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The Long-Run
Determinants
of Deep/Political
Canada-US
Integration

John N. McDougall

North American
Citizenship

Possibilities and Limits

Jennifer M. Welsh

Thinking
North
America



Comments by
Dorval Brunelle



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The Art of the State II
Thinking North
America

Thomas J. Courchene,

Donald J. Savoie and

Daniel Schwanen, editors

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1**Foreword****3****John N. McDougall***The Long-Run Determinants of
Deep/Political Canada-US
Integration***33****Jennifer M. Welsh***North American Citizenship:
Possibilities and Limits***51****Dorval Brunelle***NAFTA and North American
Citizenship: An Unfounded
Debate? Comments*

THIS YEAR MARKS THE 15TH ANNIVERSARY OF THE CANADA-US FREE TRADE Agreement (FTA) and the 10th anniversary of the North American Free Trade Agreement (NAFTA) coming into force. While these anniversaries would rather naturally have led to increased interest in ways to broaden and deepen our North American trading relationships, the tragic events of 9/11 have added homeland security as a complicating issue to the already full free trade agenda. With this in mind, in October 2003 the IRPP convened its second “Art of the State” conference around the theme “Thinking North America: Prospects and Pathways.” Outstanding experts from Canada, Mexico and the United States came together to explore new ideas, new instruments and new processes for enriching our North American experience in ways that at the same time preserve Canada’s freedom to manoeuvre. We attempted to remedy gaps in the public discourse and understanding of how three proud and sovereign nations could advance common causes and manage their increasing interdependence. In this context, it is a pleasure to acknowledge our partner in this endeavour, the Canadian Institute for Research on Regional Development at the University of Moncton.

The concrete result of this conference is the series of papers of which this folio is an integral part. The contributions will be released individually, but together form a collection that will explore a wide range of North American issues, including:

- ◆ The trade and economic dimensions of the Canada-US relationship
- ◆ The pros and cons of an enhanced institutional structure, including the possibility of a treaty for a revitalized community of North Americans
- ◆ The deep determinants of integration; whether a North American “citizenship” can evolve from current relationships; and whether new rights should be extended to private parties to give direct effect to commitments by governments
- ◆ The management of environmental issues
- ◆ The role of states and provinces in any future trilateral relationship
- ◆ How efforts at making North American integration work better should be seen in light of other international agendas being pursued by the three nations, in particular that of the Free Trade Area of the Americas

On behalf of the IRPP, I want to express my sincerest thanks to the many contributors to these volumes and to extend my appreciation of their efforts to develop their ideas to new levels of depth, clarity and relevance to policy. This is due in no small part to the diligence of the three co-chairs of the second “Art of the State” conference and editors of this collection: IRPP Senior Scholar Thomas Courchene, Senior Fellow Donald Savoie and Senior Economist Daniel Schwanen. It is their hope and mine that this series will be useful to all those involved in the multifaceted North American relationships and that, mindful of potential pitfalls ahead, this work will also help train our eyes on the rewards that the three nations could reap from improving those relationships.

Hugh Segal
Montreal, March 15, 2004

The Long-Run
Determinants of
Deep/Political
Canada-US
Integration

I n t r o d u c t i o n

UNTIL RECENTLY, THE HISTORY OF CANADA MIGHT HAVE BEEN WRITTEN AS A CONFRONTATION between an almost inexorable process of Canada-US economic integration on the one side and Canadian resistance to political integration on the other. During most of the twentieth century, the main economic forces on the side of Canada-US economic integration were, first, a long march toward overwhelming export dependency on the American market and second, a constant flow of American foreign direct investment (FDI), which eventually made Canada host to one of the highest concentrations of American direct investment on the planet. Meanwhile, the main force aligned against Canada-US economic integration was Canadian economic nationalism, whose adherents — from John A. Macdonald through Walter Gordon to Mel Watkins and David Orchard — have been convinced that economic integration between the two countries would culminate in their political integration and must therefore be kept to a minimum, consistent with an adequate rate of economic growth. Typically, the nationalist argument was not that substantially stronger economic ties with the US amounted in themselves to domination by the United States, but rather that the cumulative effects of trade and investment patterns would, because of the high costs of reversing the extent of the economic ties that had developed, considerably diminish the scope for autonomous Canadian policies in a variety of domains.¹

Meanwhile, even when they have favoured closer economic ties with the United States, few Canadians have stood squarely on the side of political integration of the two countries. However, there has always been a substantial body of opinion, most notably among mainstream economists and most of the country's business leaders, that has

strongly rejected the existence of any direct link between economic integration and political integration. The advocates of this view have argued, to the contrary, that the political and economic realms work fundamentally in isolation from one another and that therefore Canada's increasing economic integration with the United States carry no political risk. Some of them have argued, further, that closer economic relations may even reinforce Canadian independence by enriching the country and making Canadians better able to afford the social, cultural and foreign policies that differentiate them from Americans.

Despite the fact that no one on either side in this long-standing debate necessarily knew or cared very much about theories of integration, in effect, the opposing positions they have taken can be framed as a dispute over the validity of the core hypothesis of the communications approach to international political integration. This theory holds that (with qualifications discussed below) the intensification of social and economic interdependence between two or more societies must lead over time to political integration. In the context of the terrorist attacks in the United States in September 2001, however, the theoretical question of whether or not economic integration entails political integration achieved some concrete urgency for most Canadians. For them, one of the most tangible consequences of those attacks — many kilometres of trucks backed up behind border-crossings into the United States — was an unsettling reminder of the extent to which their country's economic fortunes had come to depend upon smooth and uninterrupted access to the American market and, worse yet, the degree to which such access might require the closer alignment of a wide variety of Canadian domestic and foreign policies with those of the United States. In light of Americans' enormously heightened sensitivity to possible security threats emanating from Canada, Canadians' continued enjoyment of the economic benefits of their extensive economic interdependence with the United States seemed increasingly contingent, as economic nationalists have feared all along, on their willingness to pay whatever political price might be necessary to reassure Americans that Canadian policies across a broad front were not adding to the security problems confronting the United States.

Over all, as events following September 11, 2001 (9/11), unfolded (and especially following the American-led invasion of Iraq), public opinion in the country has been both deeply divided and highly volatile on the questions of the extent to which such policy accommodations should be made and, more

generally, whether Canada should be seeking closer or more distant relations with the United States. Canada's business community, however, has shown little of this ambivalence: in its view, the objective of keeping goods flowing smoothly across the United States/Canada border must now be the country's highest economic and political priority, to the point where they are prepared to embrace outright political integration, or something tantamount to it, if that is what it takes.² Given this preoccupation, one might conclude that the gradual economic integration of the continent has in fact culminated in a commitment toward Canada-US political integration among the Canadian business elite. However, it remains to be seen whether the economic and political leadership of the country will attempt to promote such integration over the heads of a substantial portion of the Canadian public, or rather will strive to persuade them that the harmonization of Canadian and American policies in a number of areas is vital to their long-term economic interest.

Against the background of this possibly decisive turning point in Canada's relationship with the United States, the central argument of this paper is that recent security concerns have not caused, but merely intensified, the determination of most Canadian business leaders to reduce the practical significance of the border between the two countries to a minimum. Behind this recent determination stands a more evolutionary change in the relationship between foreign direct investment and distinct national economies, a change that is proving to be the single most important factor promoting Canada-US integration (and deep economic integration everywhere). The shift in the North American trade agenda from essentially one of tariff reduction toward one of reducing differences across a broad spectrum of national policies — the core difference between shallow and deep integration — closely coincides with the appearance on the continent and across the world of a new, more highly rationalized form of multinational corporation (MNC), which some have labelled the transnational corporation (TNC). Until a few decades ago, the national subsidiaries of MNCs typically were not much concerned about national protectionist measures such as tariffs because, as the Canadian case famously demonstrated, trade barriers were their *raison d'être*. In contrast, because diverse national policy environments raise the cost and complexity of the transactions required by more highly integrated production and marketing networks, TNCs abhor not only national tariffs, but all national differences that contribute to what Sylvia Ostry

has labelled “system friction” (1997, 126). Deep integration is the TNC’s answer to system friction, and it is no accident that over the past few decades the international trade agenda has been driven predominantly by large international firms at the same time as it has been aimed primarily at eliminating existing differences in so-called “behind the border” policies.

The trade agreements between Canada and the United States (and now Mexico) have been among the most substantial intergovernmental attempts to promote this expanded trade and investment agenda. Obviously, however, a relatively new form of international business enterprise, in North America or anywhere else, cannot be counted as a long-standing determinant of this shift in the focus of international market liberalization. Nevertheless, several long-run trends can be singled out as permissive conditions for the central role of newly structured international firms in the recent progress toward deep North American integration. An obvious example of this is the large increase in both the flows and stock of American foreign direct investment in Canada throughout most of the previous century. At the same time, the unprecedented interconnections and transactions associated with the new TNC could not have affected the Canada-US relationship in the ways that they have without, for instance, complementary changes in the international distribution of power, a reorientation of North America’s infrastructure and a secular shift in some key Canadian attitudes toward the role of the state.

Accordingly, the next section follows this introduction with an overview of changes in the global strategic situation confronting the countries on the North American continent. Section three then presents a rundown of the most significant economic transactions between Canada and the United States historically, as well as an overview of the infrastructure used to conduct them. The fourth section follows this with a detailed look at the modes of business rationalization that are reordering the production and marketing of goods and services across the Canada-US border. The next section then undertakes a summary and assessment of the values held by the Canadian and American publics that, according to the theory of international political integration, may prove pivotal to the question of how far the integration process between Canada and the United States might go. The final section concludes the discussion with an assessment of the potential importance of foreign-policy differences between the two countries in shaping the long-term future of their relationship.

T H E G L O B A L C O N T E X T F O R
C A N A D I A N - A M E R I C A N
R E L A T I O N S

FOR MUCH OF THE LAST HALF-MILLENNIUM, THE ENTIRE WESTERN HEMISPHERE PROVIDED an arena for imperial contests driven by the European balance of power. Over the last hundred years, however, the United States of America gradually returned Europe the favour, albeit mostly in the bipolar and now unipolar variations of the Great Game. Canada, or at least the territory of what is now Canada, has always played a relatively insignificant part in the dynamics of great power rivalry, yet oddly enough it has been some kind of adjunct to the world's last three pre-eminent players: France, Great Britain and the United States. Two developments in particular changed the significance of Canada's "place" in North America. The first was the transferral of global economic leadership from Britain to the United States over the course of the War of Europe (1914-45), which subsequently opened the way for the bipolar rivalry between the United States and the Soviet Union to subsume and reconfigure the European-centred multipolar system. The second was the further, more recent transformation of the bipolar division of power into an emerging unipolar concentration of power, and possibly the evolution of a global system under the primacy of the United States.

The arc of Canada's orientation to the rest of the world has followed these contours. During the period between the two world wars, Canada was able to escape the dominance of Great Britain by increasing its economic interdependence with the United States, while managing after the Second World War to attain a reasonable degree of political autonomy in international affairs. Following the end of the Cold War, however, Canada was increasingly exposed both economically *and* politically to the United States, with an even greater degree of both following 9/11. Of particular note here is a gradual contraction of the scope of Canadian foreign policy since the late 1980s — including a concentration upon its bilateral economic relations at the expense of its multilateral diplomatic ones — which flowed out of the collapse of the Soviet Union and the adoption of free trade, two nearly simultaneous developments whose relative causal significance is difficult to disentangle.

During the Cold War, Canada's commitments to multilateral defence through the North Atlantic Treaty Organization (NATO), and to universal peace and security through the United Nations, had both served as a counterweight to

its commitment to continental defence through its membership in the North American Aerospace Defence Command (NORAD) and numerous other continental defence arrangements. Each of these institutional venues marked a different degree of Canadian autonomy from (or, conversely, dependence upon) the United States. In NORAD, Canadian autonomy was lowest and its dependence highest. Within NATO, Canada's autonomy was higher and dependence lower because, while still relatively small in membership and dominated by the United States, the alliance was at least multilateral. Within United Nations peacekeeping operations — undertaken in co-operation with many countries and often on terms specifically excluding the United States — autonomy was highest and dependence lowest. Recently, however, in the face of what Dymond and Hart have labelled “the fading salience of club memberships as foreign policy attributes and assets” (2003, 14), Canada has moved away from participation in NATO- and UN-sanctioned deployments and toward more substantial involvement in American-led peacemaking initiatives overseas, co-operation with its Homeland Defense initiatives, and probably (as of November 2004) the endorsement of its anti-missile defence program.

Moreover, during the Cold War, the services that Canada performed on behalf of the world community were supplemented by two key elements in Canada's bilateral relationship with the United States itself. First, Canada acted in ways designed in part to persuade the Americans that they had a stake in Canada's independence. During the Cold War, this could be accomplished by performing a range of tasks in international affairs that were helpful (or at least not damaging) to Americans' foreign interests, but which they could not do as effectively on their own, such as co-operating with nonaligned countries on development and stability issues. Second, Canada could assume the delicate role of trusted and friendly critic of American foreign policy. In this role, Canada avoided direct challenges to the fundamental objectives of American policies, and only rarely condemned the means chosen to achieve those objectives. However, it did occasionally point out that some of the United States' actions were contrary to its own interests in the longer term.

The end of the Cold War had already begun to diminish the scope for the performance of these roles, and the intensification of the threat of terrorism is (so far) reducing it even more. The joint promotion of global economic liberalization has carried the identification of the the two countries' international interests even

further. However, examination of the potential for remaining foreign-policy differences between the two countries to limit the long-term prospects for further integration will be left to the concluding section of this discussion.

Transactions and Major Infrastructure

JUST AS AMERICA'S GLOBAL REACH AND SUPERIORITY HAVE INCREASED THE PROMINENCE of the Canada-US relationship in Canada's foreign policy, so has the American market increased in its significance to the Canadian economy. It has become common place to observe that the US market now accounts for over 80 percent of Canada's exports, and hence for roughly 30 percent of the country's total gross domestic product (GDP). This unprecedented degree of trade dependence can be traced back as far as the 1920s, when the United States displaced Great Britain as both the major destination for Canadian exports and the major source of its foreign capital. The First World War was clearly the hinge of this transition. In 1913, investment from the United Kingdom represented 73 percent of total foreign investment in Canada, while that from the United States represented only 22 percent. By 1926, the United Kingdom's share had dropped to 44 percent and the United States' share had risen to 53 percent.³ Over the same period, direct foreign investment (representing operational control of the firms involved) grew significantly relative to portfolio investment, increasing from 20 percent to 30 percent of all foreign investment. By 1952, such direct investment represented exactly half, and American investment represented 77 percent, of all foreign investment.

