

Monica Serrano and Jane Boulder, eds., Canada-US-Mexico Relations after 9/11 and the War on Iraq: The Futures of North America

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**Smart Borders and the Rise of Bilateralism:  
The Constrained Hegemonification of North America after September 11**

**Introduction: Our Terms of Reference**

The consolidation of multi-state regions is one of the most interesting features of globalization's recent past. The European Union may be by far the most advanced example of this phenomenon, but North America -- including as it does the global hegemon -- is surely no less important.

*Linguistic Markers*

This special issue takes as its premise the notion that *North America* comprises not just the United States and Canada but also Mexico. This is not obvious because, at first glance, the word hardly seems to describe a political entity. Historically, "*norte americano*" in Mexico designated the other, foreign, threatening but also alluring space to the north from which Mexico was excluded not to which Mexico obreros were attracted. This phrase's usage in Mexican discourse has only become inclusive since the signature of the North American Free Trade Agreement (NAFTA, 1994), which bound together the United States of Mexico, the United States of America, and Canada in a treaty aimed at formalizing and deepening the already considerable economic integration that had occurred between the global hegemon and its two neighbours.

Accepting this premise of a regional reality, we must take care not to project onto it the notions that have emerged from the past fifty years of integration on the eastern shores of the Atlantic Ocean. Unlike the much more deeply institutionalized European Union with its Schengen-mandated disappearing frontiers, North America's borders remain largely intact and, since the tragedy at the World Trade Center and the Pentagon in 2001, have been raised much higher.

Notwithstanding this linguistic difficulty, "North America" does designate much more than a triad of contiguous countries to the north of Guatemala. Geographically and ecologically, it has long existed as a continental entity. More recently, increasing economic, demographic, and cultural flows have caused some perhaps overenthusiastic scholars to talk about the emergence of a North American community.

Lest we leap too far in using notions imported from abroad, we must keep in mind two of the continent's continuing realities:

- *Asymmetry* identifies the enormous difference in capacity between the USA and its two neighbours. For example, while dealing with

Uncle Sam has to be the overwhelming concern of Canada's and Mexico's foreign services, dealing with Canada and Mexico only involves Washington's peripheral vision as it pursues its interests abroad.

- *Skewedness* recognizes the colossal cultural and historical differences between Mexico's relationships with the United States on the one hand and Canada's on the other. This makes it somewhat risky to lump Canada together with Mexico as the American "periphery" since differences often vastly outweigh the similarities between these two countries both in their domestic realities and in the way that they connect with their American neighbour.

### *Conceptual Model*

For analytical purposes, this article will posit a simplified dynamic model of the complex processes of North American integration and disintegration as the product of five often conflicting forces:

- US expansionism, which is driven by competitive industries within the American market and is managed by the U.S. state. This pressures its neighbours to lower their border barriers.
- US protectionism, which is activated by uncompetitive industries and is also managed by the U.S. state. This tends to strengthen US border barriers.
- integrative efforts by the two peripheral governments to enhance their relationship with Uncle Sam and increase their access to its market. When successful, these efforts reduce US border barriers.
- defensive efforts by the two peripheral governments to guard their autonomy from Uncle Sam and to deal with their own internal struggles. When successful, these efforts raise the peripheries' border barriers.
- North America's three members may respond differently to changes in the global balance of forces in the first instance, but the United States' responses may induce subsequent reactions of support or resistance in its periphery.

### *Analytical Challenge*

In order to examine the impact of 9/11 and the US war in Iraq on the politics, security, and diplomacy of North America, we need to start by getting a firm grip on where North American politics, security, and diplomacy were heading before Osama Bin Laden unleashed his nineteen merchants of death. This is less easy than it might seem, since our overwhelming preoccupation with NAFTA since 1994 has made it harder to give proper recognition to other aspects of the continent's integration and disintegration which may be equally significant.

Having first passed in review some markers of North American politics before the era of free trade, the text will then identify NAFTA's significance in their evolution in order, finally, to consider the changes that have taken place in the last three years following the disaster of September 11 and the subsequent declaration of war on Iraq by the government of the United States.

### **North America before Free Trade**

Before analyzing the present state of the continent's three bilateral intergovernmental relationships, we need to remember that state-to-state relations are the tip of an iceberg whose base is structured by social and economic realities. Given the bias of political science towards analyzing state institutions, it is difficult for policy analysts to appreciate the extent to which a North American marketplace had generated considerable cross-border integration with associated forms of governance prior to the three governments' establishing formal institutions to manage these already existing economic relationships. It has also been a low priority to assess the significance of sometimes informal governance processes in the subregions bisected by the two national borders, an issue to which we will turn next.

