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**The Beyond the Border Declaration under the perspectives of
Historical Analysis and International Relations Theory**

A Major Research Paper (MRP)

Presented

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Colin Leger, BA, UNC-Charlotte, 2013

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Dedication

I would like to dedicate this research paper to my family and friends who have given me their time, effort and faith over the years.

“When I didn’t measure up to my standard or someone else’s standard, he looked me in the eye and said you are going to make it. I believe in you. His bags were always packed”

-Jim Valvano

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Abbreviations and Acronyms

Advance Passenger Information (API)

Advanced Traveler Information System (ATIS)

Beyond the Border Executive Steering Committee (BBESC)

Beyond the Border Working group (BBWG)

Beyond the Border Declaration (BTBD)

Can-Am (Canadian-American)

US-Canada Cross Border Crime Forum (CBCF)

Canada-U.S. Free Trade Agreement (CUFTA)

Canada-United States Partnership (CUSP)

European Union (EU)

Foreign direct investment (FDI)

Free Trade Agreement (FTA)

Gross Domestic Product (GDP)

Integrated Border Enforcement Teams (IBETS)

Integrated Cross-border Maritime Law Enforcement Operations (ICMLEO)

International Relations (IR)

Joint Action Plan (JAP)

North American Agreement on Labor Cooperation (NAALC)

North Atlantic Free Trade Agreement (NAFTA)

Prime Minister (PM)

Passenger Name Records (PNR)

Regulatory Cooperation Council (RCC)

Royal Canadian Military Police (RCMP)

Smart Border Declaration (SBD)

Single Window Initiative (SWI)

Transportation Security Administration (TSA)

United States of America (US)

United States Coast Guard (USCG)

United States Visitor and Immigrant Status Indicator Technology (US VISIT)

Historical perspectives on the Beyond the Border Declaration

Abstract

The purpose of this study is twofold, first to isolate the historical determinates which steered Prime Minister Stephen Harper of Canada and President Barack Obama of the United States of America (US) to agree upon the objectives outlined in the Beyond the Border Declaration (BTBD) in 2011. Specifically, by focusing on the historical underpinnings which spurred both nations to boldly approach transnational integration in the fields of economics and security. Second, to cross examine the Can-Am relationship with an international relations theory developed by Robert Keohane and Joseph Nye regarding complex interdependence of states to determine if the theory applies to Can-Am relations. In doing so, this study hopes to prove that the inception of the BTBD was due to the historical underpinnings of the Can-Am relationship which exhibited neoliberal complex interdependence characteristics associated with Keohane and Nye's theory.

1.0-Introduction

1.1 The Purpose of the Study

The purpose of this study is twofold, first to isolate the historical determinates which steered Prime Minister Stephen Harper of Canada and President Barack Obama of the United States of America (US) to agree upon the objectives outlined in the Beyond the Border Declaration (BTBD) in 2011. Specifically, by focusing on the historical underpinnings which spurred both nations to boldly approach transnational integration in the fields of economics and security. Second, to cross examine the Can-Am relationship with an international relations theory developed by Robert Keohane and Joseph Nye regarding complex interdependence of states to determine if the theory applies to Can-Am relations. In doing so, this study hopes to prove that the inception of the BTBD was due to the historical underpinnings of the Can-Am relationship which exhibited neoliberal complex interdependence characteristics associated with Keohane and Nye's theory.

1.2 The Scope of the Study

The scope of the study is to investigate the security and economic timelines of the US and Canada to uncover the logic behind the development of the BTBD and to explain the relationship of Keohane and Nye's theory to the Can-Am case. In the field of economics, this study will research the relationship during the periods of: pre-free trade, Canada-US Free Trade Agreement/North American Free Trade Agreement, the Smart Border Declaration and lastly the inception of the BTBD in 2011. In the field of security, this study will research the historical context of Can-Am security relationship since the onset of modern border management in the

late 1990s, to the 9/11 years with the Smart Border Declaration and the Patriot Act and finally the development of the BTBD.

1.3 The Methodology

This research adopts an interdisciplinary approach, drawing on various historical, legal, theoretical and empirical sources. Primarily, this study draws on a range of primary and secondary sources including: governmental and non-governmental reports, journal articles, graphs, numerical data, policy papers and the book *Power and Interdependence* by Keohane and Nye for the theoretical portion. In applying international relations theory to Can-Am relations, this study will work under the premise developed by Keohane and Nye that a complex interdependent neoliberalist relationship consists of three characteristics to determine a neoliberal relationship. If these characteristics are not met, as expounded on later in this study, Keohane and Nye suggest that a binational relationship would be deemed a neorealist binational relationship. This statement is fundamental to this study as I discuss the history of the security and economic relationship between Canada and the US as both nations progressed towards a neoliberal complex interdependent relationship.

1.4 The Research Approach

In the second chapter of this study, this paper provides a general historical context to the US-Canada relationship with an assessment on the economic and security developments which stimulate binational integration. This section will also assess the understandings of the Canada-USA relationship using international relations theory to assess the validity of their claims with this case.

In the third chapter of this study, this paper will delve into an economic centric analysis of the Can-Am relationship since the pre-free trade era. Particularly by analyzing the evolution of the binational economic relationship with NAFTA, the SBD and the inception of the BTBD. Moreover, this chapter will also apply an IR theory framework developed by Keohane and Nye to determine if these historical economic developments fit under both authors definition of a complex neoliberal interdependent relationship.

In the fourth chapter of this study, this paper will focus on a security centric analysis of the Can-Am relationship since the terrorist attacks on the United States in 2001. Moreover, this chapter will also apply an IR theory framework developed by Keohane and Nye to determine if these historical economic developments fit under both authors definition of a complex neoliberal interdependent relationship.

This paper will then conclude with a conclusion section on my findings and to answer my hypothesis regarding the existence of a complex neoliberal interdependent relationship between Canada and the US.

2.0 The Beginnings of a Shared Vision

2.1 A Brief Historical Timeline to the BTBD

The relationship between Canada and the United States of America (US) is well documented bond which highlights the benefits of integration between interconnected states. Evolving from British colonies cohabiting in the “New World” under the English Crown, to estranged neighbors with territorial ambitions and finally a dynamic economic and security partnership, this relationship can be described as one of the world’s most successful binational

relationships. The late American President John F. Kennedy described Can-Am relations so eloquently with:

“Geography has made us neighbors. History has made us friends. Economics has made us partners. And necessity has made us allies. Those whom nature hath so joined together, let no man put asunder”.¹

So how did both nations arrive at such an elaborate relationship culminating in the Beyond the Border Declaration (BTBD)? The following section provides a historical timeline of events pertinent to the arguments made in this paper in order provide context regarding how historical issues of the Can-Am relationship effected the ultimate inception of the Beyond the Border Declaration (BTBD).

Since the mid-1870s, Canada and the United States of America (USA) underwent a transformative timeline in which border security and economic reliance slowly but surely began to integrate. Beginning in 1876, the RCMP and the U.S. Army deliberated on the topic of cross border raids between the Sioux, who had fought the Americans for their territorial rights, and the people of Montana as they lived in present day Saskatchewan.² This in turn signified the first occurrence in which both nations deliberated on cross border policing and thus set the stage for future binational negotiations—discussed further in chapter 4.³ Similarly in 1904, when Henry Ford opened Canada’s first automobile plant in Ontario, this signified the beginning of cross

¹ John F. Kennedy. (1961). *The American Presidency Project*. Retrieved from 192 - Address Before the Canadian Parliament in Ottawa

² CBC News Online. (2003). *The Canada-U.S. saga: A timeline*. Retrieved from CBC.

³ Ibid

border economic integration and the importance of intra-firm trading across the Can-Am border.⁴ Namely due to the importance of the automobile industry in spurring economic interdependence between both nations. Several decades later during the global depression of the 1930's, Can-Am trade relations took a toll as this period signified one of the first moments of economic disintegration between both nations. During this period, many nations around the world enacted high tariffs in order to help protect domestic industries. For instance, the US did so on Canada, albeit indirectly, with the Smoot–Hawley Tariff Act. Ultimately the act changed Can-Am relations as the Government of Canada responded with its own measure to a mutually disastrous economic effect. However, with the election of President Roosevelt in 1932, the US repealed the Smoot-Hawley Act and economic relations normalized with Canada.⁵ This course of events highlights one of major themes of this paper in which both nations as a result of their complex interdependent relation.

In the 1930's, the Can-Am relationship began to change and expand dramatically as Prime Minister (PM) Mackenzie King and President Franklin D. Roosevelt cooperated on unprecedented levels in the field of continental security. This can be readily identified in Roosevelt's address at Queen's University in 1938 when he stated that the US "will not stand idly by if domination of Canadian soil is threatened by any other Empire".⁶ King and Roosevelt most notably forged the beginnings of a military relationship with the Permanent Joint Board on Defense, known as the Ogdensburg Agreement, which was used to consult and conduct binational planning on matters of defense as both nations operated in two theatres of the Second

⁴ CBC News Online. (2003). *The Canada-U.S. saga: A timeline*. Retrieved from CBC.

⁵ Ibid

⁶ Franklin D. Roosevelt: Address at Queen's University, Kingston, Ontario, Canada.

World War.⁷ This represented the evolving relationship between both nations as they deliberated on cross border defense. In time, this initial framework was used to help conceptualize other defense North American defense organizations such as the North American Aerospace Defense Command (NORAD)—which was developed in 1957 to ensure aerospace security throughout North America during the Cold War.⁸

As the continental security relationship progressed, both nations also started on a pathway to economic integration. One notable example of this would be the development of the Peace Bridge which was constructed to connect Ontario and New York of the Niagara River and exemplifies the early significance policy makers observed in regards to cross-border infrastructure projects to enhance trade and development.⁹ Furthermore, in 1959, the St. Lawrence Seaway officially opened “allowing deep-draft passage to the Great Lakes”.¹⁰ Both of these development signified the need for each nation to cooperate on border security in order to regulate cross border activities and the importance of infrastructure in generating commerce between both nations. During the 1970’s the Government of Canada, under the administration of PM Pierre Trudeau, began to explore a third economic option, or rather other nations to trade with to better Canada’s economic situation.¹¹ The policy of a third option came as a response to the American President at the time, Richard Nixon, insistence on using tariffs to revitalize the American economy.¹² Therefore creating a demand for Trudeau to seek new avenues of global

⁷ Franklin D. Roosevelt: Address at Queen's University, Kingston, Ontario, Canada.

⁸ Federation of American Scientists. (2015). *NORAD at 40 Historical Overview*.