Meanwhile, a shift in the axis of Canada's foreign trade paralleled that with respect to capital flows. In 1901, Canada's trade with the United Kingdom represented (in round numbers) 41 percent of Canada's total trade, while trade with the United States represented 43 percent.⁴ By 1926, this slight margin in favour of the United States had widened to a substantial gap, with the United Kingdom dropping to 27 percent and the United States rising to 50 percent. By 1952, the numbers had continued on the same trend line, with the United Kingdom falling further to 13 percent and the United States rising to 63 percent. In terms of Canada's dependence on the United States specifically for its exports, it stood at 26 percent of total exports in 1901, 36 percent in 1926 and 53 percent in 1952.

Since thus passing the 50-percent mark a half-century ago, this concentration of exports in a single foreign market has marched steadily toward the recent figure of over 80 percent, even reaching a pre-9/11 peak of 86 percent.

According to the communications approach to integration associated (most notably) with Karl Deutsch (1957, 1988), this growing level of trade and investment flows between Canada and the United States represents a precondition for advancing levels of political integration. In bare outline, the Deutschian theory of integration posits that the intensification of transactions of all kinds between two or more societies will, over time, bring about a positive political reorientation of those societies toward one another in the form of increased mutual responsiveness and joint support for the advancement of common goals. (An important intervening variable in this causal relationship is the level of mutual trust between the people of the two societies, a dimension that will be considered later.) By this measure, the process of Canada-US integration began with the increasing flows of trade, investment, people and ideas between the United States of America and British North America during the second half of the nineteenth century. Similarly, and running parallel to the geopolitical transition sketched in the previous section, the major turning point in the Canada-US relationship was the period over which the volume of such transactions between Canada and the United States first overtook and then began to dominate those between Canada and the United Kingdom.

Meanwhile, major infrastructural developments accompanied (and facilitated) the transactional components of the relationship, as most of the two countries' networks of transportation and communications also underwent a process of more extensive cross-border integration. It should be noted, however, that a recent progress report on North American integration highlighted two somewhat ambiguous findings with respect to infrastructure, defined as the economic links between the two countries at the "operating level." These findings were, first, that "little research has been done on the extent of convergence in many extremely important aspects of the North American economy" and, second, that what evidence there is "suggests movement toward integration in some areas, but a surprising lack of integration in many others" (Hoberg 2000, S43).

Space does not permit a detailed inventory of Canada's infrastructural (or intermediate) industries, let alone an assessment of the precise degrees of continental integration associated with each of them. It is worth noting, though, that

the integration of the North American transportation and communications industries tends to be the least advanced in those sectors in which Canada historically exercised a variety of instruments of state intervention — government ownership, subsidies, foreign-ownership restrictions and preferential regulation — in order to keep such systems as independent as possible from comparable systems operating in the United States. As several economic historians (Aitken 1967; Easterbrook 1990; Glazebrook 1938) have fully documented, the very existence and durability of a distinct economic and political unit on the upper half of the North American continent was the product of an economic “grand strategy” pursued successively for the past 300 years by each of the three political regimes that have exercised jurisdiction over it. Consecutively, the French, British and Canadian governments pursued various versions of the policy of “defensive expansion,” according to which the state has engaged in the creation and protection of strictly Canadian-controlled systems of transportation and communications.

Unfortunately, there was an intrinsic flaw in the design of this strategy and the systems created to carry it out. Almost invariably, Canada’s transcontinental systems were redundant in purely economic terms, given that the services they were constructed to provide could have been more efficiently provided by marginal extensions into Canada of systems operating in the United States. Thus, beginning with the fur trade, the definitive character of Canadian systems of transportation and communication — the transcontinental railways, the broadcasting networks, the banks, the long-distance telephone network, the airlines, the highways, the communications satellites and the pipelines — has revealed itself with striking regularity. While the promotion of these systems has been the hallmark of Canadian nation-building, one of their most consistent and conspicuous economic features has been the contestability of the Canadian market for their services.

Historically, then, the Canadian government has adopted various strategic uses of the central state to prevent the encroachment of more efficient American-centred systems on the markets of existing Canadian systems. Most frequently, when the government has faced a need to pre-empt American intrusion into Canadian markets, it has adopted what is often called the “chosen-instrument” approach to the problem of encroachment, and most of the time the instrument chosen has been a government-owned corporation, with the Canadian Broadcasting Corporation (CBC), Trans-Canada Airlines (later renamed Air Canada) and Telesat providing prime examples. On other occasions, and in

different circumstances, the policy instrument has been a private corporation acting with significant support from the federal government, of which the Canadian Pacific Railway and TransCanada PipeLines are perhaps the best examples (see Aitken 1959, 1967; McDougall 1982, chaps. 4, 8).

From a long-run perspective, then, the question of the degree to which the physical systems facilitating Canada-US transactions are integrated on a continental basis is less ambiguous than Hoberg's rather abbreviated account seems to indicate. While, in almost every instance, the operational integration of these systems has become more thoroughly North American as time has passed, national regulatory constraints and cross-border ownership restrictions remain in place to a significant degree in many of them. Upon recent evidence (Madar 2000), trucking would seem to be the most thoroughly integrated North American system; rail is rapidly becoming so, but airlines, shipping, banking and broadcasting remain (on both sides of the border) subject to significant ownership and regulatory restrictions. Meanwhile, the transmission of oil, natural gas and electricity involves different mixes of interprovincial and international traffic, while telecommunications is moving haltingly (in Canada) toward deregulation and foreign-based competition.

Some aspects of these developments provide an important illustration of the spillover process associated with political integration. The intensified export of goods into the United States has undoubtedly produced pressure for the expansion of north-south transportation linkages as well as increasing pressures to improve the "software" of border management. This in turn has raised to a critical level the importance of the smoothness of operations at the border to a huge segment of the Canadian economy, which has made — especially but not exclusively since 9/11 — the harmonization of Canadian and American policies over a wide range of noneconomic areas a vital Canadian economic interest. If this in fact proves to be the case, then it will represent the final defeat of Canada's "national ideas" by "the standpoint of commercial and economic convenience," a contest that has been tilting away from the former and toward the latter since well before the election of 1988.⁵

The problem for Canada with this shift in ideological orientation is that, as we have just seen in bare outline, the development of the Canadian economy as a *national* economy (as opposed to a segment of the North American economy operating within Canadian jurisdiction) has depended historically upon the exercise of

intrusive and protectionist policies and regulations. It was the essence of such policies that they favour national over foreign firms and investors, and all of them represent forms of government intervention contrary to the “national treatment” ethos embedded in the North American Free Trade Agreement (NAFTA), which insists that national policies extend identical terms and conditions to nationals and foreigners alike. In fact, it seems fair to say that the country simply would never have become viable if those in command of the Canadian economy during the British colonial era and the formative years of Confederation had not engaged massively in the kind of discriminatory and protective policies that are now ruled out by NAFTA.

It is for this reason that the next round of trade liberalization, focused as heavily as it is on trade in services and investors’ rights, is likely to cut much closer to the bone of Canadian national identity and independence than previous “trade in goods” rounds have done. On the other hand, there can be no question that deeper levels of integration are necessary to realize yet higher levels of continental prosperity. Accordingly, the stage appears to be set for an even more contentious divide between the champions of integration and the defenders of the national idea in Canada as the agenda for deeper integration is carried forward.

F o r e i g n D i r e c t
I n v e s t m e n t a n d N o r t h
A m e r i c a n B u s i n e s s
R a t i o n a l i z a t i o n

AS IMPORTANT AS TRADE AND INVESTMENT FLOWS ARE TO THE PROCESS OF INTEGRATION, most of them have a long history, albeit at less intense levels. It therefore seems plausible that, more recently, some factor or combination of factors must have changed qualitatively as well as quantitatively to move the status of the Canada-US relationship from one of merely intense transactional interdependence toward one of incipient political integration. To this observer, the single most important qualitative change leading to deeper integration between the two countries has been the extensive rationalization of multinational firms over the past two or three decades. This has intensified the commercial and managerial interest in eliminating the effect of the border (and, indeed, the “border effect,” discussed below).

One of the primary sources of pressure toward the liberalization of markets in the late twentieth century has been the emergence of a new version of the multinational corporation: the transnational corporation, or TNC. This new form of international business operation has eclipsed the formerly dominant model of the multinational corporation, which Dunning (1997, 100) argues should rather have been called the “multidomestic” corporation, which essentially comprised a constellation of foreign clones of the parent firm. The new model is rather that of a super-rationalized global production system, managed from world headquarters in the parent country, but with the various components of the firm’s global production process occurring across numerous countries in order to benefit from the various forms of comparative advantage available in different parts of the world. Consequently, as Dunning describes it, the contemporary transnational corporation

is both the owner and orchestrator of a complex portfolio of interrelated assets, located in two or more countries. In some instances, these internal markets are closely integrated, and the parent company enjoys the advantages of common governance and diversification of risk...Over the last thirty years, and particularly as the range and extent of international production has increased, and as regional integration has facilitated the cross-border specialization of economic activity, an increasing number of [TNCs] have begun to embrace globally integrated strategies. (1997, 100)

Because this new form of international business enterprise places an enormous premium on the fast and efficient movement of all kinds of goods and services across national boundaries, it is inherently ill-disposed toward tariffs and all other national policies and regulations that obstruct or add costs to the import and export of goods, services, technology and personnel between countries. It is also important for TNCs to be able to operate under similar, preferably identical, policy environments; a wide diversity of national business climates severely complicates the efficient, centralized management of complex international operations.

It should come as no surprise, therefore, that some observers liken the process of regional economic integration (such as the European Union and NAFTA) to that of increasing the size of countries. As deep regional integration effectively eliminates the significance of national boundaries, business enterprises are more able to produce and sell within expanded regional markets as they once could do only within individual national markets. Buckley, for example, has concluded that, “the *prima facie* evidence suggests that country size matters, and

regional economic integration is a means of obtaining the economic advantages of country size without necessarily the complete elimination of separate sovereign countries” (2003, 192).⁶

Intrafirm transfers among the affiliates of North American firms are extremely prominent in Canada-US trade relations, and by some estimates now account for more than 50 percent of annual Canada-US trade. (Similar global transfers have been estimated to account for nearly 40 percent of world trade.) This is one of the reasons that firms operating in both countries were so interested in an “open border” during the last decades of the twentieth century. The significance of these empirical observations to the current analytic context is that, to the extent that business operations across the Canada-US border have adapted to the TNC model, these types of businesses have an enormous commercial stake in even deeper integration between the two countries. Moreover, in this light it seems no longer possible to claim, as most free trade celebrants continue to insist, that a wide range of national policy differences between Canada and the United States can be insulated from this process of ostensibly economic integration; the reduction of those differences is the core object of deep integration. Certainly, as the discussion above on transportation and communications services attempted to show, the deep integration of these sectors can only come about through the abandonment of a wide array of Canada’s nation-building (and nation-maintaining) policy instruments. Moreover, it is precisely on this point that any distinction between deep economic integration, on the one hand, and political integration, on the other, becomes meaningless without some careful attention to the relationship between the two in the North American context.

Within North America, both the academic and political debates about the relationship between economic and political integration have been severely hampered by the identification of political integration with the highly institutionalized version of it taking place in the European Union. In fact, the reduction or elimination of barriers to the movement of economic factors is largely independent of any specific form of international institutional arrangements. In other words, moves toward international economic liberalization do not require the creation of common decision-making structures, certainly not ones with the scale and scope of those found in the European Union. Theoretically, therefore, economic integration could be fully accomplished through mutual but independently enacted adjustments to national policies that do not involve significant transfers of

authority from national to international levels. That is to say, deep integration, which is generally deemed to be an intensification of *economic integration*, is essentially about reducing political differences between countries — differences between national policies, regulations and standards that restrict the ease and efficiency with which goods, capital and people move between national jurisdictions. The substitution of common, “supranational” policies for existing national policies is certainly one way of removing such barriers, but it is not the only way.

To conceptualize what form a “noninstitutionalized” process of political integration might take, it may be helpful to adapt to the political realm the definition of economic integration that most economists seem to agree upon, namely factor-price equalization, according to which markets are deemed to have become fully integrated when the returns to land, labour and capital (respectively) have become uniform. Accordingly, political integration might be defined as “subject value equalization” (or possibly citizen value equalization), which occurs when the nationals (both individual and corporate) of all member states are treated in the same manner by the governments involved. In other words, political integration has been fully realized when government policies no longer discriminate against producers and investors from other countries in favour of those from within their own country.

This is not the place to argue the degree to which, by this definition, political integration between Canada and the United States has already taken place. In fact, it seems a long way off, even implausible, with respect to government policies toward individuals, such as the criminal code. However, free trade agreements can be interpreted to represent significant strides toward this condition with respect to firms, or corporate citizens. The point to be underlined here is that the question of how closely the Canada-US integration is allowed to approximate these circumstances is likely to generate a significant division — within Canada, at least — between business leaders, who are likely to favour such a development, and the general population, who are likely to oppose it.

Almost 40 years ago, John Porter anticipated the possibility of such divergence between the Canadian business community and the rest of Canadian society when he worried over the question of whether or not the “foreign resident directors of the dominant corporations” in Canada should have been included in his definition of the Canadian economic elite (1965, 273). Part of his answer to this question was to dismiss any distinction between Canadian and American business executives as irrelevant to his socio-political analysis of Canadian society. He argued that

Corporations...are governed by human beings who behave in accordance with a set of institutional norms — those of corporate capitalism. To argue that national sentiments and the “national interest” would supplant the historical and inexorable norms of capitalist enterprise is to reveal an ignorance of the capitalist economy. (1965, 269)

Moreover, Porter concluded, “Because the nationalities of actors in the system have no place in the instrumental norms of capitalism it is difficult to see how nationality affects the behaviour of those who govern a capitalist economy” (1965, 269-70). In short, it would not have surprised Porter to see that, if the logic of capitalism dictated that borders must be effectively dispensed with — as the above discussion of the TNC suggests that it might — most Canadian business people would be prepared to embrace the disappearance of Canada.

