NORTH AMERICAN SECURITY RELATIONSHIPS

John Manley

This, I think, is at least my third time addressing the Commission, and the variety of roles that I’ve played means that every time it’s been a totally different topic. But I know you’ve heard a lot of those politics so far today. By my count, I think I’m the only presenter that’s actually had his or her name on a ballot, and I’m not here to talk about politics, I’m here to talk about security, so I may have to work the odd comment in as the occasion permits. But I have left the active political realm, and I’m in the private sector, and occasionally I am asked the question how much I miss that political life. One of the first things I agreed to take on when I left government was the board of directors of one of our preeminent Canadian corporations, Nortel Networks. So when people ask me if I miss the life in government, I just say look at the newspapers—you know, deceit and theft and hundreds of millions of dollars wasted and lost, but that’s enough about Nortel today.

What I want to talk about is the question of balancing the North American security and economy nexus. This is a topic which, I think, recognizes the tradeoffs inherent in maintaining an open society and a vibrant market-based economy while also fulfilling the fundamental task of government which, after all, is the preservation of order and the maintenance of public safety and security.

In a post 9/11 world, the connection between security and the economy is a natural discussion to have, but in fact, it’s not one that has been frequently a subject of public policy in the past. Until September 11th, the North American economic conversation mostly revolved around how we enhanced the trading environment in the world, the variety of free trade arrangements that we’d entered into, how they were working, and how to resolve to some of the disputes that related to trade issues.

I was the industry minister in Canada for seven years up until October 2000. I was primarily preoccupied with the improvement of Canadian productivity and competitiveness, something we were working on. Jeff Simpson's newspaper noticed it today. They wrote "productivity number one" in their lead editorial today. We actually were talking about it more than ten years ago. It shows how compelling an issue it is that it took ten years to get into the newspaper.

We talked about the development of an implementation of strategies designed to help Canadian firms win in a globally competitive business environment. The strategy was simple enough. We would seek to pursue sound macroeconomic policies and encourage growth strategies by enterprises through the support of early adoption of innovative processes and technology, so we implemented policies of fiscal discipline, stable prices, open trade on the macro side, while encouraging innovation and connectedness on the micro side of the economic policy balance sheet. As well, a balanced budget permitted tax reductions on a large scale starting in 2000 which had, in part, the effect of enhancing competitiveness.

Our principal concern with the United States related to the advantage that U.S.-based firms and individuals enjoyed in lower taxes and border-free access to their large domestic market. Our productivity lagged the United States, but our dollar sheltered Canadian businesses from the full force of U.S. competition, and we were quietly building bigger and bigger trade surpluses with the United States.
I remember in the late ‘90’s sitting as minister of industry with my deputy, Kevin Lynch, at the time prior to the 2000 U.S. presidential election, talking about the fact that perhaps a more concerted strategy in managing the Canada-U.S. relationship was in order. It had been Kevin’s observation that the U.S. was becoming more focused on security matters, and while the U.S. system is a large and complex one with many competing issues and interests, when the maw of U.S. politics becomes focused on something, it’s formidable to say the least. We’ve had a number of indications that security was moving up that agenda.

We’d seen, for example, with respect to the Canadian aerospace and defense sector, new problems in dealing with U.S. defense contractors, something called the ITARS, the International Traffic and Arms Regulations. We spent lots of time trying to resolve issues related to that, which was impairing the ability of Canadian businesses if they hired even dual national Canadian citizens to deal with U.S. suppliers on matters of national security.

We had issues around the expansion of air pre-clearance facilities, both in Ottawa and Vancouver. We were bogged down in what seemed like endless bureaucratic issues, most of which were related to security matters.

We had the delayed launch of RADARSAT-2, a Canadian remote sensing satellite which had extraordinary ability to assist in dealing with security concerns in the United States, because the technology of the detailed image-capturing capacity was such that it would seem to be a security threat to the United States.

Former British Prime Minister Harold Macmillan was once asked what he most feared, and his answer was events. In December 1999, I was, as industry minister, most preoccupied with a coming event which was the turn of the clocks to the year 2000 and the perceived threat that we felt came from Y2K. Now that turned out to be a non-event, but I noted that on December 14th an asylum seeker was arrested after U.S. customs inspectors at Port Angeles, Washington found that he had enough explosive materials stashed in his car to blow up the Los Angeles airport, which he intended to do as his way of celebrating the new millennium. His name was Achmed Rassam. He was associated with al Qaeda. His arrest was entirely fortuitous.

The border was always showing some strains as a result of the success really of free trade. Ninety percent of Canada-U.S. road traffic was crammed through only 11 ports of entry, most of which are in tunnels and on bridges. Our border crossings were also strained by national security needs. In 2000, some 14,000 persons were prevented from entering the United States from Canada at the border, and 21,000, or 50 percent more, were prevented from entering Canada from the United States. About half of our refugee claimants entered from the United States. Most of the guns used in crimes in Canada were and, in fact, still are imported illegally from the United States.