⁹ The Peace Bridge. (2015). *Peace Bridge Facts*. Retrieved from The Peace Bridge

¹⁰ CBC News Online. (2003). *The Canada-U.S. saga: A timeline*. Retrieved from CBC.

¹¹ Ibid

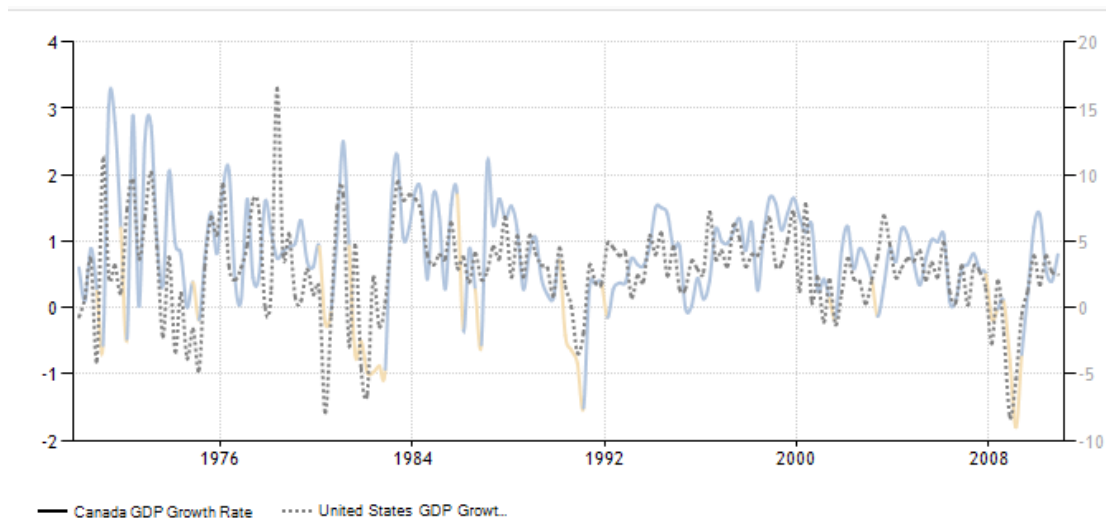
¹² Ibid

trade to diversify the Canadian economy to mitigate overdependence on the US economy. The situation grew so out of hand that Nixon famously stated that the “special relationship between Canada and the United States is dead”.¹³ Thankfully Nixon had crooked judgement on Can-Am relations as one decade later the sentiments towards free trade integration grew substantially while both nations were experiencing long periods of stagnation in GDP growth during the 1980’s --highlighted by Graph 1 below. Unlike in the 1930’s in which free trade was discussed but ultimately dismissed, Canada and the US would eventually align their economic fates with a neoliberal free trade agreement. Eventually in 1988, then PM Mulroney and President Ronald Reagan rekindled the “special relationship” by signing the first Canada-U.S. Free Trade Agreement (CUFTA), after successfully persuading the Canadian public during the 1988 Federal election that eliminating trade barriers would facilitate more domestic growth for Canada.¹⁴ In effect, CUFTA marked a period in which Can-Am relations moved beyond sectoral free trade, highlighted by the Can-Am automobile trade, to general free trade between both nations.

¹³ Muirhead. From Special Relationship to Third Option: Canada, the U.S., and the Nixon Shock.

¹⁴ Sears, R. (2012, October 1). The great free-trade election of 1988. *The Globe and Mail*.

Graph 1: A Comparison of Can-Am GDP Growth Rates between 1970-2010



Source: Generated using www.tradingeconomics.com | Statistics Canada¹⁵

Over the next decade both nations prospered economically but by the late 1990's, two events changed the landscape of the Can-Am relationship dramatically. First the terror attacks by Al-Qaeda on September 11th, 2001 and the collapse of the global market, roughly beginning with the collapse of Lehman Brothers investment bank, in 2008.¹⁶ With the passing of these events, it became apparent that both nations would need to innovate their commercial relationship in order to maintain economic prosperity. After the events of 9/11, American security concerns made it much harder for both nations to do business therefore necessitating new initiatives such as the Smart Border Declaration, and the pinnacle policy of integration the BTBD, to address the economics of securitization. Likewise, with a rise in foreign extremism around the globe, many

¹⁵ Statistics Canada. (2015). *Trading Economics*. Retrieved from www.tradingeconomics.com

¹⁶ Investopedia. (2015). *Case Study: The Collapse of Lehman Brothers*. Retrieved from Investopedia.

which threaten Can-Am borders, new strategies were needed in order to propel Can-Am security beyond NORAD to include cross border policing and other modern counter terrorism strategies.

On February 4th, 2011, under the leadership of PM Harper and President Obama a memorandum of understanding was signed between Canada and the US in which they agreed upon a “share[d] vision for perimeter security and economic competitiveness”.¹⁷ In practice the declaration conveyed that both heads of state wanted a theoretical framework to fix and revitalize their economic and security partnership. This declaration sought to create a superior long-term partnership which would emphasize a perimeter approach to security and economic competitiveness by progressing bilateral relations in the fields of: addressing threats early, trade facilitation, cross-border law enforcement and the development of critical infrastructure.¹⁸ To assist in the implementation of BTBD, both nations agreed to the creation of the U.S-Canada Regulatory Cooperation Council (RCC), the Beyond the Border Working group (BBWG) and the overall mandate for the initiative in the Joint Action Plan (JAP). These organizations are considered informal binational bodies but have the distinguished characteristic of having the support of both governments to advance Can-Am relations. Specifically, the RCC was tasked to reduce red tape between both nations by making regulations more compatible in a variety of sectors to foster economic development.¹⁹ The priority of the BBWG was to provide oversight to the implementation of policies and hold stakeholder relations meetings between

¹⁷ Prime Minister's Office. (2011, February 4). *A declaration by the Prime Minister of Canada and the President of the United States of America*.

¹⁸ Government of Canada. (2011). *Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness*. Retrieved from Beyond the Border Action Plan.

¹⁹ Government of Canada. (2011, February 4). *Canada's Economic Action Plan*. Retrieved from PM and U.S. President Obama Announce Shared Vision for Perimeter Security and Economic Competitiveness Between Canada and the United States.

nongovernmental and governmental elites to conceptualize the binational policies.²⁰ In essence, the BTBD highlights a recommitment to the frameworks developed from the CUFTA/NAFTA and the binational security developments before and after the events of 9/11. Now that we have discussed the historical timeline for the BTBD, which will be expounded on in subsequent chapters, this study will now provide a historical timeline under the lens of IR theory which will be drawn upon throughout this paper. In doing so, I hope to make the case that IR theory can explain why both nations eventually turned to the BTBD to improve binational security (Chapter 3) and economics (Chapter 4).

2.2 The Can-Am relationship, Neorealism or Neoliberalism?

Since the post-colonial era, the Can-Am binational relationship slowly evolved from binational competition to binational integration. In the beginning of Can-Am relations, most of the power naturally remained with the world's hegemon the US which has a large and well equipped army, diversified and global economy, growing population, sizeable land mass and eclectic set of natural resources. Comparatively, Canada has about a tenth of the population, a tenth of the economy, a slightly larger land mass, a similar set of available resources and a minimal but limited military capability. With these national characteristics in mind, the natural relationship seemingly alludes to a neorealist oriented American domination over Canada by means of economic and military influence. However, I would argue that a complex interdependence exists between both nations which instead resembles Keohane and Nye's complex interdependent neoliberalist relationship.

²⁰ Government of Canada. (2011, February 4). *Canada's Economic Action Plan*. Retrieved from PM and U.S. President Obama Announce Shared Vision for Perimeter Security and Economic Competitiveness Between Canada and the United States.

For some onlookers, the Can-Am relationship could mistakenly be viewed as a dominating relationship which can be explained by the framework found in the neorealist perspective of international relations. For neorealists, military security is the predominant issue in state relations in which survival is the goal of any state and therefore presses state to state interactions. Secondly, there is a global hierarchy that is organized by state actors, as they are the most important in terms of Neorealist international relations, that is perpetuated by the amount of threatening force a nation possesses.²¹ Therefore, since the US is above Canada in the global hierarchy and maintains a higher amount of threatening force, a neorealist would perceive that Canada was coerced into a relationship with hard power.²²

In other words, this assumption stems from the belief that states are rational actors that will act in a way to “maximize their likelihood of continuing to exist”. Therefore, by integrating with the world’s hegemon, Canada is maximizing its likelihood of continuing to exist. Especially when it is natural to suppose that the Canadian government would orient binational politics towards a security union with a regional and global hegemon in the US. Despite these observations, this study suggests that a neorealist framework does not apply to Can-Am relations. For starters, neorealism forgets the importance of transnational actors on international relations and downplays the role of binational integration as only slight and “lasts only as long as it serves the national interests” of the most powerful state--particularly in the field of security.²³As will be shown in chapter three, non-state actors such as commercial businesses groups, played a vital role in the development of the BTBD due the need for better binational trading atmospheres and security procedures to enhance trade. Therefore, for other spectators

²¹ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 20.

²² Ibid pg 20

²³ Ibid pg 20

such as myself and Keohane and Nye, the Can-Am relationship instead exhibits signs of neoliberalism grounded on the notions found in the theory of democratic peace. This theory, which was first theorized by Immanuel Kant in his essay *Perpetual Peace*, states that democracy, economic interdependence and international law and organization are the means to establish peaceful interstate relations.²⁴ Moreover, modern scholars such as Michael Doyle have defined democratic peace to require “republican representation, an ideological commitment to fundamental human rights, and transnational interdependence”.²⁵ Since both the US and Canada are liberal states with those attributes, it is only natural to suppose that this relationship would exist between both nations and that neoliberalism holds the truth to understanding the Can-Am relationship. Yet to fully understand the Can-Am relationship, which I believe holds an even deeper and more complex bond than the notions expressed in the democratic peace theory, one should turn to the work developed by Keohane and Nye on the attribute of transnational interdependence of liberal states.

In Keohane and Nye’s writings, they suggest that some nations are concomitantly tied together and thus naturally arrive at the development a complex interdependence. Complex interdependence occurs due to the presence of three characteristics in binational relations: multiple channels of interstate relations that are either formal or informal, no clear hierarchy for multiple interstate issues and the absence of military force being used in the region.²⁶ In each of these cases, the Can-Am relationship exhibits these features of complex neoliberal interdependence rather than the neorealism oriented hegemonic domination. Especially when one

²⁴ Kant, Immanuel. *Perpetual Peace*. 1795.

