures. If North America had been made up of several countries roughly equal in size, the issue of continental integration would have been raised and perhaps resolved a long time ago. Such integration might

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3 As is demonstrated by the recent debate in Québec over what is called l'américanité. For a nuanced treatment, see Gérard Bouchard, "L'américanité: un débat mal engagé," *Argument 4*, no. 2 (2002): 159-80. But the discussion of Canada's (English as well as French) North American identity dates to the interwar period, when, as one author reminds us, "there was a time, not so many years ago, when to speak of Canada as a North American nation was viewed, at least in some quarters, as heresy." Ramsay Cook, *Canada, Quebec, and the Uses of Nationalism*, 2d ed. (Toronto: McClelland & Stewart, 1995), 174-5.
even have been particularly seductive for Canadians, for the "regional power" that is Canada might have found its region.⁴

But things are different: we share the continent with a giant and a country whose bilateral relationship with the US differs profoundly from our own. What was possible to do as a trio and what was clearly in the interest of all three countries, we have done with NAFTA. Should more be done? Perhaps, but the arguments predicated on geographic necessity carry no weight. Geography matters; it imposes constraints and opens up possibilities. In no case can it—nor should it be allowed to—dictate political choices. Geography always has the precise weight that policymakers choose to give it.

INTEGRATION THROUGH ECONOMIC NECESSITY?
Continental integration is said to be necessary for a number of economic reasons, starting with the heightened degree of economic interdependence and its corollary of heightened vulnerability. Integration is presented as the means to avoid the dramatic consequences that even a partial or temporary closing of the borders would have.

It is also argued that free trade has delivered all the benefits it is capable of bestowing; henceforth, further economic gains can only be obtained by going a step further, and by harmonizing policies, regulations, and standards. The market, it is said, has done its share, and now it is time for governments to do theirs.

A third case has to do with the rise of new powerful economic players. They pose severe competitive challenges to North American economies, requiring them to integrate more fully in order to better defend themselves.

These strong arguments have been made repeatedly, in particular by the Canadian business community. Why is it that public opinion in Canada remains reticent? There are several reasons, among which four are especially relevant.

First, the balance sheet on free trade, while generally positive, is not overwhelmingly so. There have been clear productivity gains and some benefits to consumers through cheaper imports. The positive impact on

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⁴ Herman Kahn dubbed Canada a "regional power without a region," as quoted in Peter C. Dobell, *Canada's Search for New Roles: Foreign Policy in the Trudeau Era* (London: Royal Institute of International Affairs/Oxford University Press, 1972), 4.
employment levels is more difficult to ascertain.\textsuperscript{5} The rapid and strong growth in Canadian exports to the US cannot be entirely chalked up to free trade: the weakness (until recently) of the Canadian dollar, government fiscal policies, and strong growth in the American market have all played a part.

Secondly, the benefits from free trade have not been evenly distributed. They obviously cannot be, and were never meant to be, but it is not hard to understand why those sectors that have benefited the most from free trade, namely those Canadian companies that have successfully adapted to the new environment, should be the most supportive constituency for continental integration.

Thirdly, the long-term objective of that integration for Canada is unclear. While the convenience of a single market is obvious for companies operating in all three countries, is Canada’s future growth dependant upon North American economic integration? Do we want the share of our exports heading south to increase beyond 85 percent? Do we believe that real growth potential is there? Are we only seeking to head off an apprehended erosion in our trade with the US? Are we afraid of competition from Mexico, which might be on its way toward supplanting us as America’s foremost trading partner? Or are we counting on integration as a safeguard against the closing of the border? If it is the latter, how is economic integration supposed to address American concerns over security? Managing the border will remain a crucial issue, with or without economic integration. Canada is right to devote as much attention to it as it does. Security issues cannot and should not be used to cover up an economic integration agenda.

Those who like to invoke the example of Schengen conveniently forget that Britain has refused to join the Schengen accord because of security and sovereignty concerns. Under what conditions might we imagine the Americans behaving differently? Who would defend the security perimeter, for instance, in the far north? These are political matters, and it is simply wrong-headed to imagine that economic integration on its own can address them.\textsuperscript{6}

\textsuperscript{5} See the detailed study by Daniel Trefler, “The long and short of the Canada-US free trade agreement,” \textit{American Economic Review} (September 2004), 870-95. Trefler argues that the FTA was associated with substantial employment losses.

