Do Good Fences Make Good Neighbours?

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Introduction:

I would like to share with you some ideas regarding how our two countries might become even better neighbors, by managing our common border more effectively.

To set the right tone, let me begin by quoting from that well known poem by Robert Frost: “Mending Wall”.

In the final stanzas, the neighbor says: “Good fences make good neighbors”… Frost then questions this assertion, as follows…

[quote 20 lines of Mending Wall]

When it comes to managing our common border in the 21st century, Frost’s skepticism about the need for fences is well worth examining. Is it indeed true that good fences make good neighbors?

Not surprisingly, the answer to this question cannot be a simple yes or no. And, of course, the answer will depend on what constitutes a “good fence” and, most importantly, as the Poet implied: to what purpose the fence is put. Let’s start with security.

Security:

Let me state at the outset that, in this post 9/11 world, we have no alternative but to ensure tighter security at the Canada-US border.

The United States’ share of our Continental real estate has been attacked with singular ferocity and with tragic consequence. It is logical, therefore, that the USA should protect itself, especially at its borders. The immediate trauma of 9/11 may have subsided. Nevertheless, as we learned recently, very close to here, the actual threat of terrorism remains distressingly real.

Canada is a reliable partner in the international fight against entities which sponsor and resort to terrorist tactics. Canada also has sensitive infrastructure, vulnerable to terrorist activity, which is vital to its own prosperity and to that of North America.

Canada and the USA have both invested significant resources in hardening their common border, as well as collaborating beyond North America to reduce the risk of attack.

But the debate over border management is also about finding equilibrium between secure borders and economically efficient borders.
In my opinion, there is no “zero sum” game here, whereby security trumps trade. Security is infinitely elastic: in theory, you can never have enough of it. Trade, on the other hand, is, practically speaking, finite. In addition to being subject to the laws of supply and demand, trade is constrained by the costs of moving goods across geographic space and across sovereign borders.

So, we have to be intelligent about security.

The trick is to find the right balance between security and trade: using risk management techniques, information technologies and improved infrastructure.

The ideal is to reach a paradigm where intelligent security and smart infrastructure can enhance, not hinder, trade. Let’s talk trade for a minute.

**Trade:**

Why is our trade so important?

Everyone here knows the significance of the immense economic partnership existing within the upper half of North America. The cliché that we “make things together” is indeed accurate:

- 1/3 Cdn exports derive from goods previously imported from the USA;
- 70% of our trade is intra-industry; 40% intra-corporate;
- ¾ of Canada’s export trade and ¼ of US export trade is conducted together;
- Combined Canadian energy exports represent close to 1/3 of all the energy import into the USA.

When Mexico is included, North America makes up a trading bloc founded on natural complementarities and comparative advantages. With the emergence of the new economic powers, from China to Brazil and from India to Russia, not to mention the EU, the world has suddenly become a much more competitive place; increasingly so, as the global financial crisis has sharpened the race for viable sources of credit and scarce markets for exports.

It is my contention that a better managed border—one that strengthens the security of the North American homeland, while facilitating our trade and economic integration—can materially enhance North American productivity and, hence, our competitive position in the global economy.

**Suggestions:**
There are three areas, in my view, where our two countries can usefully concentrate their efforts to improve the management of the border and, by extension, North American competitiveness.

- The first relates directly to Border Security: at home and beyond our shores.
- The second concerns improving the actual “hardware” at the border: infrastructure and associated transportation systems.
- The third involves enhancing Canada-US competitiveness and innovation.

Let me spend a minute or two on each and then offer some thoughts on how both Governments might productively engage in a process of neighborhood renewal.

The 2001 Smart Border Accord (SBA) was a rapid and highly creative response to the immediate challenge to border security posed by the tragic 9/11 attack. Essentially, the SBA rested on four pillars:

- Risk management;
- New information technologies;
- Increased resources for security and border infrastructure; and
- Improved intelligence sharing between the security services.

These pillars will continue to underpin border management as we go forward.

The SBA spawned an alphabet soup of acronyms (e.g. NEXUS, FAST, CTPAT/PIP, ACE, VACIS, IBET just to mention a few). The SBA did greatly improve security and, in an intelligent way, mitigated somewhat the slowing down of cross border movement resulting from the new security measures.

But with the Report of the Congressional 9/11 Commission in 2005, many of the SBA gains were set back. Unrealistic deadlines for the implementation of new restrictive measures, such as the Western Hemisphere Travel Initiative, 100 percent screening of containers entering North America; and a reluctance for the USA to deem any country, including Canada, as a “secure and trusted” trading partner has resulted, in the words of our former Ambassador in Washington, in a “thickening” of the Border.

It is timely to revisit some of the overlapping security systems and redundancies imposed since the SBA, largely as a result of the 9/11 Commission.
By way of example, the US might reconsider whether 100% inspection of all incoming containers is realistic. At a minimum, both Governments might agree on joint approval for container security, so containers are not searched at the Canadian port of entry and then again as they cross the Canada-US border.