²⁵ Doyle, Michael W. "Three Pillars of the Liberal Peace." *Am. Pol. Sci. Rev. American Political Science Review* 99, no. 3, 463-66.

²⁶ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 21.

considers the Can-Am relationship with Wendt's theory on how an interstate relationship "is the function of the quality of prior interaction" with another state.²⁷ Coupled with Shore's argument that the prolonged demilitarization on the Can-Am border has created the "dependable expectations of peaceful change" or "we feeling" rather than antagonism, it is reasonable to assume a neoliberal relationship exists.²⁸ To understand the complex interdependent relationship which exists, we must examine the three characteristics offered by Keohane and Nye.

In the case of the multiple channels, Can-Am relations have many informal and formal ties which help develop their relationship. For instance, the US has nine consulates and one embassy in Canada²⁹ while Canada has twelve consulates and one embassy in the US.³⁰ Furthermore, informally, many transnational US organizations are present in Can-Am relationship: IBM, GM and Wal-Mart while Canada shares TD Bank, Sun Life Financial and Royal Bank of Canada in the US. Likewise due to the large Can-Am diaspora, over a million Canadians in the US in 2011 and 200,000 Americans in Canada, the interconnectedness of societies is ever present.³¹ With both of these channels in place, this highlights that a significant transnational relationship, especially if you consider how many integral Canadian companies are owned by their American counterparts, such as Tim Hortons and CN Railways to note. Conclusively this matches the first criteria because it highlights that formal ties between Can-Am exists throughout both nations. Furthermore, due to the ever presence of informal relations, be it

²⁷ Shore, Sean. "The development of the Canadian-US security community, 1871-1940." *Security Communities*: 333-367.

²⁸ Ibid

²⁹ Embassy of the United States: Ottawa, Canada. (2015). US Consulates in Canada.

³⁰ Government of Canada. (2015). Our Offices in the United States

³¹ Asia Pacific Foundation of Canada. (2013). "Canadians Abroad."

in the financial or consumer goods sector, both nations must naturally have regulations which regulate these industries but also facilitate their growth. In Chapter three of this study, this study expounds on this topic by providing adding more historical analysis into the fold to explain how this criteria of complex interdependence exists in the face of crashing a global market and security concerns.

The second facet on Keohane and Nye's qualification for a complex interdependence is that the agenda of a neoliberal interstate relationship consists of multifaceted issues that are consistently dominating the binational agenda.³² Namely, in the sense that the "distinction between domestic and foreign policy issues" are becoming blurred and are one in the same.³³ This distinction highlights the very reasoning for which the inception of the BTBD occurred. Although each nation had specific guidelines towards their national approach to immigration, regulatory synthesis and policing, their geographical proximity and interdependence drove both governments to develop a multifaceted approach to ameliorate the faults that existed as a result of the tensions derived from 9/11. Furthermore, within the BTBD Implementation reports from 2012 and 2013, one would observe how multifaceted the BTBD in taking its approach to integration while displaying a strong absence of hierarchy among any particular issue because to both government since each issue generates dollars and enhances security.

The final facet, the absence of military force towards governments in the region essentially solidifies the Can-Am relationship under the neoliberal framework of Keohane and Nye. In other words, "disagreements on economic issues"³⁴ in Can-Am relations are never

³² Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 21.

³³ Ibid pg 22

³⁴ Ibid pg 21

solved by military forces in the way neorealism would prescribe the use of hard power to coerce other nations due to each nation's dependable expectation of a peaceful change from the other.³⁵ Even after the occurrence of binational economic conflicts over Canada's supply management (to the detriment of the US) or Softwood Lumber (to the detriment of Canada), neither nation ever considered using military forces to influence the other nation. Likewise, after the events of 9/11, the US only briefly reverted back to neorealist tendencies (discussed in depth in chapter four) in order to defend their borders but quickly realized how important interdependent both nations are to continental security. This idealizes the binational economic relationship both nations have towards each other, as described in Keohane and Nye's findings, but can also be explained by the general dynamics of a security community in relation to the history of Canada and the US. As posited by Adler and Barnett, states often create a security community not only for defense, but also to develop "transnational linkages" with their partner nation's institutions.³⁶ In the case of Can-Am relations, both states effectively mitigated the presence of a perceived threat by the 1870s in favor of "cooperative security" and a shared identity through democratic dialogue and economic cooperation.³⁷

Over the course of the next chapter, this study provides a detailed historical analysis on the history of Can-Am economics to provide clear evidence to support my claim that the BTBD was the logical next step for both nations to support their complex interdependent economic relationship. At the end of chapter three, this study will return to the notions discussed in this

³⁵ Wæver, Ole. "Insecurity, security, and asecurity." *Security Communities*: 69-118.

³⁶ Adler, Emmanuel and Michael Barnett. "A framework for the study of security communities." *Security Communities*: 29-60.

³⁷ Shore, Sean. "The development of the Canadian-US security community, 1871-1940." *Security Communities*: 333-367.

section to further support my claim that the economic portions of the BTBD were developed as a result of the neoliberal tendencies found in the Can-Am relationship.

3.0 BTBD from the Perspective of Economics

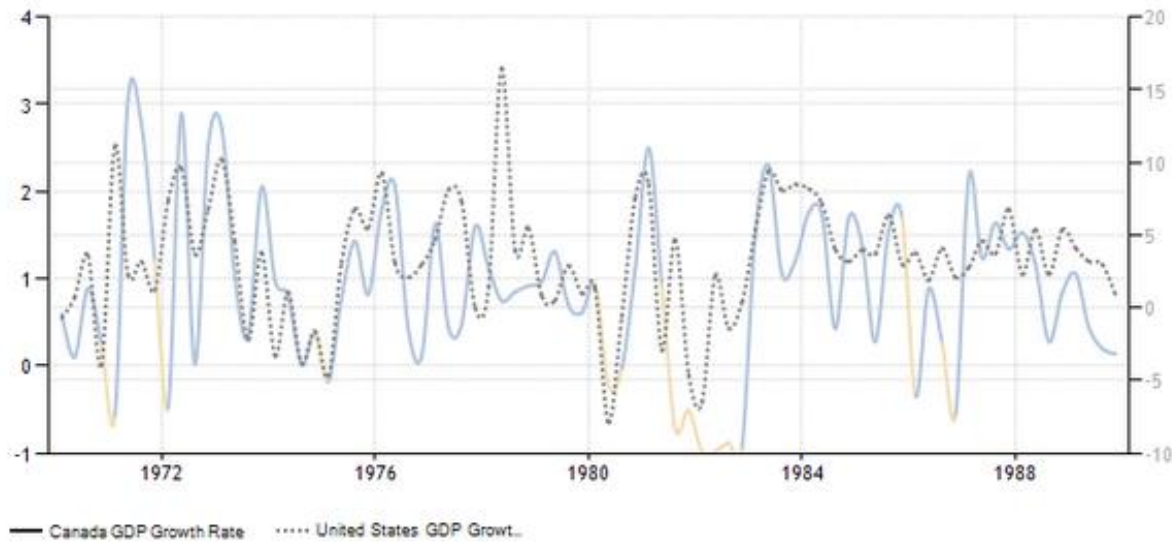
3.1 Historical factors that led to the CUFTA and then NAFTA

Earlier in this study, the rudimentary historical timeline presented the early roots of the Can-Am economic relationship. This chapter is devoted to expounding on this relationship to demonstrate how the Can-Am relationship evolved since the 1970's to form a complex interdependent neoliberal relationship.

3.1.1 The Free Trade Debate

During the late 1970's and 1980's, Canada and the US underwent economic stagnation to a degree that required economic transformation—as illustrated by graph one.

Graph 1: A Comparison of Can-Am Economic Growth Rates between 1969 and 1989



Source: Generated using www.tradingeconomics.com | Statistics Canada³⁸

During this period, economists were conceptualizing whether or not a comprehensive free trade agreement (FTA) was a practical economic strategy to help pull both nations out of an economic rut or further the economic woes of national supply management chains.³⁹ At the time, economists advised that a free trade agreement could reduce investment into both nations, affect domestic supply management to a degree that many jobs would be lost (particularly the agricultural and manufacturing sectors), erode labor standards and wages and undermine national sovereignty.⁴⁰ Namely economists such as Duncan Cameron suggested that a Can-Am FTA would be a huge gamble that would simply lower living standards, increase trade deficits and net job growth while economists such as John Crispo championed the idea of a free trade agreement

³⁸ Statistics Canada. (2015). *Trading Economics*. Retrieved from www.tradingeconomics.com

³⁹ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁴⁰ NAFTA Now. (2012). *Myths vs. Reality*. NAFTA.

between both states by suggesting that free trade “allowed firms full access, to and the ability to rationalize costs over a large market”.⁴¹ Moreover, free trade between Canada and the US would help counter the rise of global multilateral trading systems that were beginning to form highlighted by the European states and the Asian markets led by Japan and South Korea.⁴² Furthermore, free trade proponents argued// that protecting any industry from the global market only works in the short term and would diminish the incentive for said business to reform causing problems in the long term—highlighted by the Ian Bremmer’s J Curve in Graph 2.⁴³ Despite the short term losses as a nation’s supply management faces international markets, free trade would incentivize supply chains to adapt to meet the new price levels to the benefit of consumers.

Graph 2: The Impact of Opening a State economy to the global market in the long run



Source: The J Curve: A New Way to Understand Why Nations Rise and Fall

⁴¹ Andrew F. Cooper, “Waiting at the Perimeter: Making US Policy in Canada,” *Vanishing Borders*, pp. 39-40.

⁴² Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁴³ Ibid

Since the Can-Am economies were not able to meet international competition at the time, including the years leading up to the global recession in 2008⁴⁴, economists believed that economic integration was the only way in which Canada and the USA could maintain their standard of living in the long term.⁴⁵ Therefore, by maximizing their economic relations, both nations would have more economic prosperity and would be better equipped to mitigate global recessions due to the amount of consistent binational trade occurring between both nations. Especially when the total goods being consumed by both nations amounted to \$782 billion in 2013 with nearly nine million US jobs depending on trade and investment with Canada today.⁴⁶ In essence, this shift in ideology represented a reinvigoration of neoliberalism in Can-Am relations due to the importance of integration in solving economic growth.

3.1.2 The Advent of the CUFTA and subsequently NAFTA

After the Canadian Federal Election of 1988 in which the PM Brian Mulroney's Conservatives (in favor of free trade) defeated John Turner's Liberals (against free trade), Canada entered on an economic pathway to integration between with the US by means of the Canada-US Free Trade agreement (CUFTA).⁴⁷ With the inception of CUFTA, both nations suddenly focused on binational cooperation with free trade rather than binational competition with tariffs. Upon implementation of the CUFTA in 1989, the Mulroney government of Canada and the George H.W. Bush administration of the USA sought to provide salient policy measures to ensure reliable economic integration. These measures were able to: eliminate trade barriers

⁴⁴ Hwang, V. (2014, July 17). How can America Compete? U.S. Suggests New Economic Framework. *Forbes*.