### *Ecological Bilateralism*

Intergovernmental cooperation on environmental matters along the borders has put in place various transborder institutions in response to grass roots concerns about the availability, quality, or quantity of such binationally shared necessities as water and air.

*Water.* Agreements on how to manage, control, and improve water resources along and across their state borders were deemed necessary by all three governments, as population growth and industrialization created competing interests for the use of the boundary regions' waters.

Canada-U.S. agreements date as far back as the 1909 Boundary Waters Treaty, which established the International Joint Commission (IJC). This genuinely bipartite body, in which both partners have equal representation, had its mandate extended from a quantitative oversight -- supervising the flows, diversions, and water levels of rivers and lakes crossed by the international boundary -- to include such qualitative concerns as the toxification of the Great Lakes. The IJC is an institution with substantial responsibilities, although the federal, state, provincial, and municipal governments in the border zones determine through their budget allocations and statutory regulations the actual fate of Canada-US water issues.

The management of water resources and pollution control along the Mexico-U.S. border began with the 1944 Treaty Relating to the Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande. Rapid demographic growth in the border area due to industrialization caused escalating demands for scarce water and intense pressure on the limited sewage infrastructure. The new *maquiladoras'* dumping hazardous waste into rivers shared with the U.S. border states added another contentious issue between the two countries. These problems are far more acute than those between Canada and the United States, and transborder water management remains to this day both under-institutionalized and under-funded. With infrastructure quality at third-world levels and demand far exceeding water supply, binational conflict has tended to trump transborder cooperation.

Air. However essential for human health the quality of air may be, the management of air-borne toxins, which can be transported long distances, is nearly impossible to achieve in a territory divided by jurisdictional boundaries. Government regulation of air quality issues in North America has traditionally been a mixture of domestic standards (whether federal, state, or provincial), bilateral agreements such as the Air Quality Accord between the United States and Canada, and multilateral protocols. Due to differing governmental standards, the multiple sources of pollution (from personal vehicles to large industries) and the difficulty in making polluters accountable for the damage they cause in other jurisdictions, conflict has characterized Canada-US relations concerning the management of air quality, because the hegemon is the larger generator of pollution and Canadians are net importers of its noxious airborne chemicals.

Following intense pressure by Ottawa, the two countries signed air quality agreements in the early 1980s, but commitments to reduce US acid rain production actually resulted from internal political struggles within the United States during which the eastern states managed to impose controls on the coal-burning electricity-generating states of the Ohio River Valley.

The impact of power asymmetries is apparent in this domain as well. When a Mexican coal-burning smelter threatened to pollute Texas, intergovernmental pressures were brought to bear more speedily and effectively than when Uncle Sam was the culprit exporting acid rain. In effect, the institutionalized nature of air quality management in North America is an ad hoc system of intergovernmental relations in which the weaker peripheries deal separately with their dominant partner to obtain what concessions are feasible within its domestic political struggles.

While North America's transborder air and water regulation was highly skewed, with Canada having a far more consensual experience with Washington than Mexico, the United States' vulnerability to the environmental damage generated on its periphery, together with US dependence on its neighbours to cooperate in the implementation of signed agreements, made the two sets of bilateral relations far more symmetrical than in any other aspects of North American governance as it was evolving before "free trade".

The socio-economic regions intersected by the United States' northern and southern borders each continued under free trade to be highly interdependent at the local level and required continuing formal and informal governance of common issues. Here the US side may have more money and power but it needs its neighbouring provincial and state administrations' active support, along with that of civil-society organizations and business associations on each side of the border.

### *Market Bilateralism*

Transborder corporate integration varies from sector to sector because the extent to which domestic corporations have expanded into other North American economies varies greatly. The role played by government in structuring a sector also differs from industry to industry and country to country.

Automobiles. Exceptional in this regard is the automobile industry which, in the Canadian case, was structured by a formal agreement negotiated in 1965 between Ottawa, Washington, the Big Four companies' head offices, and their Canadian subsidiaries. The Auto Pact established the parameters within which a Canadian car-assembly sector could flourish, spinning off a healthy car-parts industry generating high levels of research and development. Without any such agreement, the US automotive giants installed branch plants in Mexico to exploit its lower labour costs.

