

## FTA in Canada-US relations

More importantly, perhaps, was the passage in 1987 of the Omnibus Trade Bill in the US Congress. It effectively broadened the definition of illegal subsidies, it required retaliation against countries with unfair trade practices, and it altered anti-dumping regulations in a way which would make them more effective instruments of US protection. Not only did this bill not exempt Canada, but Canadian steel, pork and potash were targets of the legislation.

### FTA's mechanisms

Proponents of the agreement have taken great pains to argue that it is not only the symbol but the substance of a new era in Canadian-American relations. This is undoubtedly true. However, the logic behind such an agreement and the simple fact that it is a necessary part of Canada-American relations in the late 1980s, confirms that the relationship is no longer *special*. Moreover, it is not clear whether the FTA can provide the foundation for a predictable and positive relationship. These concerns arise from the reality that we do not know at this point exactly how each side will interpret its commitments. We do know that the agreement achieved far less than the more ardent proponents in Canada had hoped for. First, access to the US market is not fully guaranteed. Not only could new US laws emerge that would restrict access, but the agreement can be unilaterally abrogated on six months notice. Second, the bilateral dispute settlement mechanism is weak. Its role is largely procedural, making sure that each country applies its laws fairly. It has little or no control over the content of those laws. The United States is no more eager to give up some of its sovereignty than we are. There is the argument that the mere existence of such a panel will provide a sense of certainty and stability. This remains to be seen.

Finally, there is the possibility that the political side effects of the deal may prove quite divisive for the relationship. On the one hand, there has been less opposition in Congress than most observers expected and many provinces have come on line. On the other hand, Canada's largest and most populous province remains strongly opposed — arguing not only that the deal will have adverse economic effects and disastrous consequences for social welfare programs, but that it will significantly affect the ability of the provinces to shape their own economic and social policies.

### Is it a better relationship?

At first blush it would appear as though there have been fundamental changes in the Canadian-American relationship. On the surface, there is more civility and a greater commitment to cooperation than we have seen for some time. However, even with the most liberal interpretation of specialness, the Mulroney government has failed in its bid to re-establish a relationship with the United States based on exemptionalism and on a mutual (implicit) agreement to accord one another some special status. One explanation is that the policy of renewal was the personal initiative of a Prime Minister who was plagued by scandals and weakened by personal unpopularity. Another, more compelling, explanation is that there are certain features of the government's policy toward the United States which are inherently very difficult to achieve. A final explanation, which has been argued at some length above, is that the government has not had a policy towards the United States so much as it has had

an inclination towards an ideal type of relationship.

To put it in simpler terms, if Mr. Mulroney's government has been unsuccessful in its bid to restore certainty and clarity to the relationship, it is not because it lacked the political will. Rather, the fact is that despite a clear predisposition toward closer, more harmonious intercourse with the United States, the government has not had an organized and coherent strategy with which to pursue that goal. Improving the tone of the relationship and providing for additional structure is not enough. A coherent strategy must directly deal with a host of issues — such as the environment, Arctic sovereignty, the conflict between bilateral priorities and a multilateral tradition, Central America, South Africa, and defence spending — which have remained largely unresolved in the last four years.

### New era

The central thrust of Mr. Mulroney's new policy toward the United States — a reconsideration of the trading relationship — has in itself been a success, if one measures success simply in terms of concluding a difficult set of negotiations. However, there is some reason to believe that a reconsideration of the trading relationship had already begun by the time Mr. Mulroney took office and, in any event, was inevitable. While it is always difficult to trace the origins of a particular policy initiative, the need to seriously improve bilateral trading relations was the main aim of the Trudeau government's White Paper on trade policy released in August of 1983. On a more practical note, the Trudeau government had actually begun sectoral trade negotiations with the United States. This reflected, *inter alia*, the failure of the Third Option strategy of the 1970s, the recession of 1981-82, the subsequent US consumer-led recovery, and the dramatic rise of protectionism in the United States.

The policy change, then, was not so much a function of Mr. Mulroney's electoral success as it was reflection of changing global and regional economic realities. The challenge for the Mulroney government is to square this continentalist necessity with other foreign policy considerations and to balance economic vulnerability with economic growth.

Have we arrived at a new era in Canadian-American relations, where economic priorities have outweighed political priorities and bilateralism has replaced multilateralism? And, if not, what are we to expect in the years ahead? These are complex questions which do not lend themselves to simple single explanations. There is a new era of sorts in Canadian foreign policy. However, it is neither a return to the golden age of Canadian foreign policy nor a return to the special relationship. What happens on the Canadian-American front will depend on a number of factors, including the ability of the government to achieve some kind of reconciliation among the competing interests in the debate, the success of the Bush administration in reducing the merchandise trade deficit, the evolution of the world economy, the success or failure of the current GATT round, and the willingness of the second Mulroney government to face up to foreign policy contradictions. If the Tories are to translate their specific success in negotiating a trade deal into a more general foreign policy success they are going to need an overall strategy towards the United States. The realization of fundamental change — the drawing of a new era in Canadian-American relations — will have to be based on something more substantial than rhetorical accommodation. □