⁴⁵ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁴⁶ Government of Canada. (2015). *Canada and the United States: Trade and Investment*.

⁴⁷ Sears, R. (2012, October 1). The great free-trade election of 1988. *The Globe and Mail*.

between both nations; facilitate conditions that would lead to fairer trade competition; liberalize investment conditions to increase cross border foreign direct investment (FDI); and create the first joint administrations to ensure efficient trading between Canada and the USA.⁴⁸ In 1994, CUFTA would expand its principles to their southern partner Mexico with the North American Free Trade Agreement (NAFTA).⁴⁹ Although not a complete economic or political union like the European Union, NAFTA provided each country: national treatment for goods such as market access; tariff removal; rules of origin to ensure that supply chains have a high percentage of regional value content; a review & dispute organization, labor standards; and many more features that are not pertinent to this study.⁵⁰

After integrating the American and Canadian economies with the CUFTA and NAFTA, free trade began to show its face as credible institution. For instance, between 1993 and 2002, NAFTA increased total employment by 40 million jobs, \$50 billion increased trade revenue from agricultural trade and bettered labor standards such as higher pay due to the North American Agreement on Labor Cooperation (NAALC).⁵¹ Specifically in the case of Canada, manufacturing output increased 62%, calculated by real GDP, between 1993-2008 while comparatively underwent 23% increase before the CUFTA between 1981 and 1993.⁵² Despite these advances, Can-Am economic relations experienced lingering fundamental problems due to the presence of neorealist linkage strategies. According to Keohane and Nye, linkage strategies occur when dominant states try use their economic influence to shape international policies.⁵³ In the next

⁴⁸ Trefler, D. (2004). The Long and Short of the Canada-U.S. Free Trade Agreement. *CIAR*, 1-52.

⁴⁹ Pinto-Leon, I. (2011). NAFTA and You. *American Bar Association*, 26.

⁵⁰ Ibid pg 26

⁵¹ NAFTA Now. (2012). *Myths vs. Reality*. NAFTA.

⁵² Ibid

⁵³ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 26.

section, this study discusses these linkage strategies, which were present in the CUFTA/NAFTA and post 9/11 Can-Am relationship, then by what means the relationship evolved with a new initiative to correct these issues.

3.2 Lingering Issues Post NAFTA and Can-Am failure to respond

Despite these rapid and impressive neoliberal advances to Can-Am relations, both nations still faced lingering binational issues which hampered the ability of both states to meet full economic efficiency. These problems can be divided into two periods of binational trade development. The first occurred before the events of 9/11 and the second after the events of 9/11 in which the securitization of trade hampered trade.

3.2.1 Pre-9/11 Can-Am Trade Issues

Canadian Perspective

According to an extensive report by Blayne Haggart from the Economics Division of the Government of Canada in April of 2001, there were six problems which existed during this period as a result of free trade with the US which contained elements of linkage strategies to allow each side to maintain traces of their economic advantage over the other nation. Haggart's first point highlights that Canada's special relationship with the US was in doubt due to the US' standing as a global trader which did not rely on Canada for economic success.⁵⁴ Therefore, receiving trade exemptions from the American Congress and the Bush administration⁵⁵ would be

⁵⁴ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁵⁵ George W. Bush served as President of the US between 2001-2009

much harder since the US is not as reliant on Canadian goods as Canada is on the US.⁵⁶ While on the other hand, after CUFTA, Canada's reliance on the US increased. One notable example of this is that the year before CUFTA was implemented, "Quebec exported the equivalent of 22% of its GDP to other countries".⁵⁷ Yet by 2002, exports increased to 38% of the provincial GDP with 80% of these exports destined for the US Markets.⁵⁸ In other words, this signifies that CUFTA increasingly pegs the success of the Canadian economy with the American market.⁵⁹ Although this has been the case for several centuries, as globalization has become more prevalent, the need for the US to be such a dynamic agent on the Canadian economy in theory should be far lower.

The second problem noted by Haggart was the change in FDI rulings regarding corporate arbitration with states. After the inception of NAFTA, FDI rulings changed with the inclusion of Chapter 11 which essentially allowed businesses to challenge government regulations. Haggart notes this is a problem because American firms would often try to avoid complying with domestic regulations and thus dominate the Canadian market.⁶⁰ This occurred due to the higher environment and health standards present in Canada which inherently made American businesses more attractive for Canadian consumers to do business. Largely due to the lower operating costs which generally exists for businesses that operate in markets with lower regulations. With the availability of Chapter 11, American businesses can theoretically, and have in the cases of Sun

⁵⁶ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁵⁷ Courchene, Thomas J. (2008). *The Art of the State II: Thinking North America*. Institute for Research on Public Policy.

⁵⁸ Ibid

⁵⁹ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁶⁰ Ibid

Belt Water or United Parcel Services, sue the Canadian government for millions of dollars in damages and crowd out Canadian firms by providing a cheaper service.⁶¹

Haggart's third point distinguishes that the inception of free trade essentially creates an overdependence on the US trade. Haggart notes that in 2001, Canada was not a global trader and relied far too much on a strong U.S economy to do well economically. This occurred due to the natural rise in "intra-firm and intra-industry trade" between the US and Canada instead of trade global trade diversification.⁶² Consequently, this issue highlights why the current Government of Canada is interested in creating a better environment for Canadian businesses to compete with markets beyond North America. For example the Government of Canada has successfully negotiate trade deals with the European Union and South Korea to meet these objectives while continuing negotiations with large economies such as India, Japan and Singapore.⁶³

Haggart's fourth point concerns the presence of trade disputes as a result of a marginally acceptable dispute settling mechanism set under NAFTA.⁶⁴ Particularly, Haggart identified that a lack of "precedents [with the NAFTA binational panels] and the U.S. tendency to ignore international trade rules" makes the framework of free trade to some extent superficial and generally at the expense of Canadian businesses.⁶⁵ Namely when burdensome border inspections and restrictive application of NAFTA's rules of origin are placed upon Canadian businesses in

⁶¹ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

⁶² Ibid

⁶³ Government of Canada. (2015). *Canada's Free Trade Agreements*. Retrieved from Foreign Affairs, Trade and Development Canada.

⁶⁴ Ibid

⁶⁵ Ibid

order to support “Buy American” policy making.⁶⁶ Fifth, Haggart noted that after the inception of free trade, the issue of cross border labor regulation became problematic especially in regards to the mobility of Canadian laborers to work in the US. Although the advances by the North American Agreement on Labor Cooperation (NAALC) were substantial in creating integrated labor codes, NAFTA maintained a void which still crowded out full labor integration. Specifically, one may argue that the labor regulations were unsatisfactory due to the comparative benefits the US gained from the agreement such as preferential treatment of post-secondary education accreditation. Sixth, Haggart determined that the inception of NAFTA severely influenced domestic policy in Canada, particularly in the fields of regulatory cooperation and diminished the role that domestic law plays in favor for open markets as a result of NAFTA.⁶⁷

With these six points, Haggart succinctly identifies the presence of American linkage strategies which existed in Can-Am free trade from the Canadian perspective. Although some may argue that this relationship was only inevitable, largely due to the US’ status as the world’s hegemon and therefore its inherent interest in forming one sided economic deals, I would argue that this fails to consider the budding binational neoliberal relationship that was forming between both nations. To fully understand the economic issues which drove Can-Am relations to pursue an additional neoliberal strategy to fix these issues, this study will now examine the American perspective in respect to Can-Am relations and NAFTA.

⁶⁶ Dobson, W., & Kuzmanovic, D. (2010). Differentiating Canada: The Future of the Canada-US Relationship. *SPP Research Papers*, 6.

⁶⁷ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

US Perspective

From the American perspective, the inception NAFTA dramatically changed the market volume in which the Canada-US traded. As illustrated in graph three below, for several years NAFTA helped spur economic growth between Canada-US with the peak years being in late 90s and the early 2000s.⁶⁸ During the peak years of NAFTA, Canada's percentage of total exports to the US reached 87.5% in 2002, as compared to 1980 it was only 60.6%, as well as growth in percentages of US exports to Canada and Canadian Imports.⁶⁹ However after reaching a peak in 2002, Can-Am relations displayed a sharp change in binational economic cooperation in which by 2010, Canadian imports from the US as a percentage of Canadian imports steadily dropped to 50% after reaching a peak in 1998 with roughly 68%.⁷⁰ Moreover, the percentage of US exports to Canada as a percentage of US exports dropped to 20% after floating around 24% while the level of US Imports from Canada as a percentage of US imports also dropped from 1998, hovering around 20%, to roughly 15% in 2010.⁷¹

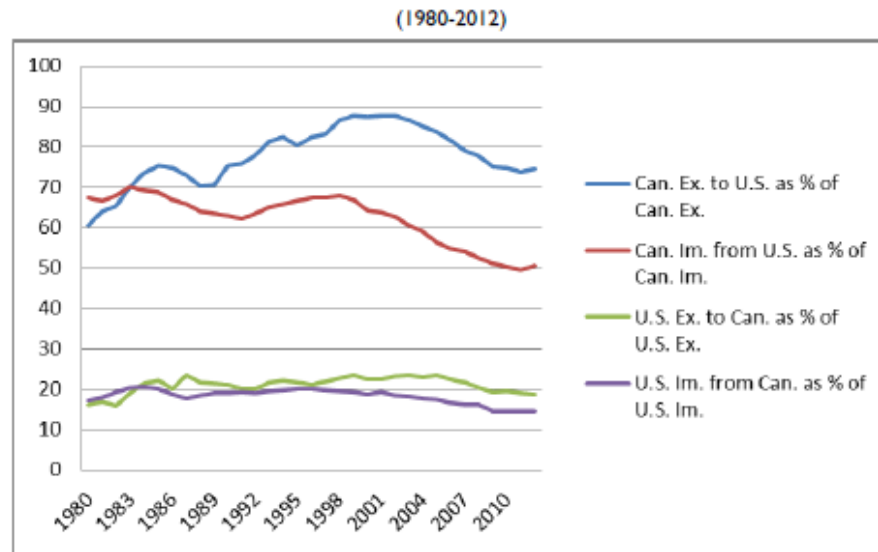
⁶⁸ Villarreal, A., & Fergusson, I. F. (2014). NAFTA at 20: Overview and Trade Effects. *Congressional Research Service*, 18.