American and Mexican objectives in continental integration would seem to be more obvious than Canadian ones. For Mexicans, it could be the fastest road to closing the development gap. Americans not only know that any kind of integration would necessarily happen on their terms but may also see the development of Mexico as a means to keep Mexicans at home. This is certainly what Robert Pastor has in mind with his “North American community.” He hardly dwells upon Canada in his book, save as a country that might be counted upon to help the US help the Mexicans close the economic gap.7

The fourth reason why Canadians are reticent to embrace greater integration is somewhat paradoxical. It stems from the fact that free trade has not brought about the loss of national identity and the kind of societal convergence that was feared 15 or 20 years ago. Works such as Fire and Ice and Growing Together While Staying Apart seem to suggest that there has even been a growing divergence. This leads Canadians to believe that the current level of integration is probably the right one.

Most likely, the growing divergence of values between the two countries has nothing to do with free trade and everything to do with the major changes that have occurred in the US over the last decades. Some of those relate to changes in the international environment, like the end of the Cold War that has made the US the only and unchallenged superpower. Others relate to changes on the domestic scene, like the shifting southwards and westwards of the country’s centre of gravity.

In Canada, the impact of those changes has been significant, particularly in Québec. The province, which has historically been well disposed towards the US and which was strongly ahead of the rest of Canada in its support of the first free trade agreement, has become the province where opposition to the Iraq war and to missile defence was the strongest.9

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THE POLITICAL DIMENSION OF INTEGRATION

Proponents of continental integration argue that it would provide Canada with enhanced influence where it counts, that is, in Washington. Once liberated from its American "obsessions" (to use Allan Gotlieb's expression), Canada would gain confidence in itself, feel less vulnerable, and be, therefore, more capable of pursuing an ambitious foreign policy.

Furthermore, within the new institutions that would be put in place as a result of continental integration, Canada would find itself operating on an equal footing with its North American partners. The rather informal cooperative arrangements under NAFTA would be replaced by new and more robust structures, within which Canada would be better able to articulate and defend its interests.

These visions may turn out to be illusions. While it may be true that there is no influence without a seat at the table, the reverse does not necessarily apply: one can be at the table without influence. Will we be in a position to negotiate the kind of institutions we think we need to protect our interests? The NAFTA dispute settlement mechanism, in which we used to take such pride (before it turned out to be less useful than we had hoped) would probably be the first thing to go. The best institutional deal we can get is probably the one we have got. If anyone doubts this, let them ponder Pastor's astute observation that the "most compelling practical reason to approach NAFTA with a different mindset is its original premise's lack of realism. The agreement was negotiated as if the three countries were of equal size and economic weight." 10

It is often the case in community-building that the structures providing the most protection for the weakest members are supranational, not intergovernmental, in nature. Whatever may lie in store for the institutional future of North America, we can be assured that it will be intergovernmental and not supranational. And it is hard to imagine why, in any intergovernmental negotiation, the Americans would settle for anything else than what they need and what they want.

THE ARGUMENT OF NATURAL EVOLUTION

John McDougall's recent article, "The long-run determinants of deep political Canada-US integration," presents the argument that there is an

10 Pastor, Toward a North American Community, 18.
evolutionary logic pushing Canada towards ever-closer integration with the US." He and other writers have argued that we are well advanced on a process that will eventually lead to political integration. As Thomas Courchene notes, Canada and its two North American partners may be confronting the European dilemma posed by the choice between deepening and widening of their integrative processes. Courchene, however, finds few proponents of widening and more support for deepening.12

Karl Deutsch is frequently cited as having been the first scholar to have suggested that an increase in trade and investment flows would serve as a prerequisite for integration.13 Yet too often we make, by a semantic twist, a necessary condition into a determining cause. It is certainly hard to conceive of any integration worthy of the name in the absence of trade and investment flows, but does it follow that the latter must lead inevitably to the former?