Energy. Energy demonstrates another set of variants, each sector developing different levels of cross-border integration and reflecting different balances between market autonomy and state intervention. The oil sector has been the most completely integrated between the U.S. and Canada, given very high levels of ownership of the latter by the former. While structured by government policy, the Canadian natural gas industry also integrated fully with its American counterpart under the aegis of US-controlled corporate capital. Protected under Article 27 of the Mexican Constitution as a public good, oil and natural gas did not develop the same transborder integration, which would otherwise have resulted from the ever-increasing U.S. demand for Mexico's finite supply of fuel.

With its roots in all three countries as a public utility because of the high capital costs originally required for its generation and the natural monopoly created by single-provider distribution, electricity was the least privatized of the three traditional energy forms. Nevertheless, under pressure from private-sector energy interests and large investment funds, the US Federal Energy Regulatory Commission (FERC) pursued an aggressively interventionist strategy to detach generation from transmission and distribution. Canadian provinces' electricity utilities exploited large hydro-power generating capacity, some 10 per cent of which they had long exported to the south. In order to achieve new opportunities for private-sector investment in Canada, FERC insisted on reciprocity: Canadian utilities could only have access to US transmission grids if they provided equally investment-friendly access in their own provinces.

Capital markets. For over a century before NAFTA, the U.S. capital market dominated those of its northern and southern neighbours even in its early, unregulated form. Transnational institutionalization in this sector was informal and could be seen in the extent to which corporations in the two peripheries sought to list their shares in the American stock exchanges, and in the degree to which U.S. transnational corporations raised their capital in the markets where

their branch plants operated.

Continuing continentalization can be seen when the corporate need to maintain access to American exchanges causes Canadian and Mexican exchanges to harmonize their regulations with U.S. standards. Much more autonomous in its formal sovereignty, the Mexican Bolsa has suffered from an even higher incidence of Mexican corporations raising capital in the American market. Increasing cross-listing of US-based transnational corporations in Canadian stock exchanges and Canadian-based corporations in the US market also makes the Canadian sector little more than a territorial extension of the American exchange.

In general we can affirm that, before NAFTA, the economic borders between the United States and its two neighbours were irregularly permeable. Their height varied inversely with the competitiveness of the individual American sector: uncompetitive sectors were highly protected. This meant that the process of hegemonification in North America was constrained both by US protectionism, which resisted lowering US barriers to trade, and by the peripheries' nationalism, which established barriers of their own when the their state capacity and political interests generated domestic intervention in the marketplace.

#### **NAFTA's failed trilateralism**

As the official manifestation of continental economic integration, NAFTA was distinguished by each partner's extreme reluctance to institutionalize a continuing relationship. Understandably, the global hegemon had little interest in tying its hands with institutions that might concede some decision-making parity to its two geographical neighbours. For equal but opposite reasons, Canada had generally resisted becoming involved in more formalized transnational governance. When it negotiated the Canada-United States Free Trade Agreement (CUFTA, 1988), Ottawa's main negotiating aim was to avoid institutional entanglements while putting limits on the harassment that the American government could impose on Canadian exporters by its unilateral acts of protectionism. During the NAFTA negotiations in the early 1990s, President Salinas de Gortari accepted CUFTA's weak-institution model as the organizational premise for his trade negotiations. Having suffered the stern, structural-adjustment admonitions of the International Monetary Fund and the World Bank in the wake of its severe financial crisis in the early 1980s, and having subsequently joined the General Agreement on Tariffs and Trade (GATT) as well as the Organization for Economic Cooperation and Development, Mexico felt it had been on the receiving end of enough U.S.-directed multilateral institutions' dictates.

The lowest common denominator of these differing motivations for engaging with continental economic integration without formal institutionalization was a structure of remarkable vacuity on its decision-making side but of some significance in its adjudicatory dimension. By contrast, market integration proceeded apace.

### *Institutional Integration*

Compared to the European Union, NAFTA had neither governance structures nor adjudicatory mechanisms of substance.

Decision-making institutions. The NAFTA Free Trade Commission (FTC) has neither address nor office since it consisted of little more than the sporadic meetings of the cabinet-level representatives of the member countries. The power of the FTC was minimal - compliance with its "recommendations" is suggested, not required, by member governments.

Equally lacking in organizational infrastructure were the thirty-odd committees and working groups established by the agreement's various chapters to oversee their provisions' implementation. (Clarkson, Ladly, and Thorn 2005) In one case (tariff reduction), the working group did its job by accelerating the process and subsequently becoming dormant. In another instance (financial services), the periodic meetings of the three countries' delegated civil servants provided a means for the Mexicans to be kept informed of their neighbours' latest banking regulations. In contrast, the American and Canadian participants considered the committee's meeting a mere formality. NAFTA's implementation under the supervision of these working groups was meant to reduce the asymmetry inherent in the continent's power relations while simultaneously de-politicizing the processes through which conflicts were resolved between member governments. However, since the three countries generally had different (and often conflicting) objectives, mid-level civil servants were severely circumscribed in their ability to carry out the working groups' apolitical mandates.