⁶⁹ Ibid

⁷⁰ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 20.

⁷¹ Ibid pg 21

Graph 3: Market Share as Percentage of Total Trade: Canada and the United States



Source: Economic Intelligence Unit, from IMF International Financial Statistics.

Note: Represents exports to and imports from other country as percentage of country's total trade.

Source: NAFTA at 20: Overview and Trade Effects | Economic Intelligence Unit, from IMF International Financial Statistics⁷².

In essence, these statistics clearly indicate that American businesses were losing out on business with Canada as a result of the numerous linkage strategies that their government was using to the effect the binational trading relationship. Largely since the uneven playing field forced Canadian businesses to look for new trading partners. Villarreal's study corroborates this concept and suggests that a lack cooperation in the fields of infrastructure and regulatory cooperation made cross-border business much more difficult.⁷³ Moreover, the very nature of government involvement in Canadian industries also made it quite hard for American companies to compete. For instance, in the case of the softwood lumber dispute, the influence of supply

⁷² Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 20.

⁷³ Ibid pg 24

management by Canadian provincial governments on the Canadian lumber industry made it hard for US companies to compete. Which in turn forced the US government to enact countervailing duty tariffs to make American lumber yards competitive in North America.⁷⁴ Moreover, when the Government of Canada took the matter to a NAFTA panel to settle the dispute, the US ignored the eventual NAFTA ruling which argued in Canada's favor.⁷⁵ Eventually the Softwood Lumber dispute would be settled after an arbitration by the London Court of International Arbitration but the initial reluctance and appeals by the US highlights the US' economic strategy at the time.⁷⁶ In essence, I would argue that this dispute, in addition to the general decrease of exports between both nations shown on graph three, highlights a slow decline in Can-Am economic relations as neorealist tendencies began to exist in terms of binational economic planning. In time, a decline in Can-Am cohesion would be exposed as the exogenous event of 9/11 would push the global market into recession and therefore highlight the need of a strong Can-Am economic relationship. A relationship which I would argue would have been able to mitigate the post-9/11 economic trauma if proper binational neoliberal policy, such as framework in the BTBD, existed between both nations.

3.2.2 Post 9/11 Can Am Trade Issues

On September 11th, 2001, terrorists from Al-Qaeda destroyed the World Trade Center and damaged the Pentagon, creating a devastating ripple effect on the US and global economy. In response to these events, the Can-Am economic relationship changed abruptly as security

⁷⁴ Foreign Affairs, Trade and Development Canada. (2013, July 23). *The Canada-United States Softwood Lumber Agreement*.

⁷⁵ Dunfield, A. (2005, October 14). PM, Bush talk softwood. *The Globe and Mail*.

⁷⁶ Chase, C. (2008, March 4). Canada ekes out victory in softwood fight. *The Globe and Mail*.

became infused with economics. Suddenly American policymakers legislated procedures which naturally created more security around the American border to safeguard against future terrorists from entering mainland US.⁷⁷ In doing so, American politicians inadvertently made it more difficult for Can-Am businesses to conduct trade with each other. For instance, one of these policies was the Patriot Act, specifically Title IV of the act, which made it more difficult for citizens/businesses from both nations to travel across the border and it increased the restrictions on what could be brought over the border.⁷⁸ Furthermore, due to sweeping procedures implemented on investigating cargo going into the US, border wait times increased which subsequently increased the costs of shipping.⁷⁹ Therefore, from September to December of 2001, both governments drafted a 30 point Smart Border Declaration (SBD) to rectify the issues stemming from the immediate aftershock of 9/11 attacks and the structural issues present with NAFTA.⁸⁰

From the 30 point SBD, this study considers the following four points to be the most important to economic portion of this study. These points from the SBD are to: expand alternative preclearance inspection systems such as the Trusted Traveler NEXUS Program and similar “in transit preclearance projects” for air transport, install intelligent transportation systems such as the Advanced Traveler Information System (ATIS) to improve mobility and wait times, expand border infrastructure to support trade and harmonize commercial processing

⁷⁷ Jenks, R. (2001, December). *The USA PATRIOT Act of 2001: A Summary of the Anti-Terrorism Law's Immigration-Related Provisions*. Retrieved from Center for Immigration Studies.

⁷⁸ Ibid

⁷⁹ Ibid

⁸⁰ Although this plan was eventually modified to a 32 point plan, declared on October, 14th 2004, the sentiment remained the same.

for low risk companies.⁸¹ Essentially with the inception of the SBD, both nations were attempting to move beyond linkage strategies present in Can-Am relationship and implement policies that would effectively maximize their interdependent relationship.⁸² This notion can be highlighted by a joint statement made by then Prime Minister Chretien and President Bush in which conceded that “some of the smart border action items will take sustained cooperation, effort and investment”.⁸³ Overall the development of the SBD can be accredited with a return to a neoliberal Can-Am economic relationship. However faults still existed within the SBD which hampered the declaration from allowing multiple channels of informal communication to exist between business leaders and full cooperation on binational regulations. Namely, the SBD failed to fix regulatory asymmetry with: product reviews and approval (collaboration on approval processes), trust in comparative regulatory practices (eliminating duplicative requirements), standard setting such as conformance and managing import risk at the perimeter of both nations’ borders.⁸⁴ Furthermore, the SBD also failed to create consistent dialogue between senior agents from both sides of the border despite the SBD’s mandate to develop working groups under the direction of the Can-Am steering committee.⁸⁵ In essence, the importance of discussing the SBD is that both nations were naturally trying to mend their complex interdependence with a coherent set of policies but due to a lack of a clear regulatory mandate and informal/formal working group to advance the cause of the SBD, it was unable to function properly. Therefore, for both nations

⁸¹ U.S. Department of State. (2002, December). *U.S. - Canada Smart Border/30 Point Action Plan*. Retrieved from U.S. Department of State Archive.

⁸² Ibbitson, J. (2012, September 29). After 25 years, free-trade deal with U.S. has helped Canada grow up. *The Globe and Mail*.

⁸³ White House Press Office. (2002, September 9). Joint Statement by President George W. Bush and Prime Minister Jean Chretien On Implementation of the 'Smart Border' Declaration and Action Plan .

⁸⁴ Regulatory Cooperation Council. (2013). *U.S.-Canada Regulatory Cooperation-Charting the Path Forward*. Washington, DC, 4.

⁸⁵ Ibid pg 4

to finally acquiesce to these critical policies, it took a global economic downturn to occur before both nations reached the heights of the BTBD.

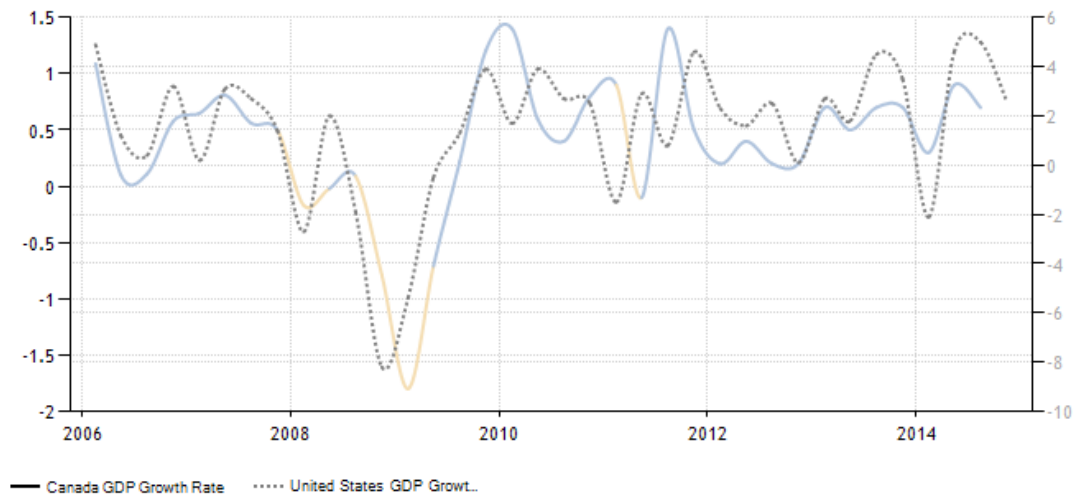
3.3 Global Economic Downturn and its effect on Can-Am Relations

In 2008, the world's market crashed as the US stock market responded to the subprime mortgage crisis. Consequently, this crash rippled around the world's economies as consumer confidence decreased and unemployment rates raised. As Canada and the US faced a sharp decline in GDP growth as a result of the 2008 global market crash, highlighted in graph four below, the need to innovate cross border economics as a way to offset the decline in business and rekindle more business was desperately needed. After attempting to meet this objective years prior with the SBD, a new initiative was needed in order to help spur Can-Am economic integration. Several of these inefficiencies included: a lack of: investment in modern infrastructure technology at ports entry with shared information technology practices, shared border management facilities, integrated or well marketed trusted traveler and trader programs, automated processes for border entry (such as an integrated cargo system) and streamlined regulatory procedures for processing regulatory compliances.⁸⁶ Another facet which made the economic situation difficult was the lack of a synthesized regulatory body or working group to address the lack of integration between both nations. As a result of this market situation, the Harper administration gathered with the Obama administration to fix these remaining issues to

⁸⁶ Prime Minister's Office. (2011, February 4). *A declaration by the Prime Minister of Canada and the President of the United States of America.*

help reach a classical economists goal of matching market efficiencies and create fair competition standards that would promote trade for both nations.

Graph 4: A Can-Am Comparison of Annual GDP Growth 2006-2015



Source: Generated using www.tradingeconomics.com | Statistics Canada⁸⁷

In the following subsections, this study will analyze the 2012 and 2013 BTBD Implementation reports to assess their role in developing a better binational economic relationship. Furthermore, this chapter will end with a section dedicated to explaining why using economic historical analysis is important evidence in explaining why the BTBD was developed and how Canada and the US are acting like complex interdependent neoliberal states.

⁸⁷ Statistics Canada. (2015). *Trading Economics*. Retrieved from www.tradingeconomics.com

3.3.1 Fixing Trade Facilitation with the BTBD

Canada and the USA currently share one of the most prosperous economic relationships in the world. However, the experience from the CUFTA and NAFTA has shown that both nations could increase their economic growth in such a manner that would assist in balancing each respective nation's global trade balance. The BTBD mandate states that the program will invest in modern infrastructure to create more points of entry for trade, harmonize regulations to reduce customs processing and create trusted trader programs to lower the cost of border fees.⁸⁸ Historically these three factors have caused inefficiencies in economic costs or simply influenced companies' willingness to sell, buy or transport goods.