Even if matters have not come to this, it seems reasonable to conclude that, as a consequence of more than half a century of extensive foreign direct investment in the Canadian economy, much of it concentrated in the largest firms in many key sectors, the business community in Canada may currently represent the highest existing level of cross-border social and professional integration between the two communities. As one example of this, cross-border linkages within TNCs appear to be affecting the structure and performance of industry associations in Canada. According to one study:

A generation ago, most industry associations were composed of Canadian companies that operated primarily in Canada. In our survey, over half the associations told us that the majority of their members (and frequently their most important members) are actually American companies — or at least multinational companies whose headquarters are based in the US — operating in Canada. (Public Policy Forum 2000, 20)

Moreover, this change is seen to be altering the dynamics and even the very role of these associations, as “Canadian industry associations insist they now spend as much time explaining Canada and Canadian government to their members, who come from the US, as they do explaining their industry to government” (Public Policy Forum 2000, 21).

I will show in the next section that this evolution of a form of continental social capital can be predicted, according to a version of integration theory, to develop into a precondition for political integration and an erosion of what is often referred to as the “border effect.” At the same time, and precisely for this reason, it can be predicted to separate the bulk of the Canadian business

community from Canadians generally on the proper course for the Canada-US relationship. The future prospects for the deeper integration of the continent might thus be framed as the ultimate outcome of a collision between the North American social capital developing jointly within the Canadian and American business communities, on the one hand, and the historically accumulated, national social capital shared (respectively) by the Canadian and American publics, on the other.

S o c i o - P o l i t i c a l A t t i t u d e s a n d V a l u e s

THE PURPOSE OF THIS SECTION IS TO PROVIDE AN OVERVIEW OF CURRENT TRENDS IN Canadian and American attitudes toward the political integration of their countries, set against a theoretical background of the role that social attitudes may play in the process of integration. In particular, it is intended to highlight some of the ways in which Canadian attitudes that heretofore have worked counter to political integration may be giving way to values and attitudes that are more conducive to closer economic and political ties with the United States. Two major points about this will be made.

First, as already suggested, the value set of Canada's business leaders appears to be moving toward a continentalist orientation and away from commitment to a distinct national existence. While, by definition, this group is not large enough to affect electoral outcomes directly, it is well positioned to do so indirectly through its capacity to influence the viewpoints and electoral platforms of major political parties and key economic interest groups, and thereby influence the range of electoral choices available to the mass of Canadian voters, who might not otherwise be expected to follow in this direction. Second, it appears that the commitment of a majority of Canadians to maintaining the border between their country and the United States, though not necessarily diminishing, is nevertheless becoming more instrumental than absolute in character. That is to say, national separateness and independence are viewed less and less as ends in themselves and increasingly valued only to the extent to which they advance other interests, such as a superior quality of life, environmental conservation and possibly security from terrorism.

International Integration Theory and a North American (Business) Community

However, before presenting detailed evidence for such interpretations, it may be useful to dwell for a moment on some of the broader theoretical and analytical considerations bearing on the relationship between fundamental social values and political outcomes, including institutional change. As noted earlier, the communications approach to international political integration assigns a central role in the process of integration to the compatibility of core values and the degree of mutual trust between national populations. These act as critical intervening variables in the relationship between intensified transactions between societies and their increased willingness to support both closer economic ties and, ultimately, political integration. In an important application of this analytic framework, Inglehart, Nevitte and Basañez summarize the crucial linkages in the process as follows:

Deutsch argued that high levels of transactions between peoples (the movement of peoples, cross-border commerce, and communication flows) encourage similarities in main values. Similarities in main values interact and are conducive to greater mutual trust between different peoples. Higher levels of trust, in turn, encourage greater co-operation and economic integration. And economic integration, Deutsch concludes, is conducive to greater political integration. (1996, 6)

In other words, economic and political integration should ultimately be regarded as part of a process of social learning in which whole peoples can experience fundamental reorientations toward one another, as a wide range of mutual interactions leads them to see one another as increasingly predictable, positively responsive and hence trustworthy (1996, 7). Perhaps the strongest historical instance of such national reorientation is the transformation in the relationship between the French and the Germans during the decades following the Second World War. In 1950, these nationals distrusted each other deeply as a consequence of having been on opposite sides of that war, but by 1980 — following 30 years of intensified transactions and increasingly formalized political co-operation — they identified one another as being among the nationalities they trusted most (1996, 8).

Closer to home, mutual trust between Canadians and Americans has been relatively high throughout the twentieth century. Here, the validity of the Deutschian model seems to be confirmed by the strong links between Canadian and American levels of trust in one another and the levels of their respective support for closer

economic ties, as well as links between the degree of support for stronger economic ties and the degree of willingness to embrace political integration, defined as support for “doing away with the border” (Inglehart, Nevitte and Basañez 1996,166-7). In addition, it is entirely consistent with the same model that the adoption of Canada-US free trade in 1988 followed at least two decades of substantial increases in a wide range of commercial and social transactions.

In contrast to this dynamic, however, John Helliwell has recently reminded us that mutual trust tends to be higher within national boundaries than across them (2002). He links these higher trust levels within national boundaries to what is referred to as the “border effect,” which represents a similar and related tendency of commercial transactions to occur more intensively within countries than between them (2002, 17-21). In fact, in Canada, the border effect continues to trump the so-called “gravity model of trade,” according to which the level of trade flows between different centres of commerce, absent noneconomic impediments, will tend to vary directly according to their size and inversely according to the distance between them. Recent research into trade flows between commercial centres in Canada indicates that, despite their relatively small size and the relatively large distances between them, they continue to trade with one another at substantially higher levels than the gravity trade theory would predict (compared with bigger and closer centres located in the United States). Helliwell takes this to demonstrate that, even after the tangible and direct economic effects of national boundaries (such as duties and nationally protective policies) are significantly reduced, their intangible and indirect social, legal and attitudinal effects, broadly labelled “social capital,” still matter, and matter a lot (2002, 35).

If this is true, then just as the border effect may be said to trump the gravity model of trade, it is possible that the density of national social capital may impede the cross-border social learning that underlies the Deutschian model of international political integration. It seems highly probable that, in Canada, the effects of Deutschian social learning have been undermining the border effect for at least half a century with respect to the norms, predictability and mutual responsiveness of its business community, which is showing signs of widespread assimilation to those of their counterparts in the United States (of which data are provided below). In fact, it is striking how much the orientation of Canadian business has changed in the neoconservative and free trade era. It seems fair to say that free trade would not have come about if dominant Canadian business interests had

not abandoned their traditional insistence on the preservation of a national economy and instead embraced the free trade option. However, matters have moved well beyond that initial repudiation of national protectionism.

Today, Canadian business not only places a higher priority on market forces than on state intervention, but it is also beginning to place a higher priority on the American than on the Canadian market. Where foreign direct investment flows were once almost entirely one way — from south to north — they recently have evened out, and during the past year or so they have begun to flow more heavily from north to south. Thus, according to the Department of Foreign Affairs and International Trade (DFAIT 2003, 31, table 2.4.1), the compound annual growth rate of outward Canadian foreign direct investment into the United States has risen from 0.35 percent in 1989-94 to 16.38 percent in 1994-2002. Meanwhile, the comparable figures for inward US investment into Canada have fallen from 26.33 percent to 16.63 percent. This growing desire of Canadian businesses to penetrate the American (and other foreign) markets with investments, rather than simply exports, means that they have taken on an even greater hostility to what remains of Canadian protectionism.

Knowing as they appear to do that investor-access to foreign markets is generally available only on a reciprocal basis, a substantial proportion of the Canadian business community now lobbies the Canadian government to make the country more open than before to trade in services, for example, so that it can more effectively acquire more open access for similar investments in other countries. As a result, according to Stephen Clarkson, “Now thinking of Canada more as a home than as a host country for foreign investment, Ottawa’s trade officials welcomed the tough rules that the United States wanted to impose on the world” (2002, 119). Having grown to enjoy their recent status as free traders, it seems Canadian business people now fancy themselves as footloose international investors. Moreover, this reorientation of Canadian business toward foreign markets in preference to the national market creates some new opportunities for clashes of perceived self-interest between economic elites and the general public on a range of issues.

There is already evidence of such a clash. In a speech before the Canadian Club in early 2001, the president of Ekos Research Associates reported on some recent poll results that indicated very different attitudes among diverse categories of Canadians with respect to both the Canada-US relationship and the pace and direction of social change. For example, private sector elites and the general

public expressed substantially different levels of interest in becoming more like the United States. Only 14 percent of the general public wished this to happen, as opposed to 37 percent of private sector elites (Graves 2001, 11). Even wider differences were revealed by polls concerning attitudes toward the role of the state. Respondents were asked whether they supported or opposed three different “political visions” for the country: “new right” (meaning a minimal government, broad-based tax cuts and greater emphasis on self-reliance); “progressive” (meaning a strengthened commitment to public institutions, social equality and the social safety net); or “status quo” (meaning a middle-of-the-road approach that seeks continuity, balance and compromise). More than five times as many members of the general public than of the private sector elite endorsed the “progressive” vision: 81 percent to 15 percent.

Political Integration and the Canadian Public

In sum, the acceptance of the idea of Canada-US free trade by Canadian business in the mid-1980s seems since then to have paved the way for a wider and deeper identification with an American-led agenda of North American, Western Hemispheric and global free trade, an agenda that Canadians as a whole show few signs of endorsing with any enthusiasm. Canadians generally seem largely committed to the uses of government that have helped them to create among themselves a social and economic order that distinguishes them from the United States, an order that strikes a unique balance between the requirements of mutual exchange and the demands of mutual responsibility. Unlike the prevailing American one, this balance tilts more toward community than market. It is an interesting and important question for the future whether or not Canadians, despite other continentalizing pressures, remain committed to the preservation of this difference.

Frank Graves paints a slightly mixed picture on this score:

Young Canadians are smarter, more diverse and cosmopolitan, more technologically adept, and more confident and poised than any previous generation. They are also broadly satisfied with the direction of the country and feel a reasonable sense of attachment to it.

This is all very well, but young Canadians are also alarmingly uninterested in core Canadian institutions, much more connected to North America than other Canadians and they remain largely disconnected from political institutions. Their future commitment to Canada is not just a matter of course. (2001, 21)

Graves's last sentence is particularly telling in the light of Inglehart, Nevitte and Basañez's (1996) discovery of what might be called the "growing conditionality" of the broad Canadian public's commitment to the survival of the country.

Only a small minority (24 percent) of Canadians who responded to Inglehart, Nevitte and Basañez's 1990 survey favoured "doing away with the border" with the United States, while a near majority (41 percent) did not and the residual were equivocal (1996, 144-5). Interestingly, postmaterialist Canadians were less inclined to support abolishing the border than materialists, presumably because they are less concerned about potential economic gains from a possible union and more concerned about losses of autonomy and cultural independence (1996, 140-6). However, when the ceding of political autonomy was perceived as a possible means to achieving other valued goals, such as "enjoying a higher standard of living" and "dealing more effectively with environmental issues," support for doing away with the border was found to increase significantly to 50 percent in the former case and 56 percent in the latter. One would expect a similar form of "conditionality" to apply with at least the same force to the issue of security in the face of the threat of terrorism.

Moreover, recalling that Deutsch places a great deal of weight on mutual trust, one might predict that even fewer Canadians would resist doing away with the border to the extent that more intensive economic interaction over time increases their levels of trust in Americans. Historically, Canadians and Americans have generally rated each other quite highly on this dimension, which may well be a product of past decades of mutually beneficial economic interdependence. For instance, in the World Values Survey of 1990, over 60 percent of Americans said that they trusted Canadians, and less than 5 percent said that they did not. Canadians, perhaps reflecting their much smaller size and consequent sense of vulnerability, reciprocated this collective vote of confidence at slightly lower levels, with roughly 55 percent saying that they trusted Americans, and about 15 percent saying they did not (Inglehart, Nevitte and Basañez 1996, 9, figure 1.2).

Unfortunately, there appears to be little recent data (or any form of time series data) on trust levels between Canadians and Americans. However, on the assumption that trusting people and having a favourable view of them are strongly associated, it is worth noting that Robert Pastor recently cited data on Canada's "favourability" rating among Americans based on a survey that has been conducted every four years since 1974 (2001). He reports that, for all of the years up

to and including the last such survey in 1999, “Americans have consistently given Canada the highest favourability rating among all nations” (2001, 156-7).

Pastor reports no directly comparable numbers on Canadians’ views of Americans, but does cite various other survey results from the years 1999 and 2000 to the effect that 49 percent of Canadians viewed Americans as similar to themselves, that 26 percent would become American citizens if they could, and that 43 percent think it “would be a good thing to be part of a North American Union in ten years,” although only 23 percent would consider joining the United States (2001, 162). In the light of all this, Pastor is probably right to sum up the current climate of public opinion across the continent by stating that “not only are the three countries of North America *more alike today than ever before*, but *their people like each other more than ever before* or than most other countries” (2001, 158, emphasis in original). More specifically, the Canadian attitudes represented in Pastor’s summation can reasonably be taken as evidence that Canadians’ overall trust of the Americans is very high, and probably higher than their levels of trust of any other nationality.

Given these high trust and favourability ratings of Americans, and remembering Deutsch’s linkages between levels of trust and support for closer relations among national populations, it is perhaps not surprising that when Canadians lately have been asked directly about their support for free trade and for closer economic ties with the United States, they generally express increasingly favourable assessments. A recent overview reports, for example, that a significant majority of Canadians (65 percent) support closer economic ties with the United States, including 28 percent who do so strongly (Alexandroff and Guy 2003, 11). On the precise question of economic integration, however, the picture is murkier, partly because opinion is more evenly divided — 48 percent for, 44 percent against, with the rest not knowing — but also because there is considerable confusion among Canadians about what integration means, with a plurality of 17 percent identifying integration with essentially free trade and 25 percent saying that they do not know. The key findings in the present context, however, are that, first, “a majority of those Canadians who see our identity becoming increasingly blurred with that of the US actually oppose this trend” and, second, that they “don’t necessarily understand, and are far less positive about, proposals characterized as bringing closer economic integration” (2003, 8-9, 11).