What is often overlooked is that economic or political integration does not happen automatically; it must be sought. At each stage in the evolution of cooperation between independent actors there comes a moment of choice: should a further step in the direction of integration be taken, or not? These decisions can only be made by governments, held accountable before their citizenry. Today, we simply see no evidence of any governmental desire to push for an economically or politically integrated North America, neither in Ottawa, nor Washington, nor Mexico City. At the most we are seeing a growing recognition of the need to energize an existing partnership.

Analogies with the European Union are often faulty because they fail to reflect a true understanding of how and why Europe's integration began. It was the result of conscious choices made by the founding members. It was accompanied by the recognition that integration could not be achieved in one fell swoop and would have to be reached in stages, but the decision to integrate economically and politically was made from the beginning. It is true that the British have regarded European integration as less axiomatic than have the continent's EU members. With the recent French rejection of

the EU constitutional treaty, one may start to wonder whether the British view will prevail in the long run. It is difficult to imagine that the EU could become, any time soon, a mere free trade zone, but it is quite clear that the current level of integration is already more than many Europeans can digest.

When Helmut Schmidt and others likened Europe to a bicycle, they meant that it could neither go in reverse nor stop moving forward. A bicycle has brakes, however, and that is what we are seeing now. The big difference is that in North America, no one has ever taken the decision to hop onto the bike. That is a choice that remains to be made, or not, as the case may be.

IMPLICATIONS
Of all the arguments that can be made in favour of North American integration, the only potentially compelling one is economic. But even there, the argument is only compelling if one chooses to ignore all non-economic factors. I happen to believe in the primacy of politics over economics. I do not believe that we should sacrifice everything on the altar of competitiveness. I remain convinced that capitalism tolerates variants and that there is not one sacred economic model. We should not be dazzled by hegemonic power, at least not until it has moved to China and its "apocalyptic variant" of capitalism.\(^{14}\) We have the freedom to shape our future and need to exercise that freedom. We are not creatures but creators of destiny and we have built a country whose specificity deserves to be defended.

If, as I have argued, North American integration is an option and not an unavoidable fate, what does this imply for our relations with our NAFTA partners and with the world beyond North America? In both instances, we must be guided by our interests. That being said, I would certainly not wish to leave the impression that I favour the idea of trying to counter a realpolitik of integration with a romanticized, idealistic vision of an alternative future.

First and foremost, we must reject the notion that saying "no" to integration is tantamount to sanctifying the North American status quo. The "three amigos" should meet with each other more often, as a threesome, and make it into something more than the addition of three bilateral rela-

\(^{14}\) The expression is borrowed from Alain Minc, *Ce monde qui vient* (Paris: Grasset, 2004).
tionships. They should develop a strategy that can lead to a more effective inclusion of Mexico within the North American space. Existing agreements can be improved upon but the temptation to negotiate new more ambitious ones should be resisted. Closer contacts between the three countries' civil societies and subnational entities need to be encouraged. Many Canadian provinces are already fully engaged in this. All of this might lead, at some point in the future, to the construction of a North American identity, a sense of belonging that is clearly too weak at present.

Secondly, we need to look beyond the North American horizon and build alliances with those who will matter even more tomorrow. There will be new centres of power and new opportunities. This should inspire Canadian policymakers to elaborate a strategy that is consistent with the country's history rather than with its geography. The recently published international policy statement is rather reassuring on that front. It puts the required emphasis on the revitalization of the North American partnership while maintaining Canada's global reach. One can only regret an apparent blind spot for Europe.

Canada must nail its colours to the mast and state explicitly that it intends to diversify its political and economic ties. It might just increase our standing in Washington. We have comparative advantages and we should be prepared to benefit from these. Our energy resources are of great interest to many countries. Our vastly improved economic performance, achieved in part as a result of the FTA and NAFTA, should enable us to win markets on other continents. We must have the imagination and the courage to reach out. Today's generation of Canadian business leaders has grown up in a very competitive environment. They are capable of competing successfully on all continents. Judging by the growth in Canadian investments in Europe and Asia, they are doing just that.

We just need a broader and more ambitious vision of our future. It does not lie in ever-closer North American integration. Let us make no mistake, there is nothing "inevitable" about integration. The burden of proof still rests on the shoulders of those who want to convince us otherwise.