According to the 2013 BTBD Implementation report, BTBD has improved infrastructure between both nations: by beginning a five year joint Border Infrastructure investment plan that will focus on creating additional points of entry (with a major focus Lacolle, Lansdowne, Emerson and North Portal entry points across Canada) and develop pilot programs for remote traveler processing at rural points of entry.⁸⁹ Likewise the 2013 BTBD report shows that both nations improved trade facilitation by: deploying pilot programs to facilitate an enhanced focus on pre inspecting trucks,⁹⁰ the development of Single Window Initiative (SWI) which allowed importers to electronically "submit all information to comply with customs and other government regulations" to reduce the costs of border accreditation & processing and increased the harmonized low value shipment to 2,500 pounds to expedite custom clearance.⁹¹ Essentially,

⁸⁸ Prime Minister's Office. (2011, February 4). A declaration by the Prime Minister of Canada and the President of the United States of America.

⁸⁹ Government of Canada. (2013). *Beyond the Border Implementation Report 2013*, 9.

⁹⁰ Ibid pg 8

⁹¹ Ibid pg 9

the BTBD provided Can-Am relations progression in the realm of trade facilitation as both states could now develop innovative solutions to tackle the inefficiencies of cross border trade. This was possible largely due to the presence of the Beyond the Border Working Group (BBWG) which allowed formal and informal policy makers a forum to discuss methods to improve commerce. Specifically by developing public consultations with non-state actors, to “inform the development of a joint action plan” for study by both executive offices.⁹² In the past, the SBD and CUFTA failed to provide a consistent working group which would give stakeholders a medium for binational policy development. In the following section, I will analyze the evolution of oversight between both nations as a result of the BTBD.

3.3.2 Fixing Political Oversight with the BTBD

The BTBD essentially can be conveyed as a patch for the problems that the CUFTA and NAFTA created in 1988, the Patriot Act and the SBD in 2001 in the realm of political oversight. To assist in the implementation of BTBD, both nations agreed to the creation of the U.S-Canada Regulatory Cooperation Council (RCC), the BBWG and the overall mandate for both of these initiatives under the direction of the Joint Action Plan (JAP).⁹³ The RCC was tasked reduce the amount of red tape between both nations by making regulations in a range of sectors more compatible and foster economic development for both nations.⁹⁴ Accordingly, many different governments departments on both sides have been working together since 2011 to discuss

⁹² Government of Canada. (2011). *Canada's Economic Action Plan*. Retrieved from Beyond the Border Action Plan.

⁹³ Government of Canada. (2011). Joint Action Plan for the Canada-United States Regulatory Cooperation Council

⁹⁴ Canadian Federal Government. (2011, February 4). *PM and U.S. President Obama Announce Shared Vision for Perimeter Security and Economic Competitiveness Between Canada and the United States*.

regulatory cooperation in order to meet these goals.⁹⁵ Since the inception of the RCC in 2011, numerous regulatory partnership statements, or public releases jointly developed by Canadian and American departments, have been released illustrating how the RCC has effectively created a work space for both nations to implement regulatory cohesion. One such example of this is the recent regulatory partnership statement between Environment Canada and the US' Environmental Protection Agency. From this release, their work plans highlight that their decisions are made "to focus on tangible benefits for regulators and stakeholders".⁹⁶

In the case of the BBWG, the priority of the working group has been to provide oversight to the implementation of measures that would increase cross border trade and the effectiveness of regulatory agencies and hold stakeholder relations meetings to conceptualize the role of the RCC.⁹⁷ Since the inception of the BBWG, the RCC has held numerous stakeholder meetings, the most recent being held in October of 2014, to seek input from "regulators on both sides of the border" on how the BTBD should be implemented to maximize the potential of the program.⁹⁸ Furthermore, numerous departments have held joint webinars in order to solicit feedback and engage non-governmental parties in the process.⁹⁹ Judging by the numerous amount of pilot projects presented in the 2012-2015 implementation reports, the BBWG and the RCC have successfully found numerous consensual regulatory strategies and have swiftly implemented many new policies in different fields. For instance, in the most recent 2015 implementation report, the influence of the BBWG and RCC facilitated Can-Am departments to further expand

⁹⁵ Government of Canada. (2015). *Release of RCC RPS & Work Plans*. Retrieved from Beyond the Border Action Plan.

⁹⁶ Canadian Federal Government. (2015, May 29). *Regulatory Partnership Statement between the United States Environmental Protection Agency and Environment Canada*.

⁹⁷ Government of Canada. (2011). *Joint Action Plan for the Canada-United States Regulatory Cooperation Council*

⁹⁸ Government of Canada. (2015). *Canada-United States Regulatory Cooperation Council News February 2015*. Retrieved from Canada's Economic Action Plan.

⁹⁹ Ibid

the trusted trader program, induct Air Canada as the first foreign carrier with American Transportation Security Administration (TSA) clearance and complete the expansion of new major land border crossings across the border.¹⁰⁰ In other words, with the development of better binational working groups, the BTBD should be considered a positive policy development in resolving the use of linkage strategies which previously existed in the Can-Am relationship. Largely due to a lack of a consistent working group in the SBD and CUFTA which made it harder for Can-Am departments to synthesize their policy objectives and timelines to implement agreed upon policy.

3.4 Historical Assessment and IR connectivity to the solutions presented in the BTBD

Over the course of this chapter, this study provided a historical timeline of Can-Am economic developments in an effort to provide evidence that both nations met the criteria of a complex interdependent neoliberal state described by Keohane and Nye. In this section, this study will assess the validity of my claim by cross examining Keohane and Nye's research with the information presented in previous sections.

Over the course of the pre-BTBD years, Can-Am relations displayed a mixed bag of neoliberalist-neorealist tendencies. For both nations, each economic advancement (CUFTA-NAFTA-SBD) offered new opportunities for economic integration but also left many gaps to act under the neorealist framework when desired. In most cases, these gaps were caused by historical roadblocks from policy makers in conforming to foreign standards. Some may argue that structural issues within the American political system also contributed to development of unfair

¹⁰⁰ Government of Canada. (2015). *Beyond the Border Implementation Report-March 2015*. Retrieved from Canada's Economic Action Plan.

trade practices. Namely, due to the divide between the executive and legislative bodies in terms of political practice and in term of political standing i.e. Republican held legislatures whilst having a Democratic president.¹⁰¹ However, this notion fails to recognize the importance of executive orders in deciding how legislation is enforced and the ability of a president to bypass Congress when necessary.¹⁰² Under Article II of the US Constitution, the US president is allowed issue executive orders under the political forethought to “take care that the laws be faithfully executed”.¹⁰³ However, despite the ability to enact an executive order when the American legislature attempted to pass pro-American trade legislation, it is inconceivable to think that an American president would issue an order to cancel out this order or else face the political repercussions.

With the development of CUFTA, both nations strived for a free trade agreement that would create an atmosphere of economic competitiveness according to each nation’s comparative advantages. This in turn made each nation more competitive globally and increased overall economic performance. However, within the confines of this neoliberal narrative, a neorealist one existed as well. During this period the US still maintained unfair advantage over Canadian businesses, due to rules like Chapter 11, which gave American firms a competitive edge over Canadian businesses. Furthermore, when these actions were assessed in the NAFTA regulatory panels, the US would ignore Canadian interests and continue acting as a dominant hegemon. In response to these unfair trade practices, the US’ neorealist tendencies caused Canada to start looking for other international trade partners--demonstrated by a drop in Canadian exports to the US between 1998-2010 shown on graph three. Comparatively, during

¹⁰¹ In terms of a president belonging to the Democratic Party

¹⁰² "Executive Orders Coming? Here's How They Work." CNBC. January 28, 2014.

¹⁰³ US Constitution. Article II, Section 1, Clause 1

the same period Canada also took advantage the free trade agreement by applying subsidies to Canadian industries, such as the softwood lumber dispute mentioned earlier.

In essence, the presence of a half neoliberal/neorealist trade agreement essentially created a need for a new initiative, to help fix the relationship as both nations were facing disadvantages from CUFTA/NAFTA and the Patriot Act. Under my logic, this occurred due both nations complex economic interdependence exemplified by their position as the world's largest trading partners. Therefore the inception of a new neoliberal development to maximize their complex interdependent relationship was only natural. In time both nations would naturally seek to fix this issue by moving away from neorealist binational relations, such as unfair competition practices, with an additional neoliberal policy discussed earlier entitled the SBD. In the case of SBD, this policy was sought by the Bush and Chretien administrations to help enhance economic integration beyond the confines of NAFTA by applying harmonized traveler and economic regulations.¹⁰⁴

According to Keohane and Nye, this form of binational behavior exhibits the first signs of consensual linkage strategies and agenda setting which exist with interdependent neoliberal states. In the case of consensual linkage strategies, in time the SBD illustrated that there are joint gains present with enhanced integration strategies such as harmonized commercial processing and preclearance for trusted travelers. Furthermore, both nations proactively demonstrated the neoliberal forethought of avoiding linking unrelated issues, which is common by states under neorealism, in order to extract uneven concessions from their partner.¹⁰⁵ In other words, when the SBD was developed, considerations were taken by both sides to make the SBD a bipartisan

¹⁰⁴ The Right Honourable Jean Chrétien was Prime Minister of Canada between 1993-2003

¹⁰⁵ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 27.

initiative. This notion is a clear indicator of a neoliberal relationship described by Keohane and Nye. Moving on to agenda setting, I posit that both states displayed glaring signs of neoliberal interdependence due to a lack of hierarchy in the SBD on a specific policy issues. Detractors to this notion may point out that the argument for developing the SBD was due to the political pressures resulting in the terrorist attacks on 9/11. Therefore the SBD would be instead a neorealist oriented policy since the US, a military and economically strong state, coerced Canada to the policies found in the SBD to secure their borders.¹⁰⁶ On the contrary, the SBD exemplified neoliberal binational development due to the eclectic nature of the policy and the interest by both parties to meet the challenges of a post-9/11 world evenly. Although some may suggest that both nations were heading in this direction anyway, the lack of working groups to develop a framework for a new comprehensive binational policy, in the form of the SBD, suggests otherwise.

As previously discussed, the SBD was a 30 point plan which provided policies on a variety of binational issues such as economic and migratory regulations. Although most of the policy was designed to prevent terrorism by hardening the border, the SBD also attempts to keep in mind the importance of maximizing economic efficiency between both nations. Keohane and Nye noted this distinction with their observation that “discontented domestic groups will politicize issues and force issues to be considered domestic onto interstate agenda....but we can expect the agendas of international and domestic problems created by economic growth” to still demonstrate interdependence and not domination.¹⁰⁷ In other words, despite the importance of securitizing trade, both nations were instead attempting ensure that their binational relationship

¹⁰⁶ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 26.