Adjudicatory processes. Even though NAFTA was carefully designed to maintain maximum national autonomy by preventing any strong institutions from developing, it nevertheless established a number of procedures for settling conflicts that might arise from its directives. It would be too much to claim that the dispute settlement mechanisms provided in chapters 20, 19, and 11 -- along with the conflict-resolution processes contained in the environmental and labour side agreements -- constitute a formal legal structure for the continent. Nevertheless, these adjudication mechanisms constitute NAFTA's most substantial institutional components.

Chapter 20. The binational panels created under Chapter 20 to deal with general disputes arising from the implementation of NAFTA's various provisions turned out to be ineffective. Its panels are limited in their effectiveness because, while they may rule on whether there has been compliance with a given NAFTA provision, these verdicts are only recommendations to the North American Free Trade Commission, which then has to seek a politically expedient solution. In practice, this meant several disputes were only resolved by Washington resorting to power politics.

Chapter 19. Chapter 19 panel rulings are binding in principle but ineffectual in practice when the periphery is confronting the

hegemon's entrenched interests. Designed to provide an alternative to domestic judicial review for plaintiffs objecting that a partner's trade protectionist legislation has been misapplied to one of its exporters, binational panels have been invoked several dozen times in NAFTA's first decade - as intensively as it was under CUFTA (Vega and Winham, 2002).

In striking contrast to the minor modification of its trade-remedy determinations that Chapter 19 panels imposed on Canada, NAFTA caused Mexico to import into its legal system a completely new trade remedy process. (Clarkson, 2002) All the more extraordinary because of its civil law tradition, Mexico had to create from scratch common-law judicial procedures to ensure that American or Canadian companies would be treated the same way in challenging its protectionist measures as they would in the U.S. or Canadian systems.

With the hegemon, the Chapter 19 story has been different. The United States has a solid record of compliance with Chapter 19 panel decisions in cases of limited policy importance where complying with remands does not face strong resistance from domestic lobby groups. But when confronting a politically volatile domestic interest, the U.S. has had few compunctions about walking away from the NAFTA process.

When the United States' countervailing duty against Canadian softwood lumber exports was first remanded for incorrectly applying the notion of subsidy as defined in American law, Congress simply changed its definition of subsidy to suit the Canadian situation (Howse 1998: 15). As late as September 2004, the US International Trade (IT) Commission was stubbornly resisting Chapter 19 panels' remonstrations. When a NAFTA panel ruled for the third time that the US had failed to prove Canadian lumber imports were causing its industry "material injury", it went on to express its dismay at American refusal to accept the logic of its supraconstitutional commitments.

The [IT] commission has made it abundantly clear to this panel that it is simply unwilling to accept this panel's review authority under Chapter 19 of the NAFTA and has consistently ignored the authority of this panel in an effort to preserve its finding of threat of material injury ... This conduct obviates the impartiality of the agency decision-making process and severely undermines the entire Chapter 19 panel review process (Chase and Kennedy, 2004).

Outrage erupted among Canadian free-trade proponents in 2005, when the US government rebuffed an Extraordinary Challenge Committee ruling on the softwood dispute. Its position bolstered by a favourable WTO ruling on a related issue, the United States insisted the problem with Canada could only be dealt with by negotiation - that is by an exercise of US power.

Chapter 11. The primary purpose of Chapter 11's investor-state arbitration mechanism is to provide investors from one NAFTA state with a more secure environment for the investments they hold in another. Chapter 11's procedure for enabling NAFTA investors to get

international tribunals to examine their claims against domestic measures is significant because the resulting arbitration is binding. Since it operates according to the norms of international commercial law, Chapter 11 actually withdraws adjudication of disputes over government policies from the realm of national law. Article 1110 is widely regarded as NAFTA's most damaging attack on its members' sovereignty because, as invoked by US-based TNCs, Canada and Mexico have found their domestic regulatory capacity severely circumscribed.

#### *Market Trilateralism*

Since 1994, the progress of continental integration has varied from sector to sector since many of NAFTA's rules were written specifically for particular industries.

