

Chrétien, NAFTA, and the United States

BY EARL H. FRY

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His gamble on NAFTA has already paid big and tangible benefits for most Canadians and that Canadian "distinctiveness" today is as apparent as anytime in modern history.

For Canada's economic nationalists, Chrétien has been a bitter disappointment. During the 1993 national election campaign, which would catapult him to the premiership, he was quite critical of the Canada-US Free Trade Agreement (FTA) and expressed serious doubts about the proposed North American Free Trade Agreement (NAFTA), which had originally been negotiated by Brian Mulroney, George H.W. Bush, and Carlos Salinas in 1992. With the landslide victory of the Liberals in October 1993 (178 out of 295 seats) and the utter decimation of the Progressive Conservative Party, champions of North American economic integration, the new prime minister could have easily scuttled the NAFTA pact, which had been approved by Parliament a few months earlier and, likewise, he could have begun the process of dismantling the FTA, which had been in effect since 1989.

BREAKING HIS ELECTORAL PROMISE

Instead, Chrétien asked for some cosmetic changes linked to protection of Canadian culture and trilateral discussions on revising subsidy rules, and then he pushed ahead with NAFTA's implementation. His new counterpart to the south, Bill Clinton, was also in a great position to end NAFTA before it was ever ratified, but chose to push forward vigorously with approval in Congress, even though a majority of the members of his own party would vote against the pact in both the House of Representatives and the Senate.

During his tenure as prime minister from 1993 until December 2003, Chrétien would be a stalwart champion of NAFTA and perhaps the chief cheerleader for the proposed Free Trade Area of the Americas (FTAA), which would involve all of the nations of the western hemisphere except for Castro's Cuba. He would periodically criticize aspects of NAFTA and chastise Washington for not living up to the spirit of the accord. He

also had his resident pit bull, Sheila Copps, sequestered over at the Heritage Ministry where she could periodically castigate the United States for its predatory cultural industries and work in tandem with France to forge a new international regime promoting cultural protectionism. Nevertheless, Chrétien's core policies always favoured NAFTA, and he even permitted groups within the Cabinet to meet informally and ruminate on how North American economic integration could be further strengthened through the establishment of a customs union, a common currency, the free movement of labour, or some other integrative mechanisms.

Chrétien's strategy was eminently successful in terms of the well-being of Canadians. During the NAFTA years, Canada has enjoyed one of its most prosperous periods in history. It once had one of the highest government debt burdens as a percentage of GDP among

the major western nations, second only to Italy. It now has one of the healthiest balance sheets among the 30 members of the Organisation for Economic Cooperation and Development (OECD). In addition, Canada has had the best-performing economy among the G8 nations over the past half decade and stands at the top of the OECD grouping along with Australia and Norway.

NAFTA AND CANADIAN PROSPERITY

In the process, Canada has continued to place most of its economic eggs in one foreign basket, with almost 85 percent of all exports going to the United States. When one adds into the equation the presence of numerous US companies in Canada, which provide over one million jobs for Canadian workers, and the influx of Americans who account for over 90 percent of all foreign visitors to Canada, a staggering 40 percent of Canada's GDP is now linked to having open access to the United States, a nation with a population base 9 times higher and a GDP 13 times larger than Canada's.

The economic nationalists would argue that this dependency is utterly dangerous and that Canada will eventually be absorbed economically and then politically by its neighbouring superpower. Chrétien, however, has taken full advantage of the opportunities available and Canada has prospered while still keeping its distance in so many important ways from the United States. Canada has racked up huge merchandise surpluses with the United States—Cdn\$92 billion in 2000, Cdn\$97 billion in 2001, and Cdn\$92 billion in 2002. Its economy is more competitive than ever before in a world that is becoming increasingly interdependent in a period of globalization and the information technology revolution. Through the WTO and the proposed FTAA, Chrétien envisioned diversifying Canada's international economic linkages by expanding the overall economic pie, rather than decreasing the absolute

amount of goods and services shipped to the United States.