These findings are consistent (though not precisely) with those reported in earlier studies, which also found that a significant majority of Canadians support being part of NAFTA in principle, and a plurality of them believe that the overall effects of NAFTA have been favourable (see Ipsos-Reid 2001). However, similar polls also suggest strongly that the majority of Canadians consistently associate free trade agreements simply and exclusively with the reduction of tariffs — or at most, trade in goods — and remain largely ignorant of their potential impact on the exercise of government authority in other areas of national policy. When large numbers of Canadians associate free trade agreements closely with such outcomes as the possible erosion of Canadian social policies or increased foreign ownership of Canadian business, the proportion who endorse such agreements is noticeably weaker, or at least more qualified.⁷

In fact, it appears that the global trade liberalization agenda encounters greater and greater skepticism, if not outright opposition, the more that international trade agreements and associations are perceived to impinge on domestic social, labour and environmental policies, and the more that intergovernmental decisions in these fields are perceived to favour the interests of corporations at the expense of populations at home or abroad, especially in the Third World. Matthew Mendelsohn and Robert Wolfe make essentially this point in a carefully researched and argued survey of Canadian attitudes toward free trade over time (2000). These authors observe that “domestic framework policies are now at the heart of the trade agenda” and note, further, that recent opposition to the WTO and the ongoing free trade agenda is largely focused on the domestic impact of market liberalization: “The WTO may become even more of a lightning rod for concerns about globalization because it seems to displace parliament from its role with regard to formerly domestic decisions about the environment, human rights and many other policy domains — telecoms, competition, health, education, magazines, asbestos, beef hormones, and others” (2000, 14).

On balance, therefore, it seems fair to conclude that Canadians as a whole are not as inclined as their business leaders to embrace with enthusiasm any conscious effort to abandon the distinct character of their social and political structures. However, some of the trends in social and political values, as well as the growing conditionality of their commitment to an independent Canada, suggest that their determination to preserve these differences should not be taken for granted over the coming decades.

Pax Americana and
Canadian Independence

THE QUESTION REMAINS, HOWEVER, WHETHER OR NOT THESE TRENDS HAVE BROUGHT matters between the United States and Canada to the point where some Deutschian threshold of mutual trust has been crossed so that the path toward outright political integration between the two countries has become a realistic prospect. Alternatively, the political integration threshold may still be significantly higher than even the present high levels of mutual trust between Americans and Canadians can overcome, or there may be an upper limit on the integration process that even complete mutual trust between the two populations will prove insufficient to breach.

This last possibility — that there may be a ceiling on the levels of political integration that can be attained no matter the degree of economic and social integration — is one that Stanley Hoffmann argued would prove to be the case in Western Europe (1968, 206-9). Essentially, Hoffmann argued that the Europeans would never come to agree upon a common foreign policy, and that completing the process of European unification would prove impossible without one. For many other observers of the European process of integration during the ensuing decades, the flatness of that prediction seemed excessively pessimistic, but it is beginning to look prescient once more, given the European falling-out over the US-British attack on Iraq and the ongoing differences among leading European countries concerning relations with the United States.

In any case, what is important to the present discussion is Hoffmann's logic in making his prediction: despite the broad European consensus around the economic integration agenda, he argued, there was no Europe-wide consensus on Europe's place in the world and, ultimately, divisions among the different European nationalities over precisely that question would undermine the unity necessary to complete even the economic agenda for European integration. The relevance of Hoffmann's contention to this discussion is that there is no sign of a consensus emerging on North America's place in the world, either, and that Hoffmann's insistence that there is a "foreign policy ceiling" on processes of regional international integration is likely to prove as salient and lasting in the North American context as it seems to be in the European one.

It is at least arguable that the more that average Canadians recoil from the increasingly assertive foreign policy of the United States, assuming that this trend

is not reversed by future administrations, the less likely is their trust of the United States to increase to the level required by the Deutschian model of integration. Meanwhile, however, the transaction-induced trust between the Canadian and American business communities is likely to grow, thus widening even further the existing gap between the Canadian business elite and the broader Canadian public. In other words, the issue of Canada-US relations, including the issue of how united the two should become in relation to the rest of the world, may become the issue area that most clearly reveals the difference in the respective degrees to which the business community and the broader Canadian community are already integrated with the United States.

Thus, disagreement over foreign policy and relations with the rest of the world may turn out to be the most enduring long-run factor determining the degree of integration between Canada and the United States, and it is a countervailing one, at least for the general Canadian public. However, on this same dimension, Canadian business, if anything, is looking for even greater conformity between Canadian and American foreign policy. A powerful recent demonstration of this divide was the strong and almost universal condemnation of Prime Minister Chrétien's failure to support the Americans over Iraq that emanated from Canadian business organizations. However, prior to the war on Iraq, and even prior to 9/11, there were signs that Canadian business wanted the Canadian government to reduce as far as possible the differences between Canadian and American foreign policy.

As one example of this evidence, the Public Policy Forum reported that "a number of industry representatives contend that Canadian [foreign] policy positions have been taken in the past without regard for their implications or impact on Canadian trade and have frequently irritated our American neighbours" (2000, 36-7). A case in point was business apprehension over the position Canada might take on the Americans' National Missile Defense system (NMD). As one interviewee put it, "Canada should recognize that Homeland Defence is a priority in the US. It should stop irritating the US with its foreign policy or otherwise think about an alternative trade policy, if one exists out there" (2000, 37). As another respondent put it, "we are on the same continent and facing the same threats" (2000, 37). In short, the wide consensus among officers of many of Canada's major industry and business associations is that Canada had better align its foreign policy with its trade policy. If this is meant to include Canada's

supporting more “go-it-alone” American actions such as its attack on Iraq, the preponderance of evidence suggests that a majority of the Canadian public does not currently share this outlook, and it seems highly unlikely that it will come to do so in the foreseeable future.

In conclusion, then, Canada seems to be at a crossroads (and, as Yogi Berra once famously advised, we have to take it). The country’s unparalleled trade dependency on a single partner — a condition that has evolved over more than a century and has been compounded by an extraordinarily high level of foreign control of many of our largest firms in many of our key industries — seems to mean that everything that can be done must be done to keep the border with the United States not only open, but also functioning at a sustained level of maximum efficiency. From the standpoint of the Canadian business community, the near-total dependency of their economic prospects on the goodwill of the American government means that we must be prepared to give that government just about anything it wants in the way of accommodating Canadian public policy to American commercial, security and even social concerns (marijuana, pharmaceutical prices and regulation, probably Toronto’s garbage). Meanwhile, most other Canadians seem wary of such piecemeal erosions of Canada’s political autonomy, perhaps fearing some slippery slope toward its total eclipse by economic pragmatism.

Having said this, it must be acknowledged that there remains no question of Canada’s becoming part of a North American political union or economic community along European lines. However, as Kim Nossal noted about the traditional concerns of Canadian nationalists (1985), the key issue has never been the loss of sovereignty, as such, but a marked decline in the scope and effectiveness of the exercise of authority by national governments. On this score, Alexandroff and Guy are right to make what is essentially a plea for the political leaders of the country to level with the Canadian people about the full policy implications of more advanced economic integration with the United States, even if they rightly continue to insist that “political integration” is not on anyone’s agenda (2003).

However, as the title of the present discussion is meant to suggest, deeper economic integration *is* political integration, in that it entails the adoption of, or harmonization with, American policies and practices across a wide spectrum of national life, from competition policy to national defence. It seems entirely possible, even likely, that the continental and global agenda for market liberalization

will be extended to include the kinds of national social transportation and communications services that have heretofore provided the foundation for Canada as a national community. Should such services be increasingly open to FDI, and should FDI begin to restructure them on an increasingly north-south and decreasingly east-west axis, it is difficult to see how the social, economic and even political landscape of the country could be protected from further fragmentation and possibly cross-border “microintegration” between Canadian provinces and adjacent American states. It seems inconceivable that a condition in which nearly every Canadian province trades more with the United States than with the rest of Canada can persist for long without eventually having an impact on the manner in which the country as a whole is governed.

If at one time (and for some time) Canada’s major transcontinental railways, Canadian Pacific and Canadian National, represented both the sinews and the symbols of a *national* Canadian economy and a unified Canadian society, then recent developments in those companies may provide a sign of what lies ahead: roughly half of all the traffic handled by the two carriers is either cross-border shipments or shipments carried in their US operations (Bonsor 2004, 14). Behind these symbols, new patterns of ownership, partnership and performance seem to be evolving in Canada’s major service industries, driven at least in part by the increasingly southern direction of the flows of Canadian goods, but no doubt aided by the new continental orientation of so much of Canadian business. “Canada” as a sovereign legal entity may survive well beyond these kinds of structural shifts, but the long-term prospects for Canada as a distinct and internally cohesive community seem more tentative with every step toward deeper North American integration.

Notes

- 1 The characterization of arguments for and against Canadian economic nationalism presented here is distilled from Nossal (1985, 67-83).
- 2 As one indication of the depth of this concern, almost immediately after September 11, 2001, the C.D. Howe Institute launched the Border Papers, a series of studies that examine Canada's present and prospective economic integration with the United States or, in the institute's own words, explore the "specific policy challenges Canada faces as it moves toward deeper Western hemispheric integration, beginning with the United States." See the insert (box 1) at the beginning of the first commentary in the series (Dobson 2002, 2).
- 3 Percentages are calculated from data provided in Levitt (1970, 66, table 3).
- 4 Unless otherwise specified, all trade percentages have been calculated by the author from data provided in Urquhart and Buckley (1965, 181-3), series F334-341, F342-347 and F348-356.
- 5 The tension between these themes runs through a recent economic/historical/geographical overview of Canadian transportation (Lea and Waters 1996, 301, 310-11). The authors conclude that, at present, the values of "efficiency and competitiveness, especially global competitiveness, are pre-eminent" (313).
- 6 See also Schirm (2002), who also documents the role of TNCs in promoting greater policy uniformity as part of regional and global integration processes.
- 7 Despite overall support for NAFTA, 84 percent of Canadians surveyed by the Canadian Centre for Research and Information on Canada said that they would place restrictions on American investment in Canada to prevent investors from taking control of Canadian companies (CRIC 2001, 15). (This was up 10 percentage points from 1964, when the same question was asked.) As the report points out, these respondents seem to be ignorant of the fact that any such (new) restrictions would contravene the FTA and NAFTA, a

fact that tends to confirm the point made here that most Canadians who support free trade agreements are generally not aware that they are about much more than simply the import and export of goods.

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North American
Citizenship:
Possibilities and Limits

“[We] live as market men, we wish we lived as citizens.”

Michael Ignatieff

IN “THE MYTH OF CITIZENSHIP,” MICHAEL IGNATIEFF TAKES THE READER BACK TO A PIVOTAL juncture in the late eighteenth century, when the discourse of citizenship and democracy — represented by Jean-Jacques Rousseau — ran up against the discourse of political economy — represented by Adam Smith. In many ways, the debate on the future of North American integration is situated at a similar sort of juncture. As Ignatieff reminds us, a market society requires the rule of law to guarantee security of contract, but it remains debatable whether it also requires democracy (1995). Many of the models that have recently been developed to explain the deepening of North America’s market society suggest that it does not (Hart 2004; Schwanen 2004). In other words, there is a prevailing belief that NAFTA can be deepened for producers, consumers, employees and investors without these actors becoming North American citizens. This paper critically assesses that claim. I argue that even a limited move to deepen integration on the North American continent — whether it be through gradual evolution or a more formal effort such as “NAFTA-plus” — could give rise to a legitimacy gap that will complicate the agenda for policy-makers. This is due to two imperatives of our twenty-first-century world: the normative push to couple “market making” with some form of political participation and the greater need to regulate the movement of individuals in the wake of new security threats.

D e f i n i n g C i t i z e n s h i p

BEFORE ANALYZING THE PROSPECTS FOR NORTH AMERICAN CITIZENSHIP, LET ME briefly consider the more established, and contested, concept of state

citizenship. The last two decades have witnessed a renewed interest in citizenship on the part of political theorists and social scientists, for reasons existing both within and beyond the nation-state (Beiner 1995). International factors include the intensifying process of globalization (with its unifying but also fragmenting effects), the dislocating shifts of identity caused by mass migration, and the creation of international guarantees for the protection of individual human rights. Domestically, citizenship has factored into debates concerning the crisis in the welfare state, the erosion of participatory democracy, increased demands from civil society for inclusion in the policy-making process, and the jurisdictional power struggles between regional and central governments.

While discussions of citizenship typically begin by citing Aristotle, my own understanding of the concept owes more to the work of sociologist T.H. Marshall. In his seminal piece, "Citizenship and Social Class," Marshall defines citizenship as a "status bestowed on those who are full members of a community" (1964, 92). In other words, though citizenship is something accorded to individuals, it is a fundamentally social phenomenon, with little meaning outside of a collective framework. More importantly, in Marshall's formulation, citizenship is underpinned by an egalitarian ethos: all those who possess it enjoy *de jure*, if not *de facto*, equality with respect to its corresponding rights and duties. This then raises the question of who is inside and who is outside the relevant community — a theme I return to later.

In concrete terms, the rights of citizenship in Western societies were originally translated as entitlement to equality under the law. These civil rights granted citizens a free space in which to pursue their individual goals without the risk of state interference, including the right to free speech, private property and fair legal process. But over the course of the nineteenth century, as it became clear that nonlegal barriers restricted the capacity of individuals to live freely, citizenship expanded to include other, more "positive" entitlements: political rights, such as the right to vote and stand for public office; and social rights, such as access to health care, education and social services.

Even this expansive list of citizenship rights, however, only provides a necessary condition for citizen participation. Whether actual participation takes place (and what particular form it takes) depends upon what citizens make of their rights — or what Elizabeth Meehan calls the "lived experience" of citizenship (Meehan 1993). My discussion will keep both of these facets of citizenship in mind: formal entitlements (as enshrined in citizenship regimes¹) and the informal practice of citizens. It is the latter that gives citizenship its particular shape and character.

Lessons from Europe?

IN ALL DISCUSSIONS OF REGIONAL INTEGRATION, IT IS TEMPTING TO USE THE MOST advanced case in the modern world, the European Union, as the model for emulation. Robert Pastor, for example, has argued that only by creating common institutions in the EU mould — with the power to constrain and change the behaviour of states — can Canada, Mexico and the United States distance themselves from old patterns of international-state relations and reap the benefits of increased integration on the North American continent (Pastor 2001). But there are three reasons why the analogy of Europe, no matter how enticing, is an inappropriate model for thinking about the future of North America (Welsh 2004).

North America — The *Sui Generis* Case

The first and most important factor is the fundamental asymmetry of power that exists on our continent.² The North American space contains three states, one of which — the US — far outweighs the other two in population, military might, economic strength, cultural power and diplomatic influence. In fact, no state in modern history has ever come close to America's current dominance of the international system, whether you use military, economic or political measures (Brooks and Wohlforth 2002). In the newly enlarged European Union, by contrast, there are 25 states, of varying sizes. The largest power among them, a united Germany, is no match for the might of the US.