Automobiles. NAFTA's rules of origin bought the US-based industry several years of protection against its overseas competitors. Since these provisions only specified how much *North American* - as opposed to Canadian - content was required in every car traded across a continental border, NAFTA deprived the Canadian governments of the legal clout that the Auto Pact had once provided them to persuade the automobile TNCs to develop their activities north of the border. At the same time, Mexico's radically lower labour costs made it a more highly prized site for new investment by the auto industry. Through NAFTA the US TNCs had reinstitutionalized the continental market as a private sector from which they have excluded the Canadian and Mexican governments. In effect, a market driven by US transnational corporations abolished government bilateralism.

Textiles. The apparel industry is another sector that has been invisibly structured through free trade. NAFTA's rules of origin effectively protected the major American textile corporations while providing limited but specific access to the American market for Canadian and Mexican apparel companies. Canada and the U.S. became each other's largest export markets, while Mexican exports soared. Post-NAFTA, Mexico became the base of operations for North American firms seeking to reduce costs in intensive labour production.

An informal continental institution emerged in the apparel market, as NAFTA created additional opportunities for North American apparel manufacturers to take advantage of advanced Canadian and US technology to produce basic goods at relatively low labour cost in Mexico and ship them back to domestic markets quickly. While larger U.S. or Canadian manufacturers invested directly in Mexico, some mid-sized firms entered joint ventures as a means of capitalizing on Mexico's competitive advantage in labour without the outlay required to set up their own factories. The size of the American industry and greater mutual apparel trade between the superpower and its northern neighbour, coupled with Canada's focus on its own domestic industry, promoted the consolidation of a U.S.-centred apparel industry with strong peripheries, with Mexico becoming a hub of out-sourcing for Canadian and American firms in the wake of growing global competition.

Steel. NAFTA's failure to create genuine free trade by eliminating the application of antidumping and countervailing duties to member states' exports had different structuring effects in the steel sector. This was noticeable in the Canadian steel industry, whose exports to the US continued to be victimized by American trade harassment measures. As an avoidance strategy, new investments by Canadian steel manufactures were made principally in the United States. The effect has been that Canadian steel companies have become active members in the main lobby organization there, the American Iron and Steel Institute. With a Canadian presiding over the industry's labour union, the United Steel Workers of America, the Canadian sector is becoming an integral part of what was formerly its American competitor. The resulting Americanization of the Canadian steel sector has created a more US-weighted continental industry in which Mexican firms also participate from newly located niches in the United States.

Energy. Although the petroleum industry is now largely self-regulated, it still operates within the framework created by globally established prices, by CUFTA's prohibition of Canadian government interventionism, and by each country's tax policies, resource-management programs, policies, standards, and subsidies.

Because of its constitutional protection for energy, Mexico was exempted under NAFTA's Chapter 6 from many of the obligations that Canada had accepted in CUFTA, including prohibitions from reducing its supply of exported petroleum. With the Mexican petroleum sector almost entirely owned and controlled by the state corporation, Pemex, North American oil and gas integration remains highly skewed.

Some transborder integration is driven by Washington without regard to NAFTA. Directed by the Federal Energy Regulatory Commission's efforts to create competition in electricity generation and distribution, neoconservative forces are creating an increasingly deregulated and privatized electricity sector, with the different states linked by electricity trading through networks and grids.

Ontario, Quebec, and British Columbia's hydro-based public utilities have sold power to the U.S. for some decades, but, by imposing reciprocity conditions on foreign entities wanting to export to the American market, FERC required Canadian utilities wanting to keep exporting electricity to adopt the same deregulatory policies as it imposes in the United States. Although not sanctioned by NAFTA's national treatment provisions, FERC's informal transnational dictates are forcing privatization on provincial hydro policies.

Protected from privatization and foreign ownership by Article 27 of its Constitution, Mexico's electricity market remains dominated by its state-owned corporation. Limited binational integration exists in some U.S.-Mexico border areas where electricity flows in both directions, but pressures for change come largely from the critical discrepancy between economic projections of rapid increases in demand and the system's incapacity to expand production and distribution.

Daring to sum up very different realities in the continental

economy, we may agree that, by September 6<sup>th</sup> 2001, when President Fox was being accorded a red-carpet treatment by the George W. Bush administration, there were two forces sustaining bilateralism and two trends reducing it.

#### *Residual bilateralism*

Protectionist US sectors, which had been able to maintain their anti-dumping and countervailing measures against such too-competitive imports as Canadian softwood lumber or Mexican tomatoes, forced the periphery to maintain its bilateral efforts to secure the market access for which it thought it had already paid in the free-trade negotiations with Washington. In the case of a single instance of mad-cow disease being discovered in Canada in 2003, US beef interests managed to close the border and shut out their Canadian competition for over two years.