MORE ECONOMIC INTEGRATION

Chrétien has also kept his nation at arm's length from the United States while still pushing for greater continental and hemispheric economic cooperation and integration. He and most Canadians looked disapprovingly on the chummy relationship between Mulroney and Ronald Reagan, which was exemplified by the Shamrock Summit. He insisted that Canada was sovereign and independent and that its point of view should be respected by Washington. This stance would not keep him from developing a good working relationship with Bill Clinton and he would even sneak away from time to time to play a round of golf with Clinton south of the border. He was also able to call on Clinton and Secretary of State Warren Christopher when things were going badly for the federalists during the 1995 Quebec referendum campaign. Both Clinton and Christopher were encouraged to issue veiled warnings to Quebecers that a vote in favour of separation might result in Quebec's exclusion from NAFTA, adding to the sense of economic uncertainty if Quebec voters opted for the Yes option.

Liberalizing Canada continued from page 28

Jean Chrétien may have been reluctant to impose his morality on others, but did not flinch from asserting his political authority.

APEC AND THE DISREGARD FOR DEMOCRATIC RIGHTS

Whatever the above examples show, the Asia-Pacific Economic Cooperation (APEC) summit of 1997 is an unforgettable example of the Chrétien government's disregard for the democratic rights of Canadians. There, the RCMP cracked down on students and others who had gathered to protest the presence—on Canadian soil and at Canada's invitation—of Indonesia's President Suharto. The police seized signs and

BAD BODY LANGUAGE

In sharp contrast to his warm ties with Clinton, Chrétien's relationship with George W. Bush was abysmal. Bush would never make an official state visit to Ottawa during Chrétien's term in office, and Chrétien never received an invitation to visit the ranch in Crawford, Texas. Canada's prime minister should be justly criticized for not fully explaining his remarks after 9/11, when he exclaimed that Washington was at least partially responsible for the dastardly attack on New York and Washington by the 19 fanatics. He was also too slow to respond diplomatically to the "moron" remark by his director of communications, the "failed statesman" remark by his minister of natural resources, and the "Damn Americans, I hate the bastards" utterance by a Liberal backbencher from Toronto.

On the other hand, Chrétien was fully justified in opposing US pre-emption policy and unilateralism vis-à-vis Iraq. His invitation to piece together a consensus among the Security Council members for some form of multilateral intervention in Iraq, if only the United States would delay by a few days its incursion into Iraq, was an excellent suggestion which should have been heeded by the Bush administration.

banners that could not conceivably be regarded as a threat to security but were banned, anyway, because they were offensive and politically embarrassing to the prime minister's summit guests. Not only that, the RCMP arrested some participants and threatened others. Most controversial and offensive was the RCMP's decision to use pepper spray on a crowd that was engaged in activities that should be, and are, protected by the constitution.

The APEC summit's implications for Canadian democracy are troubling at many levels. It was worrying enough that the RCMP's crowd control tactics demonstrated an abuse of authority; the further question that arose, however, was

Canada's rightful objection to US unilateralism in the Persian Gulf earned Chrétien the personal enmity of Bush, but he was in good company with Chirac, Schroeder, and many other eminent leaders scattered around the world.

CHRÉTIEN POLITICAL SMARTS

In conclusion, Jean Chrétien's policy toward NAFTA has had a significant impact upon contemporary Canadian society, and, within a decade or two, Canadians will probably have strong opinions on whether the dire warnings uttered by the economic nationalists over NAFTA membership were justified or vacuous. My perspective is that his gamble on NAFTA has already paid big and tangible benefits for most Canadians and that Canadian "distinctiveness" today is as apparent as anytime in modern history.

Paul Martin has been handed a powerful economic hand to play, and he will be able to use the change in leadership and his more refined interpersonal skills to smooth the ruffled relationship with the White House and move forward with FTAA negotiations and with new plans for North American economic cooperation once NAFTA is fully implemented in 2008. 

whether the police acted under direct orders from the Prime Minister's Office. There was an inquiry, which was constituted under the RCMP Public Complaints Commission, but it was plagued by resignations and disputes about the funding of legal fees. When Prime Minister Chrétien refused to testify, key complainants withdrew from the proceedings. In the circumstances, it is difficult to conclude that either the RCMP or the Prime Minister's Office was held fully accountable for the assault on democratic values that occurred at the APEC summit.

Even so, Jean Chrétien's response to what had gone wrong at the summit may be the most shocking element of the

Liberalizing Canada, page 38