Furthermore, Germany takes great pains, because of its history and post-war political culture, to limit its national ambitions and to champion European institutions. The contrast with the United States, which has long been suspicious of submitting itself to any form of supranationalism, could not be more striking. The US's fear of compromising its democracy by "signing away" its sovereign rights to decide on crucial matters of economic and security policy is deeply engrained and has thwarted the potential of many an international organization — from the League of Nations to the International Criminal Court. Thus, North America's power configuration is made more unique by the fact that the reigning hegemon has a history of exceptionalism.

Finally, there is the issue of shared purpose. The driving force behind the creation of the European Community after 1945 was largely political: a desire to avoid another catastrophic war on the European continent by tying Germany to the

fate of its European neighbours. It was not consumers or producers who led the charge, but visionary policy-makers, such as Jean Monnet and Robert Schuman, who recognized that European states would enjoy a future of prosperity only if they remained at peace with each other and committed themselves to a common project. Hence the lofty preamble to the original Treaty of Rome, which claims that the signatories are “determined to lay the foundations of an ever closer union among the peoples of Europe.” Monnet and Schuman’s efforts were strongly encouraged — some would even argue propelled — by a US desire in the early years of the Cold War to create a united Western Europe to counter the Soviet threat.

In the case of North America, there is no comparable grand purpose. When placed alongside the ambitious tone of the Treaty of Rome, the preamble to NAFTA looks like a contract between a new homeowner and his mortgage lender. It pledges the governments of the US, Canada and Mexico to “create an expanded and secure market,” “reduce distortions to trade” and “enhance the competitiveness of their firms.” Moreover, there are no powerful constituencies within the United States pushing their leadership to develop a vision for North American unity. In fact, quite the opposite: the recent campaign for the leadership of the Democratic Party saw John Kerry and John Edwards disparaging NAFTA with the hope of gaining support from midwestern voters. Similarly, during the 2004 presidential campaign, the impact of regional integration in the US was largely framed in zero-sum language — US job losses to Mexico — rather than in communal terms.

Despite this warning about misusing the European analogy, there are two valuable lessons about citizenship that can be drawn from Europe’s evolution toward a political union. The first deals with the role of common identity in fostering citizenship; the second relates to the so-called democratic deficit. In order to understand these lessons more fully, let me briefly survey the development of Europe’s citizenship regime.

Expansion and “Market Making”

When the idea of citizenship first entered into the European Community’s policy-making at the Paris meetings of the early 1970s,³ it was conceived in ambitious terms as a means to construct a common European identity rather than as part of an economic exercise in market making. The backdrop for this understanding of citizenship was the stagflation that Western industrial economies faced during this decade, as well as the internal divisions and failed negotiations that were paralyzing the EC’s

decision-making bodies. The focus on politics, and particularly the creation of a political union, was a diversion from the problems of “Euro-sclerosis” (Tsoukalis 1997). Two important steps were taken in this period to develop the formal aspects of European citizenship: the 1976 decision to implement direct universal suffrage in European Parliament elections and the 1981 move to establish a uniform passport. The latter development was seen as critical for three reasons. First, it was assumed that one passport for all Europeans would provide a shared document of identity for Community citizens. Second, members of the European Commission believed that the possibility of moving freely without being stopped at internal EC frontiers would enhance the feeling of belonging to a common European home. And, finally, it was hoped that a single passport would help to identify Europe as a new political actor on the international stage at a time when many (most notably the US) were questioning Europe’s capacity for unified action.

The next phase in the development of European citizenship began with the pivotal Fontainebleau Summit of 1984 and ended with the completion of the single European market in 1992. In contrast to the previous decade, this period was dominated by a market-oriented paradigm — particularly the concept of free movement, which extended from goods and capital to economically active citizens of the European Union. Nonetheless, it quickly became clear to the increasingly powerful and proactive European Commission that market making would require much more than the construction of an economic area. More specifically, the commission detected a tension behind the integration project: the channels for access to political participation had not expanded in accordance with the expansion of Europe’s economic space. For the commissioners in Brussels, EC discourse had become too firmly rooted in economics — i.e., a “businessmen’s Europe” — and needed to take account of the dimensions of a “people’s Europe” (Welsh 1993; Wiener 1997). The immediate manifestation of this discursive shift, which would appear in the Maastricht Treaty, was the attempt to link the free movement of worker-citizens with the political right to vote in and stand for local elections in any member state of the Union.

In the final phase, which dates from Maastricht to the present, the paradigm for thinking about European citizenship has swung back toward normative issues, such as identity and legitimacy. This partly reflects the political upheaval that provided the backdrop for the Maastricht negotiations, as Europe adjusted to the fall of communism and the unification of East and West. Two new tasks faced European policy-makers at the beginning of the 1990s: first, to clarify the Community’s

political purpose in light of this global transformation; and second, to address the growing “democratic deficit” that had developed alongside the single market. The solution at Maastricht was to highlight and formalize European citizenship in part 2 of the Treaty on European Union, which contains a catalogue of rights attached to the condition of citizen (articles 8a-8d)⁴ and a procedure for further development of citizenship if existing rights needed to be strengthened or new ones added (article 8e). The Treaty of Amsterdam offered further additions: the right of European citizens to communicate with any of the EU’s institutions in their chosen language and the right to access all documents published by the EU.

According to interpreters of the treaties, these provisions of citizenship were meant not only to reflect economic reality, but also to further the goal of political co-operation among member states. It is noteworthy, for example, that citizenship is listed in article 8(2) of the Treaty on European Union as an objective of the European Union. This wording gives European citizenship the legal character of “additionality”: it is supplementary to the rights and obligations attached to every national as a citizen of his or her own member state. It was intended, therefore, that citizenship rights would be governed mainly by Community law and with the involvement of Community institutions. In the Treaty of Amsterdam, all of the rights related to free movement of peoples were “communitized,” which means they are now under the legal framework of the Union’s so-called first pillar and are subject to qualified majority voting by the Council of Ministers.

Though seemingly a bold expression of collective European identity, it is important to remember that many of the rights codified at Maastricht and Amsterdam were latent in existing treaties and intergovernmental bargains, especially articles 48, 51 and 52 of the original Treaty of Rome. This has led commentators such as J.H.H. Weiler to ask whether anything “has been gained by adding a new concept, citizenship, to a pre-existing package of rights and duties rather than...adding new rights and duties to a concept?” (1999, 326). Furthermore, while the drafters of the Treaty of Rome were clearly attempting to address the democratic deficit through expanded political rights, the concrete benefits were limited to local elections. This left many questions still unanswered — especially as the theoretical distinctions between local, regional, national and European jurisdiction have become increasingly blurred in practice.

Title VI of the recent Draft Treaty Establishing a Constitution for Europe attempts to give more meaningful expression to the concept of the European citizen

by enshrining the notion of citizen equality (article 44), involving national parliaments in the legislative process of the EU (article 45), and providing citizens with “the opportunity to make known and publicly exchange their views in all areas of Union action” (article 46). This third dimension represents a new departure for the EU, as it seeks not just to add to an existing set of rights, but also to expand the very concept of citizenship by introducing an element of participatory democracy. Article 46 goes on to declare that “open, transparent and regular dialogue with representative associations and civil society” shall be a key operating principle for the Union and provide EU citizens with a rudimentary form of legislative initiative by allowing them to petition the European Commission.⁵ The civil-society groups that pushed for this right of petition hope that it will lead to the organization of pan-European campaigns and the further politicization of European citizens.

But again, two notes of caution are in order. The Draft Treaty represents only a tentative step toward the kind of citizen involvement that exists in democratic polities. Article 46 gives citizens the right to *invite* Brussels to consider their proposals — as opposed to a right to submit them for consideration. Consequently, any progress toward participatory democracy in the EU depends less on the willingness and ability of European citizens to use their rights and more on the willingness and ability of the Commission to engage with citizen initiatives. Secondly, and more importantly for the purposes of this paper, the current expression of European citizenship still relies heavily on the framework of the nation-state. Indeed, the Amsterdam Treaty modified the earlier Maastricht citizenship provisions by adding the clause “Citizenship of the Union shall complement and not replace national citizenship.” The decisive social and political status for individual Europeans is not European citizenship, but nationality in one of the twenty-five member states. There has to date been no communitization of the act of granting European citizenship nor any harmonization of member-state criteria for making such a grant (Weiler 1999, 326).

Identity and Legitimacy

What can North American policy-makers learn from the story of Europe’s citizenship regime? The first point to note is that the development of European citizenship did *not* require a strong or unified European identity. Despite concrete symbols of European citizenship (such as a common passport), greater commonality of views among elites, and some evidence of converging public opinion,⁶ there is nothing that yet resembles a European demos. Despite the growth of an embryonic

European civil society, there are still no Europe-wide political parties and very few channels for European public debate. Eurobarometer data show that only 11 percent of Europeans subscribe, either exclusively or primarily, to a “European identity”; 48 percent adhere to a “national identity” first; and 38 percent claim solely a “national identity” (European Commission 2001). Moreover, contrary to the intentions and hopes of European policy-makers in the 1970s, Union citizenship does not (and likely will not) supersede national identities. As an EU average, only 16 percent of the European public consider themselves “citizens of the European Union,” while 61 percent and 22 percent consider themselves citizens of their own “country” or “region,” respectively (European Commission 1996). Instead, EU citizenship provides an extra layer of rights on top of those guaranteed by national governments, and it is national governments that, for the most part, implement EU requirements. In fact, it could be argued that, far from unifying Europeans, the practice of EU citizenship has actually created multiple identities — not just those of nation-state and Europe, but also of groups such as workers and students (Wiener 1997). This potential for identity to fragment is a reality that should be kept in mind by those who believe that a more robust North American citizenship regime will automatically create a new sense of “we-ness” within the continent.

The second lesson for North American policy-makers is that integration cannot be neatly compartmentalized into economic and political categories. The evolution of the European Union demonstrates that once rules and institutions are expanded for the purposes of market making, there are strong normative pressures to discuss and provide for democratic values. In the case of Europe, this pressure has resulted in two different sets of challenges. The first, which I elaborate upon below, is the procedural problem of establishing channels for democratic participation within a regional setting. The second, which I do not have sufficient space to address here, is the normative challenge of maintaining equality among an increasingly diverse set of regional residents (Wiener 1997). In Europe, the demand for greater access to democratic participation was addressed by granting citizens the right to vote in local elections, wherever they happened to reside. But this created a new problem of inclusion/exclusion among member-state nationals and other European residents (i.e., third-country nationals). The North American space, which is experiencing profound demographic transformation, would likely encounter this political tension if similar steps were taken to address the democratic deficit.

The Current Reality of
North American
Citizenship

IF CITIZENSHIP IS A SOCIAL CONCEPT, DEPENDENT UPON A COLLECTIVE FRAMEWORK, THE first question to ask about North American citizenship is about the depth and breadth of that collective. To put it simply, does a North American community exist? And if not, what does this mean for the prospect of citizenship?

According to some, the hallmarks of a community are simply member interaction and a degree of interdependence that together make those members aware of common interests (Keohane and Nye 2001). On this interpretation, it is easy to conceive of Canada, Mexico and the United States in communal terms. Well before the ratification of NAFTA, the three countries of North America were engaged in significant levels of cross-border co-operation — even if the patterns of that co-operation were highly asymmetrical, with Mexican and Canadian dependence on the US greater than US dependence on its two North American neighbours. Aside from government-to-government collaboration, there is the myriad of relationships that exists between individuals and organizations within the North American space, both professional and personal (Wolfe 2003, 13-14). These relationships are particularly dense in cross-border regional settings, where common interests, problems and projects bring populations together on a day-to-day basis.

Ultimately, interaction and interdependence are necessary but insufficient conditions: a community also depends upon shared norms and purposes. Thus, Max Weber famously distinguished between communal relationships (*Vergemeinschaftung*), which are based on a subjective feeling among parties that they belong together on the basis of shared values, and associative relationships (*Vergesellschaftung*), which are based on a rationally motivated convergence of interests. Viewed in this way, North America is more appropriately categorized as an association of three states, with an overriding common interest in expanding trade and investment within the continental space. At an international level, we can speak of a more general commitment to values such as democracy and human rights, but these are hardly particular to the North American region. More importantly, these rights are neither enshrined in the NAFTA text⁷ nor evident in the practice of co-operation among the three states. The drafters of NAFTA explicitly avoided any formal institutionalization of the continent along the lines of Europe, leaving North America without a focal point, or guardian, for community interests.

Common Values

Given this current reality, what are the prospects for the future? Could a notion of North American citizenship emerge alongside deeper forms of continental integration? One line of inquiry, which examines the state of value convergence, suggests that this is a remote prospect. At a societal level, there is very little evidence of “we-feeling” among the peoples of North America. Public opinion research conducted by Ekos Research Associates reveals that, while Canadians, Mexicans and Americans support increased access to each other’s markets, they remain strongly attached to their own values and institutions. Despite 10 years of economic integration, the peoples of North America have yet to be “psychologically reoriented” to think in collective terms (Randall and Konrad 1995, 37-46). In fact, as Michael Adams’s study of US and Canadian public opinion has demonstrated, the social values of Americans and Canadians are actually becoming more *dissimilar* in the post-CUFTA era (2003).

The concept of the North American citizen works primarily for Mexicans, whose agenda for political and economic development depends upon Mexico moving into the orbit of the more mature liberal democracies of the US and Canada — much as the countries of the former Eastern Bloc (such as Poland and Hungary) have moved inside the EU tent. But even here, “North American-ness” faces resistance, as the majority of Mexicans still identify themselves as Latin American rather than North American. The concept of a shared North American “condo” has some resonance for some Canadians, mainly those who desire an ally in efforts to change the policies of the superpower that sits between two smaller world players (Axworthy 2003, 106–12). But it has almost no meaning for those who inhabit the strongest nation-state on our planet. True, the US military has recently established a North American Command — known as Northcom — designed to manage its defence and security interests from the Canadian Arctic to the tip of Mexico. But this is all about protecting territory, particularly the US homeland, from twenty-first-century threats. It should not be read as a sudden conversion by Washington to the goal of fostering a North American community. It is extremely difficult to imagine that the political leadership or citizens of the United States — particularly a post-9/11 United States — will develop anything resembling a continental identity. More importantly, for the peoples of diverse societies such as Canada, the identification with a continent can feel artificial: it stands uneasily between “nationality” and “world citizenship.” Survey data collected over the past five years shows that,

unlike in Europe, where there has been a discernible increase in continental identity, the concept of a North American identity has yet to take hold. In 2002, only 6 percent of Canadians claimed that their first attachment was to their continent, while 40 percent expressed attachment to their county and 15 percent to the world (Ekos 2002). The prevailing Canadian identity is what Darrell Bricker and Edward Greenspon have called “Can-global” (2001, 313). On the one hand, Canadians consider themselves more Canadian than ever and are proud of their national accomplishments. At the same time, there has been a noticeable increase in the number of Canadians who describe themselves as “world citizens” (Ekos 2002). This is particularly true of young Canadians — the most ethnically diverse generation in our history — who are more likely to think in global rather than continental terms (Welsh 2000). This mindset applies not only to consumption, but also to employment opportunities and participation in global civil society. While Canadians are cognizant of globalization’s positive and negative effects, one thing is certain: it has expanded their horizons beyond North America.