When a peripheral government succeeded in guarding its autonomy, as did Mexico City with Pemex and Ottawa with the Canadian Wheat Board, the United States maintained its bilateral pressure for privatization and deregulation.

#### *Eliminating bilateralism*

When the peripheral governments' integrative efforts successfully overcame US protectionism, as in the Mexican trucking case, the need for continuing bilateralism at the governmental level declined.

Expansionist US corporations, having disarmed the peripheral governments, pursued their goals in a trinational space unencumbered by interstate bilateralism. In these cases, hegemonification is barely constrained by each peripheral state's capacity to sustain a national economic system, since such norms as NAFTA's national treatment principle make resistance in the periphery through state policy virtually impossible.

Where bilateral relations were declining, they were being displaced less by trilateral governance than by a market trilateralism driven by continental corporations.

However, some domestic institutions may both enhance and mute the intensity of this integrative trajectory. The two peripheries' own stock exchanges, which continued to collaborate closely with the New York capital market, have also tried to bolster themselves in the face of its dominance. Efforts are being made in Canada to replace the provinces' separate regulatory regimes with a single exchange commission for the domestic market. In Mexico, where the government both manages and controls the market, steps are being taken to bolster a domestic capital market within a globalized system. This response in the peripheries' capital markets to the continent's power asymmetry was partially mirrored in the accountancy profession following the collapse of Anderson, when U.S. reforms were adopted by the Canadian but not the Mexican governments.

Intergovernmental relations within North America were also affected by changes in the global balance of forces as structured by the United States, although responses in the periphery were not necessarily unanimous.

### **The Bin Laden Effect**

Under neoconservatism's first, economic phase during the 1980s and 1990s, Washington offered increased access to the US economy in exchange for its two neighbours reducing their capacity to promote their own economic sectors. This meant abandoning their previous economic development paradigms, while accelerating US access to their resources and markets. Under neoconservatism's security phase that began on September 11<sup>th</sup>, 2001, Washington again used access to the US economy as its negotiating lever by first closing down its borders and then offering the reduction of its new restrictions in exchange for Mexico's and Canada's commitments to securitize their own borders and join in its war against terrorism.

#### *Border Security*

Because Washington defined security in territorial terms, it proclaimed that it would do what was necessary to close its physical borders to future potential terrorists. Under the slogan, "security trumps trade," the US government was apparently willing to endure economic sacrifices, but its concentration on achieving regime change in Irak by military means displaced the security priority it had declared when it created a new Department of Homeland Security and promised to enhance its policing and intelligence efforts.

For Canadian big business, however, trade trumped security. Desperately worried that the Americans' blockage of crossings at the border following September 11 might be repeated in the event of another terrorist coup, the Canadian business community urged Ottawa to do everything possible to reassure Washington about its commitment to anti-terrorist security.

The Canadian government was only too happy to oblige, having failed during the Clinton years to get Washington to pay attention to the need for "smartening" the Canadian-American border's infrastructure. Much of the Canada-US 30-point Smart Border Plan of December 2001 was an activation of agreements signed in the 1990s but left unimplemented by an otherwise distracted Clinton administration. Ottawa also passed a number of anti-terrorist measures that, on paper, were draconian enough to outrage domestic civil-liberties advocates but whose application was ineffective enough to win Canada a reprimand by the US Department of State.

Although it would be too much to conclude that these measures amounted to a "Mexicanization" of the Canadian border, the effort to make the Mexican border more secure from Washington's point of view slowed but did not stop its crossings of goods and people. The Mexico-US security partnership sprang from the struggle against narcotraffic and the resulting transborder cooperation between adjacent municipalities and states. To the extent that security against non-state terrorism is less a military than an immigration, intelligence, and police issue, Mexico has been drawn into closer integration with Washington's new policy paradigm which requires that its Mexican border must be as impenetrable to hostile agents and their weaponry as is its northern border.

The elaboration of a parallel, 22-point Smart Border Plan

with Mexico in early 2002 introduce a new level of intergovernmental coordination on the continent in which the two peripheries responded to Washington's requirements that its security be as complete as humanly and technologically possible.

On both these borders, security responses since September 2001 have bolstered the three national governments at the expense of developing a genuinely continental form of governance. The two frontier security agreements were not developed through a trilateral intergovernmental policy-making process. Rather, they resulted from two separate, bilateral sets of negotiations in which Washington first signed its agreement with Ottawa and then negotiated a smaller, somewhat different version with Mexico City. Even though the Canadian government informed its Mexican counterpart of the thirty points it had signed, no genuine trilateralism ensued. All negotiations were orchestrated from the centre by Washington.