¹⁰⁷ Ibid pg 26

would continue to function properly in spite of the US' security concerns. Although the SBD took a large step in creating the ideal binational neoliberal relationship, in retrospect most of the work was more a foundation to the pinnacle of Can-Am neoliberal liberal policies; the Beyond the Border Declaration.

The BTBD exemplifies the pinnacle of a complex neoliberal interdependent economic relationship by virtue of abiding by the qualifications outlined by Keohane and Nye. To be exact, under the BTBD Can-AM relations maintain a clear mandate of multiple channels, highlighted by the presence of transnational neoliberal institutions such as the RCC and the BBWG, and the clear absence of hierarchy among binational issues. In regards to the BBWG and the RCC, these institutions distinguish the BTBD as a strong neoliberal policy by providing a forum for transnational public consultations for non-governmental and governmental elites. This breakthrough facet of the BTBD exemplifies binational government interest in consulting non state actors and allowing said actors to influence policy change. Furthermore, the inception of the BBWG and the RCC highlights the ambition of both states to develop institutions which promote mutual awareness of potential gains and losses in order to avoid the pitfall of asymmetric economic interdependence which occurred with CUFTA and the SBD.¹⁰⁸ In regards to the clear absence of hierarchy among binational issues, the overview of each stakeholder meeting conveys the interest of both governments in finding solutions on many fronts. The most recent meeting, in February 2015, produced amendments to four binational policies and discussed policy developments on 17 different topics-ranging from rail safety to agriculture.¹⁰⁹ In conclusion, I

¹⁰⁸ Keohane, R. O., & Nye, J. (2001). *Power and Interdependence*. New York: Longman, 27.

¹⁰⁹ Government of Canada. (2015). *Canada-United States Regulatory Cooperation Council News February 2015*. Retrieved from Canada's Economic Action Plan.

propose that Can-Am relations can be considered a complex interdependent neoliberal relationship with strong foundations in place to ensure that binational integration is not only fair but receives equal commitment by both nations. In the following chapter, this study will attempt to prove that Can-Am relations also shares a neoliberal binational relationship due to the steps both states have taken towards security integration.

4.0 From the Perspective of Security

Since the 18th Century, Can-Am security relations has had a long storied relationship in which the nations have consistently had binational conversations on security. Despite during the early years in which both nations were at war, by virtue of the US' war with the United Kingdom in the 1770's and the War of 1812, both states have had very peaceful security relations since this period.¹¹⁰ Furthermore, as the budding state of Canada began to move away from the foreign policy of the UK and develop its own, Can-Am security relations began to take a different turn towards continental defence. Beginning in the 1930's, Canada and the US started to formally assemble on matters of binational security when Vincent Massey became the first Canadian ambassador to the US in 1927.¹¹¹ This first foray into binational relations would set Can-Am relations on a path to interdependence as both nations realized the importance of continental defense.

As noted in Chapter two, the Second World War was one of the first instances in which Canada and the US developed a coordinated military strategy for North America and the interoperability between both nations' security efforts. In doing so, Can-Am relations exhibited

¹¹⁰ CBC News Online. (2003). *The Canada-U.S. saga: A timeline*. Retrieved from CBC.

¹¹¹ Ibid

neoliberal tendencies as both nations sought to combat the Axis powers during the Second World War. After the end Second World War, Canada and the United States continued their binational security commitment to each other with several initiatives such as NATO and the creation of NORAD in 1949 and 1958 respectively.¹¹² Largely, the impetus for such arrangements came because of both nations fears of attack by the Soviet Union due the proximity of all three nations. However, upon the fall of the Soviet Union in 1991, new security measures were needed in order to adapt to new security challenges. Instead of considering conventional threats such as states or state agents, both nations began to conceptualize the threat of non-state actors, such a terrorists or criminals, as the main security threat. To meet this new challenge, in 1999 Canada and the US formed the Canada-United States Partnership (CUSP) to serve as a binational forum for officials working in customs, law enforcement and immigration to collaborate on policy initiatives.¹¹³ Likewise during the 1990s, both nations also experimented with a new pilot project entitled Integrated Border Enforcement Teams (IBETS) in which the Royal Canadian Military Police (RCMP) and their American counterparts were integrated into teams that could protect the border jointly and with the capability of enforcing the mandate of each country.¹¹⁴

These initiatives showed great promise at the time and in the case of this study, excellent strides in reaching a neoliberal security relationship described by Keohane and Nye. However with the events which occurred in Washington D.C and New York City on September 11th, 2001, the binational relationship dramatically changed Can-Am security relations as the US reverted to neorealist tendencies to defend its own borders with the *War Against Terror* as security began to

¹¹² CBC News Online. (2003). *The Canada-U.S. saga: A timeline*. Retrieved from CBC.

¹¹³ Haggart, B. (2001). *Canada and the United States: Trade, Investment, Integration and the Future*. Government of Canada Economics Division.

¹¹⁴ Ibid

trump trade.¹¹⁵ Namely due to the mindset of American policy makers after 9/11 in hardening the US' borders at all cost with considering the effects. With these observations in mind, this study argues that both nations naturally re-oriented towards neoliberalism due to their existence as interdependent states after neorealism proved ineffective for continental defense. To prove this judgement, this study will provide a continued history of Can-Am security relations, highlighting the problems which existed post 9/11, and explain how these issues resulted in a return to neoliberal security policies presented in the BTBD.

4.1 Post 9/11 Can-Am Security Problems

Due to the events of 9/11, officials from both sides scrambled to implement a better security arrangement that would facilitate better cooperation between both parties. Namely since most of the immediate policy making after 9/11 alienated Canada in many ways that showed neorealist tendencies in contrast to the neoliberal security relationship which previously existed. One such example of this was the USA PATRIOT Act or Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001. In the Patriot Act, the US sought to enhance domestic security against terrorism by enhancing border security via a variety of policy measures. These measures included enhanced immigration provisions to the Immigration and Nationality Act (INA) making it difficult for members of “foreign organizations” to enter the US.¹¹⁶ Moreover the Patriot Act included measures to increase the ability of the U.S. Customs Service (USCS) to monitor and inspect persons and goods attempting to enter the US by allowing US border agents to investigate entrants more

¹¹⁵ Shultz, J. (2009). *The role of Integrated Border Enforcement Teams in Maintaining a Safe and Open Canada-United States Border*. University of Windsor.

¹¹⁶ ACLU. (2005). *All about the USA Patriot Act*. Richmond.

thoroughly. In both cases, these issues were brought about by the Patriot Act's redefinition of terrorism/terrorist activities which included knowingly aiding terrorism with material support or preparing to solicit terrorism.¹¹⁷ In both cases, the USCS heightened their interest in monitoring the flow of traffic into the US by essentially securitizing the Can-Am border with overt preventive measures to ensure that each non-resident was cleared to enter the US. The importance of this political evolution is that the US suddenly became a securitized island. An island which attempted to operate without consulting their geographically interdependent neighbor of Canada.

By not consulting with Canadian policy makers, the Patriot Act made it very difficult for businesses and security policy makers to meet the new standards. Though, in committing this foul, policy makers in the US quickly realized the repercussions of this failure. Notably, the Patriot Act created longer inspection times, which inherently increased the cost of cross border business and a disjointed approach to binational security. In most cases Canada and the US had different protocols for national entry and security frameworks making interoperability at the border impossible. Therefore an economic cost readily existed but also a security cost whereas the dysfunction between both countries created opportunities for criminal/terrorist border penetration. This was already cited as a huge problem in a 2001 report by Canadian immigration officials which stated that thousands of fraudulent passports were used between 1998-2000.¹¹⁸ Can-Am relations also suffered in the realm of intelligence sharing due to the US's request for information on Canadian citizens. Due to a set of migratory laws to enter Canada, the US was worried that an extremist traveler would use their Canadian citizenship to enter the US to commit

¹¹⁷ ACLU. (2005). *All about the USA Patriot Act*. Richmond.

¹¹⁸ Adelman, H. (2002). Canadian Borders and Immigration Post 9/11. *International Migration Review*, 26.

harm. The prime example of this being the millennium bomber, or Ahmed Ressam whom attempted to smuggle explosives into the US from a BC border crossing.¹¹⁹ This notion of forced information sharing, due to a US linkage strategy to use soft power, relates to the budding neorealist narrative which was forming as a result of the Patriot Act.

In order to ameliorate this, Keohane and Nye would contest that traditional neoliberal states would refer to integration practices, specifically in this case security and information sharing, in order to create a symmetric binational security relationship. As both states were acting as neoliberal states maintained a neoliberal relationship before 9/11, this shaped the ability of both states to refer to neoliberal practices to solve the issue. Due to the dysfunction present with the Patriot Act, the act needed a complementary policy to ensure that binational security relations between Canada and the US were rectified. This policy, alluded to earlier in this study as the SBD, was an attempt to integrate both nations' security framework due their clear interdependence on continental security. The SBD would mark a sudden shift from neorealism, to neoliberalism as US policy makers began to understand the importance of Canadian security efforts.

4.2 Reverting back to Neoliberalism

On December 12th, 2001, then Minister of Foreign Affairs John Manley and director of the new US Office of Homeland Security Tom Ridge met to approve the 30-point "Smart Border Action Plan" to fix the errors stemming from the Patriot Act.¹²⁰ This new plan would in effect

¹¹⁹ Freeze, C. (2004, January 8). Canadian aided Ressam bomb plot. *The Globe and Mail*.

¹²⁰ Handelman, S. (2003). Whose Border Is It, Anyway? Rethinking North America's Defences, from Smart Borders to Smart Missiles. *International Journal*, 456.

