

More power, please

The North American Competitiveness Council's 2007 Report to SPP Leaders

By Stuart Trew, October 1, 2007

On August 21, 2007, behind closed doors at the Chateau Montebello in Quebec, the North American Competitiveness Council (NACC) tabled its first ever report to the leaders of the Security and Prosperity Partnership (SPP). While most of the corporate recommendations for continental economic and security integration were hangovers from a February 23 NACC report called *Enhancing Competitiveness in North America*, there was a distinctly new and impatient tone.

The 30 CEOs of the NACC are apparently worried that the SPP is running out of steam due to a lack political will at the top. At the same time, they are asking for even more power to guide the Canada-U.S. relationship down a corporate-friendly path that has seen no public debate. In light of these developments, and the new policy outcomes of the Montebello Summit, it is crucial that we continue to demand that the NACC be disbanded and all Security and Prosperity Partnership talks ceased until the agreement can be brought to the Canadian public for a full and open debate.

Where there's no will, there's still a way

"While overall progress to date has been encouraging, the NACC is concerned that on a handful of important issues progress has stalled and the spirit of the SPP is being undermined," claimed the NACC's 2007 report to leaders, titled *Building a Secure and Competitive North America*. It is interesting language to say the least. If stalling NACC recommendations undermines the "spirit" of the SPP, obviously the process was designed, from the start, to cater only to the whims of corporations.

There are clear implications for sovereignty here. Nationally, the Canadian, American and Mexican governments are responding exclusively to (multinational) corporate priorities instead of balancing them against the public interest. Furthermore, in official SPP material and the NACC's recommendations, U.S. interests consistently trump Canadian and Mexican interests, particularly as they relate to security and energy. And in situations where conflicts arise, the U.S. has proven incapable of compromise.

One of the stalled issues referred to in the NACC's report to leaders is a land pre-clearance pilot project that was supposed to get traffic flowing more smoothly at the Windsor-Detroit border. As discussed in *Behind Closed Doors: What they're not telling us about the Security and Prosperity Partnership*, the U.S. Department of Homeland Security abruptly walked away from bilateral talks in early 2007 when it became clear that the Canadian government was not going to break its own laws to accommodate U.S. security demands. Bend them, sure, but not break them.

Now the NACC is calling for both sides to come back to the table to sort it out, although they didn't mention which side they thought was to blame for the impasse.

The NACC also urged the leaders "to make it clear to all levels of their governments that sustained progress on the SPP agenda is a strategic priority." (It certainly wasn't obvious from President Bush's lackluster performance at the closing SPP press conference in Montebello.) Based on minutes from the February 23 SPP ministerial meeting, the lack of enthusiasm at the top is a lingering fear among the big business community.

"Exchanges following a formal presentation of the (NACC) report uncovered frustration relating to the private sector's seeming inability to influence the pace of regulatory change "from the bottom up," claimed a federal government summary of its meeting with the NACC in Ottawa, Ontario. Much of the minutes, particularly a section on security integration, were blacked out.

Some of the CEOs felt that direct signals from ministers were required if the SPP is going to advance "at a pace rapid enough to address challenges from more dynamic international competitors – particularly China."

On this topic, the NACC and Canadian government agree wholeheartedly. "The rise of China and India will continue to increase demand for Canada's exports," claim Finance Canada documents from January 2006. "But their rise will also present a challenge: labour-intensive manufacturing will inevitably re-locate to those countries. Workers in those industries will need to move to jobs where they can be more productive."

"Inevitably" is a loaded word often used to justify policies that make it easy for countries to take advantage of cheap labour and lower regulatory standards in the Global South. It's a hands-off approach to manufacturing that is long-supported by North America's biggest companies, eager to ship even more production offshore. It's also the language of the SPP and its biggest booster in Canada – Tom d'Aquino, president of the Canadian Council of Chief Executives.

"A profoundly important shift in economic and political power towards the Pacific and Asia is well underway," said d'Aquino in Sydney, Australia this fall during the 2007 APEC summit. "This reality must reshape the Canadian consciousness as well as the public policies and business strategies of my country."

If only the Harper government and corporate leaders like d'Aquino considered climate change, the North American water crisis or the widening wealth gap in Canada as equally, if not more, dangerous to our future than competing with China.

Do you know who you're talking to?

The NACC is, or feels that it should be, running the show. In a section of its 2007 report to SPP leaders called "Progress on Recommendations," the CEOs insisted that, "In the report to SPP Ministers (February), the NACC deliberately set aggressive timelines."

According to minutes from that meeting, "NACC representatives evidently were anxious to ensure ministers understood that the NACC saw this report as only the first in a series of short- and long-term recommendations on building competitiveness in North America [and] it seems clear that the NACC will be looking for an early commitment to moving forward quickly."

The Harper government is taking this corporate impatience quite seriously. “The NACC recommendations took centre stage at this [February SPP ministerial] meeting and, almost immediately, governments will need to begin assessing the potential impact of adopting recommendations made by the NACC and coordinating their response to the authors of the report.”

Based on the release at Montebello of a new North American Regulatory Cooperation Framework and an Intellectual Property Action Plan – much sought after by the mega music and film companies, as well as the U.S. government – the assessment is complete. While there has been no public debate of whether Canada would even want to engage in comprehensive regulatory convergence with a deregulating U.S. government, both NACC proposals were accepted and integrated as SPP priorities.