This emphasis on border bilateralism should not be exaggerated. The devotion of the Bush administration's energies to its war in Iraq resulted in the pressure from Washington on its two peripheries being less restraining than might have been anticipated. Even if the fallout from September 11<sup>th</sup> was less consequential than originally expected, the borders' securitization presented a particular case of a general phenomenon, the constrained hegemonification of North America. This phenomenon can be seen as the present phase of a process in which political and economic pressure from the United States drives developments in each of its peripheries, but are limited by Canada's and Mexico's different responses.

The limits to hegemonification can be seen in Washington having to rely for each plan's effectiveness on its interlocutors -- Canada and Mexico -- playing their part. Although this central direction of border security suggests a certain homogenization of to bilateral relationships, Washington's policy approaches are skewed by its continuing preoccupation with illegal immigrants and narcotics on the Mexican border whereas its concern at the Canadian border is crossings by would-be terrorists.

### *Military Defence*

Continental defence since September 2001 is another example of a skewed hegemonification in which the two peripheries are engaged in completely different ways. Securing the defence of North America has been lopsided since 1940, with Canada integrating actively in US military institutions and Mexico maintaining a principled non-alignment. Following intense, largely autonomous collaboration during World War II, the Cold War marked an important watershed in entrenching Canada's military dependence on its southern neighbour. During these four decades, when Washington's highest priority was security from the Soviet Union's nuclear threat, Canada's military stance was best described as "defence against help". This principle meant that, if Ottawa did not provide what the Americans considered adequate land, sea, and air defences of Canadian territory against enemy attack, they would act alone with minimal consideration given to Canada's sovereignty. The chief expression of the resulting military integration was the North American Air Defence Organization (NORAD),

in which the Royal Canadian Air Force operated as an integral part of the U.S. Strategic Air Command. The extent to which the Pentagon determined Canadian military policy was illustrated in 1983 when, despite Prime Minister Trudeau's desire to suffocate the arms race, he found himself obliged to allow the United States to test over Canadian territory the next generation of its long-range weaponry, the Cruise missile.

Since the declaration of the Bush administration's war on terrorism, military security for the continent has been reconfigured by the Pentagon's organizing a Northern Command (NORTHCOM) into which the Canadian Army and Navy are being pressed to integrate. While NORAD is a formally bilateral institution, there exists almost no decision-making parity at the operational level. Strategic decisions are essentially made by American political authorities, allowing for token Canadian participation.

The Mexico-US defence relationship has seen few similar initiatives at integration. With minimal military cooperation in the past, a constitution strictly forbidding the movement of troops abroad, national opposition to integrative initiatives, and even resistance from its own military leaders, Mexico seems unlikely to play an active part in NORTHCOM and has adopted a stance of delaying and stalling. Little has developed in the domain of informal security institutions.

Military security since September 2001 is another example of a skewed hegemonification in which the two peripheries are engaged in completely different ways. Whereas Mexico remains constitutionally and emotionally outside the American defence syndrome and so completely marginalized, Canada is historically and psychically involved as an eager participant. Ottawa's Department of National Defence had little problem with extending its involvement in NORAD to support for Ballistic Missile Defense or associating themselves with the Pentagon's new Northern Command. The priority for the Canadian military is not security but inclusion. It wanted to play in the big league and was willing to do what was necessary to have the Pentagon allow it to participate, however symbolically, in US defence planning. Only a considerable resistance from Canadian civil society against the US Ballistic Missile Defense program impeded this project, impelling a pro-American Martin to balk. The differing responses of Mexico and Canada show that the Pentagon is not in full control: it requires the peripheries' participation, however reluctant.

#### *War without End or War without Reason*

However ambivalent they may have been about supporting an apparently endless war against terrorism, nationalists in both Mexico and Canada congratulated themselves that, under intense popular pressure, their governments ultimately refused in 2003 to support the Bush administration's war against Iraq. For our purposes, the significance of this surprising defiance by the two countries most dependent on the United States must be qualified. True, it did take considerable nerve in Ottawa and Mexico City to resist intense pressure from the Bush administration. Nevertheless, Canada continued to supply military troops in Afghanistan and naval units in the

Persian Gulf, a contribution that was greater than that of all members of the so-called "coalition of the willing" apart from the United Kingdom and Australia. Ottawa then made much of its \$300 million commitment to reconstruction in Iraq. Meanwhile, President Fox appointed a committed trade liberalizer as his foreign minister in order to smooth ruffled feathers in Washington and restore a warm relationship between the two presidents.