In short, the very notion of a North American identity is problematic. The collective framework necessary to make it meaningful simply doesn’t exist. But as I demonstrated earlier, the existence of a single European people, or *demos*, has not been a necessary condition for the creation of common European institutions. Instead, the process is working in reverse: it is Europe’s common institutions that have kick-started a process of building a shared identity — whose future depth and breadth is still uncertain. I share the view of those scholars of European integration who see the requirement of a pre-existing people as a red herring: the EU is not seeking to copycat the sovereign state and therefore does not need the underpinning of a single people for its institutions to function (Howse and Nicolaidis 2000; Weiler 1999). Recall the preamble to the Treaty of Rome, which declares the objective of “lay[ing] the foundation of an ever closer union among the *peoples* of Europe” (emphasis added). The objective of European integration is to facilitate the existence of multiple identities — not to subsume national identities within one larger, homogeneous construct. This is what makes the EU different from other federal constructs, such as Germany or the United States.

A Common Good

Consequently, we need not dismiss the prospects for North American citizenship on the grounds that a shared identity, or cohesive North American people, does not

exist. The “values convergence test” is not the only route into a citizenship regime. What, then, do we need? Following international lawyer Eric Stein, I believe the answer lies somewhere between the “thin” structures of organizations like the WTO — whose legitimacy relies largely on a shared commitment to the doctrine of free trade — and the “thick” structures of the European Union — whose legitimacy rests on something more fundamental: a conception of the common good and a common set of expectations that are strong enough to bridge national differences and support an increasingly powerful set of institutions (Stein 2001, 527). As we have seen, the introduction of European citizenship was brought about largely as a result of public disaffection with the highly rationalized and bureaucratized integration project. Policy-makers addressed this rebellion against modernity with something that on first glance is highly *irrational* — an “icon of identification” (Weiler 1999, 332). European citizenship, coupled with increased powers for the European Parliament, was to be the antidote to the EU’s legitimacy gap

Given that NAFTA lacks anything resembling a formal citizenship regime, it is even more difficult to locate the possible source of a common North American good or a common set of expectations among North American peoples. The NAFTA space is in some ways reminiscent of Europe prior to Maastricht: it is defined in the technical terms of economic convergence rather than in the language of citizens. In the years preceding the signing of NAFTA, civil-society groups mobilized against the treaty and were largely responsible for the addition of the two side agreements on labour and environmental standards. Yet, since 1994, there has been very little transnational activity among citizen groups focused on *regional*, North American issues. Aside from the Environmental Commission in Montreal, there is no equivalent to Brussels that can act as a magnet for citizen lobbying or as an instigator for broad-based consultation. In the words of one commentator, “the anaemic institutional structure of NAFTA has failed to build a public constituency for North American integration” (Macdonald 2004, 56). Instead, civil-society activism is focused at the global level (as illustrated by the recent effort of Canadian Aboriginal groups at the World Social Forum to collaborate with Aboriginal groups in Australia and New Zealand), the hemispheric level (as seen at the Summit of the Americas in Quebec City) or at very local levels.

Are there alternative mechanisms that can confer legitimacy on NAFTA’s provisions? In answering this question, it is useful to delineate two

elements of legitimacy: a normative one, based on a system of rules and procedures (often administered by experts); and an empirical one, based on acceptance by citizens. On both counts, I would argue, NAFTA's legitimacy rests on thin foundations.

The overriding goal of NAFTA has been the elimination of barriers to intraregional trade and investment. In terms of the normative dimension of legitimacy, NAFTA relies on two sets of rules. The first relates to its decision-making procedures. NAFTA is governed by the Free Trade Commission (FTC), composed of cabinet-level representatives from the three member states who are responsible for overseeing implementation of the agreement and managing its evolution. The FTC generally takes decisions through consensus, unless another formula is agreed upon. It is supported by an embryonic secretariat, as well as by trilateral working groups in various subject areas. There is currently no provision for public participation in this decision-making framework and no requirement for public access to FTC reports. The second set of rules governs the adjudication of disputes. The parties to a dispute within NAFTA's jurisdiction must first attempt conciliation (assisted by a tripartite commission). If no settlement is reached, a five-member arbitration panel comes to a decision by majority vote. There is no appellate body. All panel sessions and initial reports are confidential; the final report is published within 15 days of a decision. Aside from these standard procedures, NAFTA's chapter 11 breaks new ground by giving private parties direct access to international dispute-resolution mechanisms. While some might interpret this as a victory for citizenship, it is important to underscore that this access is restricted to individuals as *investors*. Nongovernmental organizations (NGOs) in the US and Canada have protested that "corporate predators" manipulate chapter 11 to overturn national laws that inhibit their business activities (Stein 2001, 514).

Turning to the empirical dimension of legitimacy, NAFTA's provisions for transparency and citizenship participation have been extremely limited — both in the negotiation of the treaty and its operation. NAFTA bodies meet in private and produce no formal records. Unlike in other intra-American bodies, such as the OAS, citizens and NGOs are precluded from appearing before NAFTA panels. Such panels are open only to the three participating states and are required to publish reports only if the parties agree.⁸

The Future of North
American Citizenship

IF THE INTEGRATION AGENDA WERE TO ADVANCE MUCH BEYOND THE PARAMETERS OF NAFTA, greater effort would be needed to establish a North American common good and a common set of expectations among the peoples of the continent. This is required not just for academic or semantic reasons, so that we can refer to North America as a “community.” It is also necessary to legitimize future (and arguably current) efforts to deepen interdependence among Canada, the US and Mexico. To date, North American integration has relied almost exclusively on the free trade value as a means of garnering legitimacy (Stein 2001, 507). Some might argue that the success of this approach is guaranteed by the remarkable transformation of public opinion in favour of free trade — particularly in Canada (Mendelsohn 2002) — and the levels of prosperity that have followed the conclusion of trade agreements. But this will be an insufficient basis for legitimacy if the integration agenda widens, and NAFTA seeks to expand its authority in ways that more directly affect the domestic jurisdictions of its member states. In the absence of a common purpose, NAFTA’s legitimacy will be hostage to the ebbs and flows of its economic indicators (Clarkson 2000).

North America is unlikely to have a formal citizenship regime, with codified rights and duties, unless there is an aspiration for political union and a willingness to grant greater equality to the citizens of all three states. Yet the histories and political cultures of Canada, Mexico and the US tend to mitigate against both. Even limited institutionalization of NAFTA would be an uphill battle, given the high degree of sensitivity within the United States to submitting to forms of supranational governance, the relatively low level of integration between Canada and Mexico, and the fears in Ottawa and Mexico City that any North American institutions would effectively be run by Washington (Wolfe 2003). Similarly, despite Mexican President Fox’s effort to create more labour mobility in the region, there is great reluctance in Washington to enshrine the kind of free movement that exists on the European continent, given the current income disparities between the US and Mexico and post-9/11 concerns about security (Meyers and O’Neil 2004, 45).

In light of these realities, new and more pragmatic mechanisms for enhancing legitimacy need to be explored. The first option, which draws from domestic practices of democracy, is to have national parliaments more involved in NAFTA decision-making processes. But there are a number of limitations associated with such a solu-

tion. First, both the idea and the practice of democracy have gone through a profound mutation as we have moved from direct to representative democracy. Today, as we know from our own Canadian experience, the voice of an individual citizen is heard in varying ways and degrees. In many Western systems, parliamentary control has been weakened both by the role of expert agencies and by executive centralization. Second, in foreign-affairs matters, national parliaments have traditionally played a limited role — illustrated by the lack of debate in Canada on the Chrétien government's decision regarding the recent US-led war in Iraq. Third, policy-making would suffer from the time lag in flows of information to and from national parliaments. Issues will likely arise in the context of closer integration that will require faster decision-making. Finally, it is unavoidable that some decisions are made in give-and-take, closed-door negotiations where individual parliamentary representatives may need to compromise the views of their own constituents to achieve a consensus.

The central question posed by this first option is whether democracy is the only way of conferring legitimacy on a system. If the answer is yes, then the prospects for enhancing the legitimacy of NAFTA are not promising. I remain skeptical that true democracy⁹ can flourish beyond the nation-state, given the difficulties in establishing and reflecting a common public opinion. But this does not mean we cannot buttress transnational activities (whether by governments, organizations or private individuals) with greater legitimacy. In short, we must remember that democracy and legitimacy are not synonymous.

The second option is therefore to provide greater transparency and more options for public participation in NAFTA. The EU has taken bold steps on both fronts, by reducing secrecy in its decision-making procedures, making documents publicly available, and encouraging the growth of pan-European political organizations and civil-society groups. Nonetheless, these efforts continue to be hampered by the complexity and incoherence of Europe's treaties — a problem that could also be true for NAFTA. In North America, public participation is unlikely to come through political parties in the short or medium term. However, if the integration agenda expands to include regulatory co-operation in health/safety or in the development of transcontinental communication and transportation, we could see an increase in lobbying efforts by consumer organizations and concerned individuals.

A third option is to follow the EU's lead and enhance the rule of law on the North American continent *beyond* adjudication procedures (which have been the most developed aspect of NAFTA). Today, Europe's human rights regime is enforceable not

only against EU institutions, but also against member-state governments when EU law is involved. According to Stein, the EU's "scaffolding of the rule of law cannot be questioned...Its existence provides the Union with a measure of legitimacy *independent of the democracy requirement*" (Stein 2001, 518, emphasis added). The rule of law also provides individual citizens with a powerful tool to advance and protect their interests. While this approach could help by enhancing citizens' sense of empowerment, its potential to provide a robust underpinning for a political space called North America should not be overstated. As with Europe, human rights principles have only a limited capacity to bind the peoples of North America to a *regional* community, since these rights are by their very essence universal in meaning and scope.

C O N C L U S I O N : C I T I Z E N S H I P
a n d S e c u r i t y i n a P o s t -
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SOME OF THESE OPTIONS FOR ADDRESSING THE LEGITIMACY GAP IN NAFTA WERE actively considered prior to September 11, 2001. The events of that day have arguably given further impetus to thinking about citizenship and belonging within the North American arena. They have also reminded us that, despite globalization and its supposedly modernizing and homogenizing forces, questions of identity remain as important as ever.

With the terrorist attacks on New York and Washington, the United States has come to view continental security as homeland security. In response, it has begun working closely with its partners in North America to clearly identify who is "inside" and who is "outside" the security perimeter. While this trend will not necessarily give rise to a new continental identity or a formal citizenship regime, it has given greater prominence to regulations concerning immigration and the free movement of people. Thus, it is through the lens of security that the concept of North American citizenship may come to have its most concrete meaning. While there was very little in the original NAFTA agreement concerning immigration and/or visas,¹⁰ any future round of negotiations on deeper integration will put this subject high on its agenda. For a country such as Canada, with a reputation for an open immigration and refugee policy, the implications of greater convergence on this aspect of citizenship are both significant and troubling.

Notes

- The author wishes to acknowledge and thank the Hart House Lecture Committee, whose members enabled her to test some of the ideas explored in this paper. See Jennifer M. Welsh, "Where Do I Belong? Exploring Citizenship in the 21st Century," Hart House Lecture, March 29, 2004, University of Toronto.
- 1 I define a citizenship regime as the set of principles, rules and norms that formally and informally govern the functioning of citizenship in a given territorial area (see Cooper and Thérien 2003).
 - 2 Pastor does acknowledge this asymmetry, but argues that it can be overcome.
 - 3 It should be noted that a European human rights regime had been initiated much earlier in the postwar period, but was outside of the formal framework of the EC, in bodies such as the Council of Europe. The European Convention for the Protection of Human Rights and Fundamental Freedoms was established under the auspices of the council, and came into force in 1953. A distinctive feature of the Convention was its empowerment of individual citizens to bring suit to challenge the domestic activities of their own government (Moravcsik 2000).
 - 4 Article 8a grants to every citizen of the European Union the right to move and reside freely within the territory of any member state. (On this point, the treaty implies a broadening of the previous Community principles by removing the explicit link between free movement and the exercise of economic activity.) Article 8b recognizes the right of every individual in the EU to vote and stand for election in the European Parliament and in the municipal elections in the member state in which he or she resides. Article 8c enshrines the principle of equality of treatment in the external dimension by offering diplomatic protection to every citizen of the EU in the territory of a third country. Article 8d expresses the right of European citizens to petition the European Parliament and to appeal to an ombudsman.
 - 5 Part 4 of article 46 declares that, "No less than one million citizens coming from a significant number of Member States may invite the Commission to submit any appropriate proposal on matters where citizens consider that a legal act of the Union is required for the purpose of implementing the Constitution. A European law shall determine the provisions for the specific procedures and conditions required for such a citizen's initiative."
 - 6 In 1970, the European Commission began a series of surveys measuring public opinion. The standard size of these Eurobarometer surveys is approximately 1,000 respondents, over the age of 15, per EU country.
 - 7 Democracy and human rights do, however, appear in the Charter of the Organisation of American States — of which Canada, Mexico and the US are members.
 - 8 There is an exception to this practice in the case of the Agreement on Environmental Cooperation, where provisions are made for public involvement and the publication of decisions and reports.
 - 9 Under my definition, democracy requires three things: regular, institutionalized public debate; the ability to remove or alter governance structures without bloodshed; and the involvement (even if indirect) of all members of a community.
 - 10 The exception is the creation of NAFTA business visas — designed to make it easier for Canadian and Mexican professionals to enter the United States, and vice versa.