While the NACC is getting its way for the most part, the CEOs clearly want even more say in the integration process. “We are prepared ... to move beyond our initial [February] report to Ministers, whether by considering additional action items within our three priority areas of border facilitation, regulatory cooperation, and energy integration or by proposing additional priorities,” claimed the NACC’s 2007 report to leaders. “With the support of the Leaders, we would be pleased to engage on other strategic issues affecting the competitiveness and security of the North American economies.”

It’s interesting to note that in the French version of this report, “other” is replaced by the equivalent of “larger” strategic issues. As we know from past experience, according to Canada’s big business community, “larger” issues affecting our continued economic relationship with the U.S. once included signing on to missile defence and participating in the U.S. invasion of Iraq. This corporate logic was categorically rejected by the Canadian public, forcing the ruling Liberals to back down on missile defence¹ and forego war in Iraq.

Other unpopular “larger” issues did squeak by with little or no debate, like the “transformation” of the Canadian military from a peacekeeping force to a U.S.-style warfighting machine in the “war on terror.” Boosting Canada’s military spending was also a matter of improving Canada-U.S. relations supported and pushed by former U.S. ambassador Paul Cellucci, as well as Canada’s big business community.² (The history of this transformation is told in the Council of Canadians report *Marching Orders: How Canada abandoned peacekeeping - and why the UN needs us now more than ever.*)

The broader engagement of the NACC on “strategic issues” like these could be an attempt to remove public opinion from the political equation so that nothing in the future will get in the way of more congenial (read complacent) Canada-U.S. relations.

¹ “This is about North America,” said former Defence Minister Bill Graham in a September 23, 2005 CanWest article. “I think it’s very important for us to be associated in any program that deals with the defence of North America... I think Canada will regret it if we don’t participate.”

² As expressed by Michael Byers, at a public forum organized by the Council of Canadians on the eve of the Montebello Summit, Patrick Daniel, president of Enbridge, complained that Canada pushed its sovereignty “a little too far” and that it would be realistic for Canada to get onside with U.S. foreign policy or “accept some change in our relationship.”

The NACC pushed this request even further when it said that, “We believe that the spirit of the NACC should be reinforced by mechanisms at the national and trilateral levels that would add credibility and strengthen the foundation for sustained collaboration.” Again, in French “character” is used instead of “spirit,” which implies some kind of structural change.

A “Next Steps” section in the minutes from the NACC’s February 23 meeting said, “Two years into its existence, officials have acquired sufficient experience now to undertake a comprehensive review of the SPP’s structure, functions and focus to consider the initiative’s place in the broader context of North American institutions.”

Clearly our governments are thinking along the same lines as the NACC. But it’s hard to say exactly what that structural change to the SPP would look like. Regardless, the idea is quite different from earlier public-private sector dialogues on the Security and Prosperity Partnership, which emphasized the strength in maintaining “maximum flexibility to policymakers,” and where high-level civil servants and CEOs discussed “marrying policy issues with business priorities.” In fact, there was “a specific mandate from the heads of state to avoid the creation of excess bureaucracy.”³

Could our leaders be considering a more rigid structure for the SPP? If only the Harper government were serious about accountability we might have a better idea of where our Prime Minister plans on taking Canada at the request of a handful of the country’s richest corporate executives.

Parliament to the rescue?

The idea of establishing a concrete institution to handle economic and security integration is unattractive for those in favour of *and* against the project. In Prime Minister Harper’s language, it would mean more “accountability” at a time when all four major opposition parties in Canada are now either opposed to the SPP or highly critical of its secrecy and exclusivity. One pro-integration think tank has suggested creating a North American Citizens Council⁴ – an idea that came out of the Integrate This! teach-in at the end of March 2007 – and even the big business community wants to see a bit more parliamentary oversight.

“Leaders should consider ways to ensure that the legislatures of the three countries remain fully informed about progress and actively engaged in the process of improving the region’s competitiveness,” wrote the NACC in its 2007 report to leaders. As anti-democratic as the SPP was from the beginning, it’s incredible that the promised briefing sessions for legislators in all three countries never happened.

On the other hand, there was no shortage of meetings for business leaders, which has led to a growing demand for more openness and debate about the goals of the SPP. This new environment will put needed pressure on the governments of Canada, Mexico and the United States to involve more voices in all future talks related to economic and security integration.

³ Council of the Americas, *Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America*, January 10-11, 2006, Louisville, Kentucky.

⁴ Christopher Sands of the Hudson Institute speaking at a panel on North American integration organized by the U.S. think-tank on August 13, 2007 in Washington, D.C.

The peoples of North America expect their governments to serve the best interests of those who elect them, not just the interests of corporations. Any role that social justice and human rights advocates, environmentalists, labour unions, immigrant and anti-racist groups, etc are asked to play in cross-border discussions must inform and reinforce this democratic expectation. We elect governments to represent our interests and negotiate on our behalf – we do not do the negotiating for them.

The SPP fails to address this fundamental democratic expectation because it was expressly conceived to circumvent democratic debate, oversight and ratification by Parliament, and to exclude direct, transparent consultation with the public. Our leaders then took the extraordinary step of inviting powerful corporations to have a direct role in drafting government policies by creating the NACC, an organization with little interest in improving democracy on the continent.

Despite the prospect of broader civil society engagement in SPP discussions, the Council of Canadians believes that, as a start, our governments must disband the North American Competitiveness Council immediately. If we can learn anything from the NACC's 2007 report to leaders it is that these CEOs will continue to push for more power and influence over government policies regardless of public opposition to them or the larger corporate goal of continental economic and security integration.

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For more information about the Council of Canadians or our campaign against the Security and Prosperity Partnership please call us at 1-800-387-7177 or email us at inquiries@canadians.org.