In January 2001, the day after Colin Powell was confirmed as secretary of state by the U.S. Senate, I met with him in Washington. By then, I was the foreign minister. My assistant deputy minister responsible for the Americas, George Heynal, insisted I give Colin a copy of the report of the CUSP, the Canada-U.S. Partnership, in order to obtain some high level commitment toward establishing a common vision for border cooperation. To say that the border and its operation was of rather limited interest to Colin Powell would be an understatement. He was very interested in the problem of stuffed molasses, however, which he stumped me on, I have to confess. I knew the problem as one of sugar-coated golf balls. In fact, the problem is that some entrepreneurs either super-impregnate molasses with sugar or coat golf balls in sugar, then remove it and resell it, and this was the problem that Colin wanted to talk to me about.

So there was already an effort under way to deal with some of the border issues prior to September 11th, but persuading U.S. officials other than their ambassador to think about the Canadian border was really next to impossible. On September 11th, I was returning to Ottawa from Berlin, flying out of Frankfurt to Toronto. It was on board that aircraft that I came to appreciate Harold Macmillan’s statement. Now I’m sure all of us
remember where we were and what we were doing when we found out about the horrible incidents on that Tuesday, September 11th, 2001. This was a moment of profound impact on the way that we look at the world and the way, in North America, we saw our place in it. The immediate response of the U.S. government was understandable. Close down the air space to make sure there would be no more attacks. Virtually shut border entry points to make sure that no one would try to get in to cause more death and destruction.

The consequences of these actions became quickly evident, and we were brought face-to-face with the challenge about balancing security and the economy in the terrorist era. Canadians and Americans who regularly crossed the border to conduct their business or even to report for work suddenly found their affairs brought to a dead halt. Trucks, trains and planes carrying products slowed to a virtual stop disrupting manufacturing operations and costing companies millions of dollars per hour. It quickly became evident that this situation was not sustainable.

On September 11th, the border became, in some ways, invisible; in many other ways, ever the more prominent. The shock and sorrow felt by Canadians as they watched the attacks on the United States and the values that they acted upon in the days that followed, extending generosity, compassion, and sincerity to friends and to strangers in trouble, these became the most important linkage in the Canada-U.S. relationship, not the line that serves as a customs and immigration management point between us. But the reality is that confidence was shaken. Americans were faced with the fact that criminals and terrorists had come to live among them, some legally resident in the United States for some period of time. This means living the unthinkable and coming to grips with the terrorizing realization that the enemy who attacked on September 11th might well be all around, operating literally in their own backyard and allowed to live right among them undetected and undetectable through normal policing and intelligence techniques.

In this environment, the post 9/11 reaction of the United States administration was not to thank Canadians for their solidarity, generosity and support. In fact, it took more than three years for that sentiment to be expressed by President Bush, but rather to batten down the hatches and to seek to keep people safe.

Canadians had to face the reality that all free societies were vulnerable. Terrorists made use of the very things that they aimed and aimed to destroy: liberty of our democracies, the openness and tolerance of our societies, the efficiencies of our financial systems, and the opportunities inherent in our free economies to target to us.

Canadians also had to face the shock that a view was developing in the United States, albeit wrongly, that we provided the back door for these unspeakable horrors to occur. Now one of my first thoughts on board that Air Canada flight on 9/11 was of Achmed Rassam. I was immediately aware that if these attacks on the U.S. had a Canadian connection, then we would face deep and lasting problems of profound significance to our economy and possibly our way of life. I was on one of the only flights that got into Toronto that day and then on a transport Canada plane, which had no room for luggage, but that didn’t matter because Air Canada lost it anyway, got me back to Ottawa. Some things remained the same on September 11th. The airlines still lose your luggage dependably. It took quite a while to get it, by the way.

It was then time to begin action. We had to demonstrate that we had the capacity to act decisively with strength and determination knowing full well that there could be no quick fix. Now for me, I have to say this actually turned out to be one of the most exciting and energizing periods of my career in public office. The prime minister gave me authority to lead, and he gave me plenty of scope. With his confidence, I was able to fashion Canada’s response to 9/11, and our plan of action going forward as chair of a new cabinet committee on public security and antiterrorism, and I was asked also to act as counterpart to Tom Ridge, who was the president’s new White House advisor on homeland security and later the first secretary of homeland security.
I consider it very fortunate that Tom Ridge was the president’s choice. He grew up in Erie, Pennsylvania just across the lake from Canada. He knew us. He understood the importance of the Canada-U.S. relationship. For me, it was my goal to be Governor Ridge’s strongest ally. I was the first person to call him at the governor’s mansion from outside the United States in the days following his appointment. His understanding and the close working relationship that we were able to build meant that we could work across many agencies and departments in both governments pursuing the goal of making our border work smarter, more securely, and more efficiently.

Our hope, when we signed the Smart Border Accord in December 2001, was that we would reshape the border security foundation using the latest technology and shared intelligence guided by the principle of risk management. Effective risk management allows you to expedite the flow of low-risk goods and people and to focus your resources on higher-risk traffic. The "smart" in "smart border" is about not having to choose between increased security and increased facilitation: you can have both.