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NAFTA and North
American Citizenship:
An Unfounded Debate?
Comments

CONTRARY TO THE UNFOLDING OF EVENTS IN THE EUROPEAN UNION (EU), THE ECONOMIC integration spurred by the North American Free Trade Agreement (NAFTA) was not accompanied by profound public debate on the scope and significance of the project of integration on citizens and citizenship itself. The simplest explanation for the failure of economics to overflow into other aspects of social and political life may be linked to the fact that NAFTA has had few direct legal effects on the normative framework of the three countries in question, with the result that societal debates on citizenship have continued without anyone feeling pressure to mention NAFTA explicitly as a document likely to influence the form and content of citizenship itself (see Loungnarath 2001). However, I would like to show that there has perhaps been a misunderstanding in this case, and that, if the norms and dispositions of NAFTA have not *directly* affected the three countries' normative framework and political order, they could well have done so indirectly, and therefore could indeed have had important systemic effects that we cannot ignore lest we underestimate the impact of large-scale integration in North America today. Besides, supposing for a moment that we do not have the grounds to push our interpretation of NAFTA so far, it remains that future debates on the eventual reopening of the agreement and deepening integration justify taking a closer look at the subject.

It is common practice to begin with a comparison with the European model of citizenship when trying to encompass the ins and outs of North American citizenship. However, North American integration has mostly revolved around the production and circulation of products, merchandise and investments, and to a lesser degree that of services, even less so the circulation of people; the end result

being that it might seem premature to pose the question of the effects of NAFTA on citizenship in the three countries or to evoke the issue of continental citizenship. Nonetheless, if we must envision a deeper integration in terms of law, security and even society, it goes without saying that, *volens nolens*, this transition to more extensive and higher levels of integration will have repercussions on citizenship in both the broadest and vaguest senses, in terms of the legal recognition of the civic and political entity within each country, just as it will have positive and negative repercussions on a more transnational vision of citizenship.

In order to illustrate the arbitrariness of the emergence of an eventual North American citizenship, Jennifer M. Welsh proceeds in three steps (Welsh 2003). She begins by succinctly presenting the European model, with its multiple identities and participative democracy; the latter may well only be in its embryonic stage, she emphasizes, which some use as a basis for their objection that it rests on a “democratic deficit,” but it reinforces the idea that there is indeed, in this case, a community of shared interests. Further on, the author turns to the North American situation and asks the question as to whether or not a North American community really exists. She continues by stressing that although there are interactions between social and economic actors at all levels on both sides of the borders, there are no shared norms or goals. Incidentally, if there are common business interests, there is no “community of interests” as such, the end result being that the very idea of a North American citizenship becomes problematic. This conclusion rests on three observations: first, there is no feeling of continental identity in Mexico, Canada and even less in the United States; second, there is no common welfare at the continental level; third, there are very few NAFTA institutions that recognize transnational activities among citizens and interest groups.

Finally, in the last step of her analysis, the author asks herself under what conditions we could establish a common set of shared expectations in North America. With this goal in mind, national parliaments would have to be far more involved in NAFTA than they are now. This, in turn, implies transparency and the possibility of reducing the secrecy that surrounds negotiations during the meetings of the NAFTA Commission made up of the ministers of commerce of the three countries involved. However, and this is her conclusion, the fateful events of September 11, 2001 (9/11), derailed the convergence that could have favoured the eventual construction of a communal citizenship in North America, and caused it to wreck itself upon the shoals of the new, predominant preoccupation

with security. Indeed, these new obsessions fed into the desire for withdrawal into concerns of national security at the expense of the reinforcement of continental security by increasing the screening of border traffic and immigrants, procedures that have negative consequences for any project of shared citizenship.

Welsh's analysis poses several problems and raises a number of difficulties, which I would now like to broach. First, even though I agree in principle and at a general level that the European model can serve as an interesting institutional framework to compare other large-scale economic and political models of integration, I am less in agreement when it comes time to turn it into a model of reference. But even if this were not the object of her study, since the presentation of the model is barely outlined in this instance, I think it is important to linger a moment to look more closely at some of the limits of the model in question, not only to make the comparison on other bases, but also to expand the debate, to introduce other notions of citizenship itself, a polysemy that could very well lead us away from a Eurocentric vision and approach to the issue of citizenship. Second, I think that the approach for dealing with the issue of North American citizenship is simplistic. Given the incredibly high number of "interactions," to employ a term used by Welsh, on both sides of the borders, and given, also, the multiplication of transnational practices in which social actors, groups, associations, organizations, movements and governments at all levels — federal, provincial, state, even municipal and school boards — have become engaged, it seems that we must review the interpretation at hand in order to give their due social and political importance to the evolutions that are underway, thus accounting for what we will call, for the moment, an increase in the *sociality* within North America.

T H E E U R O P E A N M O D E L

JUST BECAUSE NORTH AMERICA'S POLITICAL SPACE IS NOT UNIFIED OR EVEN SUBJECT TO the control of common institutions, must any debate on the notion of citizenship therefore be abandoned? The example of the EU is interesting and revelatory in this respect because the European partners, since signing the Maastricht Treaty in 1992, have been endowed with a political union as well as an economic and monetary union, and have, according to the terms of article 8, "instituted a citizenship of the Union." This citizenship is granted to "a person whose nation-

ality is that of a member State” (European Union 1992). Among the rights granted to citizens of the Union, there is freedom of movement and the right to stay within the territory of the member states (article 8a), the right to vote and eligibility to stand as a candidate in municipal elections in the member state in which the individual citizen lives (article 8b1), as well as in the European Parliament (article 8b2). The citizen also benefits from the protection of diplomatic and consular authorities of any member state in case their own country is not represented (article 8c) and enjoys the right to petition the European Parliament (article 8d). For that matter, let it not be forgotten that the Treaty of Rome had already instituted the freedom of circulation for workers, the freedom of establishment and the promotion of social rights.¹

As we can see, in the case of the EU, citizenship at the level of a continental community is the result of a double process of economic and political integration, a process that seeks to reinforce the individual’s legal power in order to define a new role for citizens that goes beyond a merely passive involvement in an ongoing large-scale integration. Supposing now that we define the *full-fledged* citizen as one who benefits not only from civil and political rights, but also from economic, social and cultural rights, the question then becomes: What is the scope of citizenship established in the founding texts of the EU and in what way does it complete or complement the citizenship that already exists at the national level?

In a study devoted to this question, Wolfgang Streeck proposes a critical interpretation of the recognition of citizenship in the European context (1997). He shows how citizenship at the European level was expanded at the expense of citizenship at the national level, and more specifically, at the expense of certain prerogatives that had been granted to workers’ organizations. He concludes his analysis by saying, “While only marginally extending citizenship across national borders, European integration as we know it tends to weaken it within them” (1997, 664). In other words, the recognition of citizenship at the level of the EU does not compensate for the losses or deficits of citizenship incurred at the national level.

This conclusion is obviously interesting and very pertinent for our purposes. This is because it confirms that the European model still has a great deal of work to do before it can establish a balance between gains and losses in terms of citizenship at the national and international community levels, respectively, and it shows that the European approach concerning the issue of citizenship is difficult to transpose onto the North American context.

Such an adaptation would be difficult for at least two reasons: the first is what must be recognized as the relative homogeneity that prevails in the European Community by comparison to the heterogeneity that prevails in North America; and the second is the profound differences that separate the interpretation and the implementation of the founding texts on either side of the Atlantic.

Indeed, the countries of the EU are, all things considered, a lot more homogeneous on some levels — namely that of civilization, ethnicity, religion and culture — than the three countries of North America. Of course, there are in Western Europe issues of nationalism and irredentist claims that still haunt some governments, such as Corsican or Basque independence, the concerns of Catalonia or Brittany, Savoy, Scotland, Padania, the Flemish movements and many others. But the claims of these nations or peoples fall within the Westphalian paradigm; that is to say, they belong to a political and administrative paradigm based on the supremacy of the state, which possesses full sovereign rights over a given territory.² It is difficult to imagine, for the moment at least, that these claims might lead to the dismantling of the territories of the countries in question, as was the case of Yugoslavia, where territorial redistribution and the recognition of religious and ethnic pluralism led to a major geographical redefinition between the peoples forming the old country.

Another transposition of the Eurocentric approach was attempted again recently by Will Kymlicka in an analysis devoted to what he calls “the old model of citizenship” as the outcome of two long-term processes: the building of a nation-state on one hand, and liberalization and democratization on the other (2003). The first process allowed citizens to be embedded in the nation-state, a condition that was extended to the working class and was reinforced by the establishment of the welfare state after the Second World War. The second process allowed for the liberation of marginalized people and the full recognition of their civil, political and social rights. Starting from these premises, Kymlicka seeks to understand why the link between liberal-democratic citizenship and the nation-state is being called into question. He examines the “thinning” of nationalism in the wake of the opening of national spaces to residents who do not share the same cultural and religious identities, and looks at the rise of claims in favour of institutional reform. This calling into question takes several forms, in particular, both “minority nationalism” and transnationalism — the emergence of a citizenship that is no longer linked to a given territorial political community. For Welsh, it is mainly the transnational advocacy networks that play a pivotal role in the promotion of a new type of citizenship.

However, these arguments and analyses, which supposedly apply to the entire Western Hemisphere, can nonetheless be better applied to the European model, especially the European Community. They can be transposed only with difficulty to the Americas for three reasons: because there is, in fact, only one nationalist claim in North America comparable to those found in Europe — the one made by Quebec nationalists;³ because we have witnessed incessant mixings of populations on conquered territories throughout the history of the continent, and, because of the porousness of these territorial limits, the formation of social allegiances has a strong propensity to overflow instituted national frameworks; and because the main institutional and territorial claims are at odds with the dominant occidental and Westphalian model, as is the case of the claims of Native American communities as well as those of ethnic minorities such as African Americans, Chicanos and Mexican Americans, among others.

Incidentally, the interpretation and the instituting of the constitutional federal framework within the three North American countries are, all things considered, relatively different, as we shall now see, from those encountered in the European Community. This is not to say that the various powers would react more serenely than their European counterparts to the prospect of the dismantling of their own countries, as illustrated by the federal government's response to Quebec, but the constitutional options are far more numerous and more open. The main option is still the creation of new political and administrative entities having full sovereignty in their own areas of jurisdiction. Thus, as much as the national political and geographical framework of the three countries might seem fixed at a central level, this apparent stability hides important transformations at the infranational level. In the United States and Mexico, it is the creation of new states that appears to be the most important innovation, while in Canada it is the process of devolution to the advantage of the Yukon and the Northwest Territories or even the creation of a new territory. Among the recent initiatives, there was the creation of Newfoundland in 1949, Alaska in 1951, Campeche in 1957, Hawaii in 1959, Baja California del Sur and Quintana Roo in 1974, as well as Nunavut in 1999. But this solution has its limits because of how widespread and dispersed the Native American communities are.

We are now in a better position to grasp how different the issue of citizenship is in the North American context essentially because of the significance and scope of the notion of borders. In this case, not only are geographical borders more blurred, and the jurisdictional and political limits far less rigid, but social allegiances are

equally likely to go beyond and transcend both borders and *national* normative frameworks. This phenomenon is linked to the fact that ethnic and cultural communities, be they Native American or more recent immigrant communities, are quite spread out over the North American territory. This leads in turn to dissociation between identities and territories in the North American context that does not exist in Europe, a dissociation that has profound repercussions for the meaning of citizenship itself. There are a few interesting examples of this in Canada, where the notion of French Canadian identity and citizenship does not have the same content or significance for the Franco-Ontarian, the Acadian or the Quebecer, and where, for historical factors, the allegiance of some Albertans to the United States is sometimes stronger than to Canada and its government.⁴ There are also examples of this south of the border, where citizens' affinities remain strong — as in the case of the Mexican immigrants to the US claiming the right to vote in the Mexican presidential elections.

C i t i z e n s h i p a n d S o c i a l i t y i n N o r t h A m e r i c a

CITIZENSHIP CONFERS A LEGAL AND A POLITICAL STATUS, WHICH GOES A LONG WAY TOWARD explaining why citizenship deploys itself along two lines: a political line, which ties a citizen to a constituted power; and a civic line, which ties the individual to his fellow citizens. The citizen is thus at once a subject of both public and private law. As a subject of public law, the citizen has rights, obligations and duties toward the powers that be, and symmetrically, as a subject of private law, he or she has individual and collective rights, obligations and duties regarding fellow citizens. Among the first, there is the right and the eligibility to vote, freedom of speech and opinion, which constitute political liberties; among the second, there is freedom of association, the right to protest and legal rights, among others, which constitute civil liberties.

We will examine these two aspects of citizenship in North America in succession. We will concentrate on a few main characteristics of North American federalism before tackling NAFTA's perverse effects of reinforcing the democratic deficit on a continental scale. Then we will study the transnationalization of the social practices of associations and organizations in the context of continental integration.

The central argument put forward to question the idea of a new North American citizenship is the absence of a common political project, an absence that is seemingly confirmed by the paucity of one-on-one meetings at the highest levels. However, if official meetings between the three heads of state are rare, and if one-on-one meetings are few and far between, these elements do not adequately reflect the intensity of the political and administrative relationships maintained at other levels in a number of areas. Thus, on the Canadian-American side, we did not have to wait for the implementation of free trade agreements to witness the tightening of direct lateral and horizontal ties between states and provinces on both sides of the border. Premiers and governors meet on a regional basis in the west, as well as in the east, and around the Great Lakes, as is the case of the Council of State Governments' Eastern Regional Conference, which brings together all the states of the northeastern US as well as an "international associate," the province of Quebec; or the Council of Governors of the Great Lakes and Ontario, which meets annually and which, in 1997, welcomed Quebec. Similarly, to the south, we saw the creation of the Association of the States of the Gulf of Mexico in January 1992, an association of ten states including five in Mexico (Tamaulipas, Veracruz, Tabasco, Campeche and Yucatan) and five in the US (Florida, Alabama, Louisiana, Texas and Mississippi). This association played a crucial role in the promotion of exchanges within the region at a time when NAFTA negotiations were barely underway.

In North America, contrary to what has happened within the EU, both provinces and states have benefited from a great deal of independence in international matters which leads them to intervene directly at that level by adopting policies or sanctioning norms that sometimes contradict those upheld by their central governments, as was the case when the states of Washington and Oregon adopted policies recognizing the "two Chinas," or when about twenty states repatriated their pension funds from South Africa during apartheid, or as is still the case when Quebec claims an independent status within the community of francophone countries. As a result, as far as political citizenship in Canada and the United States and, to a lesser degree, in Mexico is concerned, a citizen's allegiance to his or her central power represents only one aspect of citizenship because the individual is also tied, by suffrage, by eligibility and, foremost, by taxation, to the other levels of government: provincial and state, as well as municipal and local.