In short, Iraq may not be much more than a blip justified by a manifestly irrational, imprudent, and self-defeating US venture which provoked a largely hypocritical gesture of abstention in the periphery. Canada's continued participation in the North American Aerospace Defense command meant that it supported the space-based control system that directed US military operations in Iraq. Meanwhile, it restructured its own armed forces into a "Canada Command" that mirrored the Pentagon's Northern Command and reconstituted its security institutions using the Department of Homeland Security as its model. Further indications of continuing considerable harmony with the White House is Canada dropping its resistance to nuclear proliferation with regard to India.

There seem few grounds for arguing that an anti-hegemonic consensus in the two peripheries states will lead to a third bilateralism in which Canada and Mexico cooperate to push against American dominance.

### **Conclusion: The "Futures" of North America**

The skewing of the continent's governance, in which Canada and Mexico relate in different ways to the hegemon, can also be seen in the kind of thinking being done in the two peripheries about their continental future. Where Mexico under Vicente Fox talked persuasively about a European-Union-style deepening of NAFTA, the Canadian business community tried to recreate what it nostalgically thought of as the golden age of US-Canada relations when Mexico was not a player. Its proposals for a NAFTA-Plus enhancement of continental integration (common security perimeter, common external tariff, policy harmonization, even a currency union) left Mexico in an outer orbit of an imagined two-speed system. For its part, Mexico's efforts to deepen its integration with the United States appeared to pay little attention to the role Canada might play in a reformed system.

The March 23, 2005 meeting of the three heads of government in Waco Texas may have bridged the three solitudes. It produced a much hyped Security and Prosperity Partnership which produced little of immediate trilateral governmental substance at the same time as it laid out an ambitious vision of the North American continent's future including regulatory, currency, customs, security, culture, agriculture, and energy integration.

In the light of this commitment, the process of regulatory harmonization is proceeding apace, but below the radar by unilateral actions in the periphery to conform to US regulatory standards. For instance, in the

government of Canada's *International Policy Statement: A Role of Pride and Influence in the World*, Ottawa boasts that « the Government's *Smart Regulation: Report on Actions and Plans* of March 2005 sets out how it will ... eliminate the differences that make no difference. » What differences "make no difference" conceals a highly charged normative load since, under the slogan of efficiency, it means outsourcing government regulation to the USA with highly significant implications for the regulatory system governing safety standards in health and agriculture. (Government of Canada, 2005: 9)

Old patterns remain.

- Competitive US industries that anticipate profits by breaking into such Mexican or Canadian public sectors as health, education, electricity press the U.S. government to pressure its neighbours to lower their barriers to privatization.
- Uncompetitive US industries also lobby the U.S. state to strengthen protective barriers against more competitive Canadian lumber or Mexican sugar.
- Meanwhile, the two peripheral governments work very hard at bolstering their relationship with Uncle Sam in order to smooth their corporations' access to its market.
- At the same time, Canada and Mexico also diligently guard their autonomy from Uncle Sam, particularly in such social policies as Canada's recent legislation allowing same-sex marriages and decriminalizing the possession of marijuana.
- Finally, we have seen how negatively Canada and Mexico responded to the United States' reaction to the Al Qaeda by adding their weight to the coalition of the unwilling resisting the US application of its hard power in Iraq.

The practical consequence of this dual but skewed bilateralism is that the Mexico-Canada dyad remains weak and secondary for each peripheral state. While academic observers could posit a joint interest within each country in allying with the other to increase their combined bargaining power in Washington, there is little evidence that the diplomats, policy makers, and political leaders in each government had found this to be an effective route to take.

At the macro level, under the guise of a trilateral NAFTA, intergovernmental North American relations remain essentially bilateral with the hegemon's overwhelming structural economic power somewhat mitigated by its need to rely on the periphery's cooperation. At the meso level, transborder subregional governance of common and crucial environmental issues continue unaffected. As for the continental marketplace, its degree of integration remained determined by the particular characteristics of each industry within and between each economy, not by George Bush's goodwill towards his Mexican and Canadian counterparts.

Intergovernmental bilateralism did indeed increase in the aftermath of September 11, 2001. North America's borders were smartened. However extreme the asymmetry of power between centre and periphery might be, however skewed the two bilateralisms remained, the

basic features of a future North America will surely show the three states' continuing to run their own affairs as autonomously as possible, with the hegemon exercising very considerable, but not overwhelming control. Mexico and Canada will continue to share common views on the value of multilateralism in international relations but will continue to compete more than they cooperate when seeking advantage in Washington. But, as long as radical ideologues control that city, the prospects for Mexico-Canada cooperation will remain promising, if well below their potential.

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