You can also choose, if you wish, to have a stupid border, which is what we often tend to do, recognizing the fact that the vast majority of our two-way trade between Canada and the U.S. as between the U.S. and Mexico is intra-company trade, and that when we impose burdens on border transmissions, we’re adding costs to North American production which are significant and would just make us uncompetitive with offshore resources. Just as an example, in a typical North American assembled automobile, because of where the parts all come from before final assembly, parts of that finished automobile will have crossed a North American border on average 12 times. Roughly, that costs an additional $800.00 per vehicle. A vehicle coming in from Korea or Japan, of course, crosses the border one time and faces a much lower burden. We’ve added to that the complexity of the rules of origin which further increase costs. So what we managed to do was to bring together agencies of the two governments, work on an effective plan that saw us moving toward facilitating cross-border transfers using techniques we’ve called FAST for commercial shipments and NEXUS for individuals, and facilitating that movement. We’ve seen a great increase in the amount of budgetary expenditure on the Canadian side in some of these initiatives. And in fact, on security initiatives alone, in Canada we’ve seen about $9.5 billion dollars in additional, not previously budgeted, funding that has gone in since 9/11.

Furthermore, the Canadian government has continued to pay attention to a national security policy, something that we didn’t have in a written form in the past. That has been published over the past year.

MPs and senators have also shown their desire to take responsibility through the creation of a National Security Committee of Parliamentarians. A new and comprehensive policy framework, political engagement, and real investments in security, these are the things that we have tried to put in the window. They’re also essential if we are to persuade our friends in Washington that we should be able to dispel myths about Canada and to promote us as an equal and responsible partner in security on the continent.

Now this is where I want to take a chance to give a plug for the Council on Foreign Relations Independent Task Force on North America, the report that was mentioned by Carlos Heredia earlier today. There are several who worked on this project here today, and we had a number of things to say specifically about security. I guess you don’t get into politics unless you’re optimistic, and I’m a lot more optimistic than the tone of some of the discussion we heard earlier today. I believe that we can actually move some of these agenda items forward.

In specific reference to security, the task force proposes that all three governments should strive to build a security perimeter—there, I’ve used the word perimeter—around the continent to create essentially a zone of confidence within, such that a terrorist or criminal elements or human smugglers that want to get into the United States find it equally difficult to do so through Canada or through Mexico.
Specifically, we proposed the establishment of a goal of a common security perimeter by 2010; the evolution of existing bilateral smart border action plans into a unified Northern American action plan; continued investment in border infrastructure; a North American border pass—forget the passport that we’re trying to persuade everybody they need to have—rather a North American border pass that would be based on the NEXUS and sentry programs that we’ve created already for the borders; the expansion of NORAD into a multi-defense command; and the increase of information and intelligence sharing at the local and national levels in both law enforcement and military organizations. These recommendations, which form only one part of our agenda for a secure and prosperous North America, are significant. Our efforts to create a community confidence in its security must be no less intense than the planning that went into 9/11 itself.

You can already anticipate that our report generated some interest, certainly in Canada and Mexico, fundraising letters from the Council of Canadians, which is one of our hyper-sovereignist organizations, shrilly proclaiming another assault on Canadian sovereignty.

I don’t think the status quo is meeting anybody’s needs. It certainly doesn’t work for Mexicans who deserve the opportunity to grow their economy and society and their North American partners should want to see some progress in that. That status quo does not work and will not work for the United States, because it can’t help what it is, the largest open society on earth and the most compelling target for extremists and enemies of democracy. And the status quo is not an option for Canadians either.

Intuitively, we know that we are dependent on our global linkages and our ability to trade both within our continent and with the rest of the world, and we have maintained our sovereignty not just by defending our borders but by promoting our interests and by living by example. So security and trade, prosperity and human rights, respect for the rule of law, and equal opportunity, these are not tradeoffs. They are connected. They are even synergistic. Today it makes no sense to talk individually about Canadian security, and U.S. security, and Mexican security, and North American security, international peace and security. These are all intertwined. Our national security is inextricably related to that of the United States and vice versa and to events and circumstances around the world. And I would say that our economic security is likewise inextricably linked to our physical security and that of our neighbors also.

I’ve left out some important issues that I hope arise during the discussion. One of these is the balance of security and human rights in the terrorist era. How do we maintain the high moral ground that we hope to use as a basis for promoting our interests globally, and our interests collectively as North Americans, and respect for due process and the rule of law? No conversation about Canada-U.S. relations is complete without a reference to those three great words, “soft wood lumber”, but truthfully, respect for due process and for rule of law has to be in the context of international agreements as well. I can tell you as someone who has some scars from the political arena to show for my advocacy of enhancing security and economic relations with the United States, those of us, and most of the Canadians in this room would be in that category, that advance that cause are facing a serious setback due to the position of the USTR on the softwood lumber file, and so I cannot fail to mention it.

Thank you for the opportunity to share these thoughts with you today.

John Manley is former deputy prime minister of Canada.