This being said, NAFTA plays a determining and extremely ambiguous role in this, as it forces infranational governments to adjust their internal

regulations to the demands of the agreement, while it excludes these governments from discussions and negotiations surrounding these adjustments. Indeed, the constraints tied to the growth of exchanges between the three partners have had important repercussions on areas and issues that come under their prerogative, such as vehicular transportation and the allocation of natural resources. However, and this qualification is important to make, the committees' and subcommittees' modus operandi reinforces the upward centralization of powers toward the central governments at the expense of the governments at the state or provincial levels, as illustrated by the following extract from a report on the Land Transportation Standards Subcommittee:

NAFTA has given rise to a number of trilateral initiatives, including efforts in science and technology, the environment, and transportation. In transportation, the Land Transportation Standards Subcommittee (LTSS) was originally created by the NAFTA to address development of more compatible standards related to truck, bus and rail operations and the transport of hazardous materials between Canada, Mexico and the United States. The Agreement provided for the LTSS to implement a work program in accordance with a timetable set by the NAFTA. The objective of the LTSS is to facilitate increased travel and transportation between the NAFTA nations by developing and implementing compatible and/or uniform standards for surface transportation drivers, vehicles, roads, and traffic control devices; the safety of railroad operating personnel; and the transportation of hazardous materials. (Canada 2000)

These considerations shed a new light on the direction in which state and provincial sovereignty is evolving in the federal context of North America, because we are witnessing significant changes through the harmonization of norms and laws since the implementation of NAFTA, an adjustment that denies subordinate jurisdictions a part of their autonomy, which in turn directly impacts citizens and, more specifically, the content of the relationship that citizens are likely to have with instituted political powers. Indeed, we can see quite clearly that the mandates given to committees and subcommittees allow them to proceed with normative integration under the authority and guidance of NAFTA's Commission, but in the absence of the authorities that have jurisdiction over such matters, that is to say, the Canadian provinces and the American and Mexican states. In that sense, NAFTA is discreetly increasing the asymmetrical nature of jurisdictions in favour of the central powers at the expense of other political jurisdictions at state or provincial levels. In turn, this jurisdictional asymmetry completes and reinforces another important asymmetry that

characterizes the three North American federations: fiscal asymmetry. Indeed, the evolution of the respective expenditures of the federal and provincial or state administrations puts the latter in an increasingly difficult position from a budgetary point of view, since they depend more and more on federal funding to shoulder their responsibilities and to balance their budgets. In turn, this system poses important problems which have already been brought to light by the Macdonald Commission in Canada, which emphasized the extent to which it “makes imputability very difficult, especially when a large part of the expenses shouldered by one level of government are paid by taxes levied by another level of government,” an imputability that becomes even more complicated when subsidies are increasingly given only under specific conditions (Royal Commission on Economic Union and Development Prospects for Canada 1985, 438).⁵

These asymmetries may have a deleterious effect on citizenship in the broad sense of the term, as a manifold complex of allegiances (municipal, provincial, state, federal). As we have just indicated, the shifting of the burden of prerogative in the matter of regulatory and normative adjustment in favour of the higher levels of government and the maintaining, not to say reinforcing, of fiscal imbalances in favour of these same higher levels of government contribute to the widening of the gap between political legitimacy and imputability, processes that themselves contribute to the alteration of social and political allegiances within the three countries.

NAFTA therefore has important negative effects on the definition of political citizenship in North America and, if we limit ourselves to that dimension, we would be led to conclude that the future of a project of North American citizenship is uncertain at best. But we have already emphasized how important it is to take into account civil citizenship in this context, and it is this aspect that we will now examine.

Even if the raw data that follows does not give full credence to the idea of a North American citizenship, it will show that the very amplitude of the population traffic over both borders demands closer examination. In 2002, the total number of individuals who crossed the Canadian-American border reached 200 million, more than half a million individuals a day. That year, 11 million trucks crossed the border — 30,000 trucks every day. Every year, 15 million Canadians travel to the United States.

On the south side, cross-border activity between the US and Mexico is even more intense. Communities along the border are economically, socially and culturally interdependent. For example, there are 1.1 million legal crossings a day from Mexico into the US.

Besides, North America is above all else a continent where networks of associations and organizations are of paramount importance. According to Jean-Pierre Bélanger, there were close to 90,000 nonprofit organizations (NPOs) in Quebec in 1996, a number that is clearly an exaggeration, since the Secrétariat à l'action communautaire autonome (SACA) listed only 8,000 in 2001 (Gagné 2001, 84). Francis Fukuyama, for his part, when he took up the calculations made by Lester Salamon, estimated the number of NPOs in the US in 1989 at 1.14 million (1999). Only a fraction of these associations and organizations are social organizations in the full sense of the word, that is to say, associations and organizations that, to use the words of Lucie Lemonde, act as “the bastions of religious and political freedoms, and increasingly...as the necessary condition for the social and economic liberty of the citizens” (2001, 14).

NAFTA has not only played a key role in the creation and formation of an entire network of organizations and associations, but the agreement has also, above all, led a number of existing organizations and associations to make NAFTA, as well as other issues related to the two parallel agreements — the North American Agreement on Environmental Cooperation (NAAEC) and the North American Agreement on Labour Cooperation (NAALC) — important recurring themes in the definition of their missions and mandates. This can be verified, of course, for each confederation of trade unions in the three countries, but also for feminist, student and community associations, as well as religious communities and human rights organizations. In turn, the incorporation of these subjects and issues led to the establishment and the reinforcing of transnational relations between organizations and associations and also led to the creation of coalitions and lateral networks rallying militants from various backgrounds (see Brunelle and Dugas 2004). Nonetheless, this specific aspect of the interventions surrounding NAFTA is far from the only one, since we have to take into account cultural and social exchanges between organizations as varied as universities, colleges, schools, public and private administrations, cities and municipalities, at all levels of civil society; exchanges that contribute to the emergence of a North American civic citizenship from the bottom up, thanks to the reinforcing of social bonds continent-wide.

C i v i l R i g h t s S i n c e 9 / 1 1

I N VIEW OF THE PREVIOUS ANALYSIS, WE CAN SEE TO WHAT EXTENT THE CONTROLS PUT in place after 9/11 are likely to have a detrimental effect on the very methods used to maintain cross-border relations and, consequently, to what extent they are likely to have a detrimental effect on the emergence of a North American citizenship. It is, in fact, quite significant that the president of the United States did not feel compelled to call in his Canadian and Mexican counterparts after the events of 9/11, thus sanctioning a national and nationalistic approach to the issue of security instead of considering its continental dimension as well. The first consequence of this decision was to reinforce the bilateral relations in North America, between the US and Canada on the one hand, and between the US and Mexico on the other, leading to a weakening of the trilateral bond. It was not only the evanescent North American civic citizenship that suffered the brunt of this decision, but also national political citizenship, as is shown by the passing of the American *Patriot Act* and the antiterrorist law in Canada, measures that already have had detrimental effects on immigrants and also on security policies in Mexico and on the whole of Latin America.⁶ It is because of this that a number of citizens and civil rights groups have denounced the impact of the *Patriot Act*, which has criminalized the activities of organizations that campaign in favour of alternatives to globalization and the liberalization of the global marketplace.⁷

C o n c l u s i o n

I N LIGHT OF THE ANALYSES PROPOSED IN THIS TEXT, WE CAN SEE THAT THE ISSUE OF knowing whether or not we are witnessing the emergence of a North American citizenship is more complex than we might at first have been led to believe. In any event, we are not seeing the establishment of a clear and explicit project aimed at preparing the legal and political recognition of citizenship on a continental scale. On the contrary, we could probably argue that it is precisely the opposite, and advance instead that, since 9/11, the American demands in terms of national security and their threats of eventually imposing visa requirements on residents from their two neighbouring countries, for example, take us back even further from such a project. Besides, as we have also seen, if it had not been for

9/11, we might have had other reasons to doubt the realism of linking the notion of citizenship to the continental option because of the deficit of legitimacy that is part and parcel of the normative and regulatory integration sanctioned by NAFTA. In that sense, NAFTA induces a profound democratic deficit in North America, inasmuch as the agreement reinforces a democracy of executives at the expense of parliamentary democracy in Canada and Mexico, but not in the US, which forces us to conclude that there is indeed a parliament *de facto* and *de jure* in North America which is none other than the United States Congress (Brunelle, Sarrasin and Deblock 2003). Thus, inasmuch as the legislators and the representatives in the US could extend the jurisdiction of political institutions beyond the normative and regulatory boundaries of their country, US citizens would then benefit by default from the lineaments of a North American citizenship. By contrast, and since their parliaments are kept away from the normative adjustment and are thus incapable of demanding the imputability or any kind of accountability on the part of their own executive, the citizens of the other two countries would be denied even a passive continental citizenship.

Such an approach to citizenship is no doubt too linear and too formalist, because, as we have seen, we are also witnessing the extension of citizenship beyond the borders of the three countries through the transnationalization of administrative and political jurisdictions in the fields of transportation and energy, in particular. Moreover, the creation of new spaces, the so-called “region-states” (Courchene 1998), no doubt contributed to bringing the various interpretations of the meaning of citizenship on either side of the border closer together, but this process rather confirms the fact that the Canadian ethos is gradually integrating itself into the US model, a process that could eventually lead to an evaporation of Canadian citizenship.⁸

In a way, we are indeed witnessing the emergence of citizenship in North America, but not the emergence of a North American citizenship. For the moment, the evolutions taking place seem to be leading us toward an extension beyond the borders of the US of an American citizenship, resulting at the same time in a profound social alienation in Canada and Mexico. However, these two processes are not the only ones: we must also take into consideration the exclusions — at once external and internal — on which future cross-border citizenships and solidarity will be built.

Notes

- 1 It is interesting to underline in passing that article I-8, "Citizenship of the Union," of the *Project of the Convention for a European Constitution* (European Union 2003) repeats, for all intents and purposes, the dispositions of the Maastricht Treaty.
- 2 The case of the Saami people (Laplanders) represents an exception to this rule. Indeed, they are a nomadic people whose native territory overlaps that of four northern European countries.
- 3 This is not quite the case, since there are other territorial claims about which it is difficult to say whether or not they are serious or credible. I am thinking of the project of the Republic of Cascadia which would bring together under the same political banner the province of British Columbia and the states of Washington and Oregon. This being said, as soon as one leaves the North American space, one encounters other nationalistic claims of the same type, such as those of the Puerto Ricans.
- 4 The creation of the Alberta Residents' League in 2002 bears witness to this, as does the publication of the *Alberta Agenda*. The league proposes more independence for Alberta, modelled on the claims advanced by Quebec, and does not exclude, in the long run, joining the United States.
- 5 The subject of the quote is subsidies to municipalities. On that subject, see Brunelle, Bélanger and Deblock (1999).
- 6 The American *Patriot Act* is an acronym for "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism."
- 7 For an overview of these effects in Latin America see the Web site www.madre.org
- 8 Which, in the eyes of some, could be the sign of a perfectly successful integration. See Coleman (2000).

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Summary

The papers in this folio examine whether NAFTA, and projects for a subsequent deepening of North American relations, reflect or promote the emergence of a North American identity. In so doing, the papers also discuss possible gaps of legitimacy posed by NAFTA's almost exclusive focus on economic interactions.

John McDougall maintains that security concerns in the wake of 9/11 have only increased the resolve of the Canadian business elite to achieve deep economic integration, which would minimize the practical significance of the border. After an overview of the deepening Canada-US transactions and of the infrastructure within which they are conducted, he argues that deep economic integration is also political integration, as it entails the adoption of or harmonization with a wide range of American policies and practices. McDougall says that the modes of business rationalization that reorder the production and marketing of goods and services across the Canada-US border underpin an alignment of values among Canadian and American business communities. Although Canadians in general appear determined to preserve differences between the two countries, greater density of trade also seems to be associated with Canadians and Americans trusting each other more and Canadians' attachment to Canada becoming more functional. While there is no question of a formal political union among North American countries, Canada's autonomy in foreign policy, security and commercial matters and even in social issues seems more tentative with each step toward economic integration, concludes McDougall.

In her critical assessment of the belief that NAFTA can be deepened without requiring producers, consumers, employees and investors to become citizens of the North American continent, Jennifer Welsh argues that attempts to deepen North American integration could create a legitimacy gap that would hinder policy-makers. Although the European Union is not an appropriate model for North American regional integration, Welsh maintains that there are two valuable lessons for North America from Europe's evolution toward political union. First, the development of European citizenship demonstrates that a strong, unified identity among the parties involved is not essential to the process, and second, the development of the EU shows that once the rules and institutions are expanded to accommodate market-making, pressure to provide for democratic values is created. Welsh observes that the very notion of a North American community is problematic, because the collective framework necessary to make it meaningful is not in place. If the integration agenda is to advance beyond the confines of NAFTA, then a greater effort is needed to establish a common good and a common set of expectations among the peoples of North America, she says. Possible mechanisms include having national parliaments become more involved in NAFTA decision-making processes, providing greater transparency and more options for public participation in NAFTA, and following the EU's lead by enhancing the rule of law beyond the adjudication procedures developed in NAFTA. However, she observes, security concerns arising from 9/11 have jeopardized the potential effectiveness of these options.

We must not underestimate the impact of large-scale integration on North America today, observes Dorval Brunelle in his comments. He argues that the norms and dispositions of NAFTA have had an important systemic effect on the normative framework and political order of its three member countries, and that in envisioning a deeper integration in terms of law, security and society, we must consider the inevitable repercussions on transnational citizenship. He argues that North Americans must move away from a Eurocentric approach to citizenship. The EU model has yet to establish a balance between the gains and losses relating to citizenship at the national and international community levels. Furthermore, in North America, geographical borders are more blurred, jurisdictional and political limits less rigid, and social allegiances more likely to transcend borders and national normative frameworks than in Europe. Brunelle examines political and civic citizenship on this continent by reviewing the main characteristics of North American federalism and exploring NAFTA's perverse effect of reinforcing the democratic deficit. He also reviews the transnationalization of the social practices of associations and organizations in the context of continental integration. He concludes that we are indeed witnessing the emergence of citizenship in North America but not of a North American citizenship, since we now seem to be heading toward an extension of American citizenship beyond the borders of the US, which has created profound social alienation in Canada and Mexico.

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