The Governments should also institute greater interaction between their respective Border Service personnel—training, regular secondments and joint inspections at agreed land pre-clearance facilities.

Enhanced Drivers License programmes might be extended right across the Canada-US border, along with closer integration of the US Coast Guard--RCMP Great Lakes Shiprider programme.

Truth be told, however, if there is no substantive progress in improving physical access across the Border, these measures will be largely palliative in impact. The second area for renewal and renovation of our common border, therefore, should involve joint planning and investment in infrastructure and transportation.

Here I see four major priorities:

- Upgraded infrastructure at the border itself in the form of access roads, clearance plazas and crossings. (Windsor-Detroit is top of mind. There is a need for new crossing, since the current 80 year old Bridge will not last forever. The cross-border partnership has ruled out twinning the Ambassador Bridge because of urban congestion and security requirements);

- Second, short-sea shipping across the Great Lakes for bulk goods to reduce noxious tailpipe emissions and to get more trucks off the road;

- Third, increased investment in intermodal linkages between air, sea, rail and road, much as one sees in Europe; and

- Lastly, joint Canada-USA strategic transportation planning. Neither country can afford to build bridges to nowhere. North American ports of entry should be strategically interlinked to facilitate commerce to and from Asia, Latin America and Europe. (The Canadian Gateways Projects are an excellent step in this direction).

Over time, the goal should be to create a Green North American transportation supply chain, thereby reducing border wait times, incurring lower energy consumption, causing fewer emissions and providing a cleaner environment, especially for border communities.
To achieve these admittedly ambitious ends, the Governments might consider establishing a Canada-US Transportation Joint Planning Group, composed of Federal and State/Provincial officials, to promote synergies between intended infrastructure investments on both sides of the border.

The third part of my blueprint for improved border management is the competitiveness agenda. By simplifying cross border trade and investment rules and by reducing regulatory barriers, we can provide an environment in which North American natural complementarities and comparative advantages can operate more freely.

The Security Prosperity Partnership (SPP), supported by the North American Competitiveness Council (NACC), has achieved initial excellent results in this regard. But the SPP has succumbed somewhat under the weight of its own complex bureaucracy and lack of transparency.

It may be time to consider the creation of a bi-national Regulatory and Competitiveness Council. The Council's mandate could be to review major rule-making in each country so as to accelerate a process of regulatory convergence or, at the very least, the mutual recognition of each country's regulatory validity.

The Council might also have a subsidiary mandate to work towards one set of North American professional standards and academic credentialing.

Critical to the success of such a body would be the need for complete transparency with consumer groups.

**Engagement:**

The items I have listed by way of example could make up part of a table d'hote, should Governments decide to grapple seriously with improving our common border. The sad reality, however, is that bold efforts to improve our borders get sidetracked as governments are beset with gargantuan global security and financial problems.

Yet during the darkest days early in World War II, following the fall of France, Roosevelt and Mackenzie King met in Ogdensburg, New York, to create the Permanent Joint Board on Defence (PJBD). Over the next 68 years of its continuing existence, the PJBD inspired an extraordinary series of integrating security agreements, such as NORAD, the Defence Production Sharing Agreement, and various early warning radar systems, like the DEW and North Warning facilities, as well as protocols governing missile testing in Canada.

Can a case not be made that the high level of trust established in the defence field over the past seven decades should now be extended to the security threats facing both countries at their common border ….. such as those arising from terrorists, illegal substances or unsafe products?
What could be concluded during a World War, surely can also be agreed during another period of global turbulence.

So, let me throw out a final idea: that our Heads of Government take the bold step of establishing a Permanent Joint Border Commission (PJBC), modeled along the lines of the earlier PJBD. The Permanent Joint Border Commission would be co-chaired by high level Personal Representatives named by the Leaders.

The Representatives, in turn, would be supported by officials from Departments of Government dealing with border, security and economic matters both at the Federal and State/Provincial levels.

The PJBC would be mandated to recommend directly to their respective Heads of Government policy initiatives to modernize the common border within a clearly defined time frame, and it would assume the responsibility for coordinating the implementation of new border measures.

The Commission might also seek to move the border away from the border by placing emphasis on closer bilateral collaboration at third country ports shipping goods to North America. The PJBC should recommend bi-national approaches in those multilateral policy forums dealing with the security of international trade and transportation.

The Commission should also look into the question of bi-national regulatory reform with a view to accelerating convergence within North America.

The goal of the PJBC would be to create a more intelligent border between Canada and the USA by improving risk management techniques, increased sharing of intelligence, updated infrastructure and developing better information technologies. In the longer term, Canada and the US might even move towards a continental perimeter approach.

**Conclusion:**

Should a permanent institution, mandated by the highest political level, succeed in improving mutual border security while strengthening North American competitiveness, a good distance will have been traveled towards the renewal of the neighbourhood.

Mr. Frost: "smarter borders can make better neighbors".

Thank you