“create a system of cooperative vigilance” in order to ensure that the benefits of free trade would continue to occur as new security policies were set in place.¹²¹ This policy, which would include measures such as joint policing and enhanced customs inspections, aimed to create a “zone of confidence” for border crossers to continue their economic or travelling ambitions but also to create a “new security shield” around both nation’s borders.¹²² In short, both governments wished to evolve from the pre 9/11 era and ensure that “national security and economic security are not competing objectives”.¹²³ Specifically the SBD introduced visa policy coordination, sharing Advance Passenger Information and Passenger Name Records (API/PNR) in regards to high risks travelers, the formation of point passenger analysis units, compatible databases for immigration records, an increase in the use of IBETS in fourteen geographic areas with an institutionalized training program, the development of a US-Canada Cross Border Crime Forum (CBCF), integrated intelligence groups such as Integrated National Security Enforcement Teams (INSET) and the institutionalization of the Anti-Terrorism Act in the House of Commons.¹²⁴

Essentially with these measures, Can-Am relations returned to their neoliberal roots. For instance in the CBCF, informal and formal government elites would have the opportunity to discuss continental security and the methods in which both nations could agree upon defending Can-Am borders. This highlights the first facet of a binational relationship in which multiple channels existed to help facilitate integration. Namely when the CBCF and resulting policies like IBETS or INSET began to blur the lines between “domestic and foreign policy” between both

¹²¹ Handelman, S. (2003). Whose Border Is It, Anyway? Rethinking North America's Defences, from Smart Borders to Smart Missiles. *International Journal*, 456.

¹²² Ibid pg 457

¹²³ Phillips, J. D. (2005). Improving Border Management. *International Journal*, 409.

¹²⁴ U.S. Department of State. (2002, December). *U.S. - Canada Smart Border/30 Point Action Plan*. Retrieved from U.S. Department of State Archive.

nations. Although the measures introduced from the SBD provided relevant and much needed policy to increase or maintain the flow of trade post 9/11, problems were apparent with these initiatives. Namely due a lack of IBET teams for both nations shared waterways, most of these projects were in the earliest stages of their development with minimal funding, and the need for officers to enhance their awareness and understanding of one another's laws and regulations.¹²⁵ In other words, the SBD had the framework for better binational security integration but lacked a consistent institutional demand for these projects to be completed sooner. In the following section, this study will continue to examine the SBD by analyzing a report critical to the developments of the program.

4.2.1 Problems with the Smart Border Declaration

According to a 2005 report by James Phillips from the Canadian/American Border Trade Alliance, both nations were not managing low risk enrolment processes and pre arrival information aspects of border integration that would help maintain the level of economic activity before 9/11.¹²⁶ In the case of low risk enrolment processes, Phillips identified that historically the United States and Canada did not have high enough enrollment rates with the NEXUS (vets interested travelers for pre clearance at border crossings), FAST (vets trusted cross border traders for preclearance), ACI (provides CBSA with information to threats related to commercial goods before they arrive to Canada)¹²⁷ and US VISIT (a program to prevent overstays with biometrics) programs.¹²⁸ Phillips observed that these failures hindered the border integration of this era by

¹²⁵ U.S. Department of State. (2002, December). *U.S. - Canada Smart Border/30 Point Action Plan*. Retrieved from U.S. Department of State Archive.

¹²⁶ Phillips, J. D. (2005). Improving Border Management. *International Journal*, 410.

¹²⁷ Canada Border Services Agency. (2011, July 5). *Advance Commercial Information (ACI)*. Retrieved from CBSA Web Site.

¹²⁸ Phillips, J. D. (2005). Improving Border Management. *International Journal*, 410.

causing congestion at the border with increased wait times or bureaucracy that would dissuade trade between both nations and ill prepare border agents from having the proper information to facilitate border security.¹²⁹ To help fix this, Phillips suggested that both governments conduct outreach in the form of marketing to entice citizens and businesses of both nations to sign up for these programs—in the following subsection I will discuss that these initiatives are already underway with the BTBD. Phillip’s assessment was also quite prescient in his understanding that cross accreditation is the logical next step for border officers, namely with the IBETS program to evolve to a separate group with integrated maritime policy unit.¹³⁰ Phillips highlights that without integrated teams, maritime personnel are not able to provide the same level security of security as their counterparts at points of entry on land.¹³¹ Similarly, dysfunction was already present with the American Customs-Trade Partnership against Terrorism and the Canadian Partners in Protection program. In effect, these programs were developed as a supply chain security program to help defend company supply chains, since many traverse across borders, with a free assessment to help serve as a method to gain the trusted trader designation. As a trusted trader, companies on both sides would be able to meet the standards of cross border security to enhance the integrity of a businesses’ production, transportation, importation and exportation processes”.¹³²

Although these initiatives were well intended, the policies required to become a trusted trader were mutually exclusive from the other nation. Therefore, a firm had to become a trusted trader in both nations while meeting ranging requirements. Essentially, the smart border

¹²⁹ Phillips, J. D. (2005). Improving Border Management. *International Journal*, 414.

¹³⁰ Ibid pg 414

¹³¹ Phillips, J. D. (2005). Improving Border Management. *International Journal*, 414.

¹³² Canada Border Services Agency. (2011, July 5). *Advance Commercial Information (ACI)*. Retrieved from CBSA Web Site.

declaration managed the Can-Am relationship by neither eliminating nor strengthening of the border as a division between the countries, but rather by “redefining the concept of the border and thus the concept of sovereignty as a functional principle to be exercised”.¹³³ The key to the smart border process was a shift from a focus on individual transactions and inspecting a greater proportion of vehicles, peoples, and containers which crossed the border to a risk management approach by effectively managing continental security without eroding the border or the sovereignty of either country.¹³⁴ As a result of these factors, this study posits that the Beyond the Border Declaration became necessary in order to improve the security and border management failures generated from the SBD.

4.3 A Commitment to Neoliberalism with the Beyond the Border Declaration

In the mid 2000’s Can-Am security relations were on the path towards neo-liberalization of their binational security relationship after the effects of the SBD. However, due to a lack of political drive, the efforts from the SBD stalled as most of the progress came in the form of prototype groups and information rather than comprehensive security reform. As previously discussed, the BTBD was largely generated out of an economic need for both nations to innovate their binational relationship. Largely due to the interconnectedness of economics with security, in regards to the drive for a securitized trading environment, the foundation was there to revitalize their developing neoliberal relationship. The inception of the BTBD can also be attributed the non-governmental transnational actors identified by Keohane and Nye. During the deliberations for the BTBD, business leaders from multinational companies such as Campbell

¹³³ Kitchen, V. (2004, February 22). Smarter Cooperation in Canada-US Relations? *International Journal*, pp. 702.

¹³⁴ Ibid pg 702

Soup Co, Federal Express and Pepperidge Farm (roughly 30 more letters of interest in total were sent by May of 2011) to both governments to detail the specific regulations which needed to be synthesized in order for both companies to do business.¹³⁵ Business which in all three cases could not be conducted due to security concerns by the US for incompatible security regulations for cross border shipping. The Pre-BTBD period of Can-Am relations also suffered due to a lack of a coherent strategy to move beyond the pilot phases of the project which would eventually be known as Shiprider and IBETS. Out of both of these necessities, both administrations began the implementation of the BTBD in 2012 to help solve the issues of cross border policing and synthesizing regulatory security practices.

4.3.2 Fixing Cross Border Trade and Travel with the BTBD

Earlier in this paper, this study identified the lack of an integrated screening network, information sharing capabilities between both agencies and a general lack of interoperability between both nations which caused significant security inefficiencies. As a result of these issues, cooperation in the field of cross border trade and travel became the logical next step between both nations in order to enhance their binational security relationship. This study suggests that as a result of the failures stemming from the SBD, the BTBD was needed to correct the continental security framework and the security portion of economics. To examine BTBD, this study will analyze the 2012 and 2013 BTBD Implementation reports in order to convey how this neoliberal policy shaped the security relationship between both nations.

¹³⁵ Savage, L. (2011, May 2). The U.S. and Canada- singing in harmony?:U.S. and Canadian business groups are urging their governments to coordinate rules and ease restrictions. *Macleans*.

Beginning with the 2012 BTBD Implementation report; both nations created a “joint inventory of existing intelligence in order to create a state of “analytic collaboration¹³⁶, assessed the cross border security gaps in order to harden the Can-Am border, both nations formally agreed to recognize their air cargo security programs to reduce re-screening efforts, co-authored an integrated cargo security strategy to assess risks “associated with inbound international shipments”¹³⁷, developed a real time security notification system to assess arriving individuals on security watch lists¹³⁸ and increased efforts were taken to enhance NEXUS enrollment on both sides of the border.¹³⁹ On the trade facilitation front, the 2012 implementation report included the development of the harmonization of the Customs-Trade Partnership against Terrorism (C-TPAT) and Partners in Protection (PIP) programs¹⁴⁰ to establish a clear supply chain security criteria for members “to meet and in return provides incentives and benefits like expedited processing”¹⁴¹, review the practices of “Canada’s Customs Self-Assessment (CSA) and the U.S. Importer Self-Assessment (ISA) programs to form an alignment in the future” and to initiate negotiations for a new preclearance agreement for land, rail and marine imports.¹⁴²

Overall the policies convey that both nations are creating meaningful dialogues with working groups to assess how both nations can correct the faults which exist in their binational security relationship. Generally most of the policies included trust traveler programs which essentially allows regulatory bodies from both sides of the border to provide bi-nationally

¹³⁶ Government of Canada. (2012). *Canada-United States Beyond the Border Action Plan Implementation Report 2012*, 7.

¹³⁷ Ibid pg 7

¹³⁸ Ibid pg 8

¹³⁹ Ibid pg 9

¹⁴⁰ Ibid pg 9

¹⁴¹ U.S. Customs and Border Protection. (2015). *C-TPAT: Customs-Trade Partnership Against Terrorism*.

¹⁴² Government of Canada. (2012). *Canada-United States Beyond the Border Action Plan Implementation Report 2012*, 7.

accredited examinations to goods going across the border. What makes this practice important, and exceptionally unique to the BTBD, is that the US finally agreed to trust Canadian border control officers in assessing goods heading to the US. This marks a significant change in perception by American politicians, in which a decade before it would have been unheard of for Canadian border control officers to be trusted with goods heading to the US. Clearly this change in perception exemplifies the argument which I have made throughout this chapter. In which due to the interdependent relationship between both nations, the US had to acquiesce with their neorealistic tendencies and find common ground with their Canadian counterparts to have a symmetric security framework that would benefit both nations. In other words, the enactment of the BTBD exemplified an expansion to neoliberal security interdependence as for half a century, the Can-Am security relationship rested mostly with the actions of NORAD and NATO. Despite the clear landmark nature of both organizations, I would argue that these bodies were just important stepping stones towards true neoliberal interdependence marked by the BTBD. By 2013, both nations would continue the path of interdependence with an increased focus on the NEXUS program and other pre-clearance measures.

In the 2013 *Beyond the Border Implementation* report, the BTBD continued efforts in the fields of: collaborating on assessing passenger information such as visa and immigration information¹⁴³, increased membership rates of the NEXUS program by 50% (or 450,000 members) to reduce border congestion and implemented pilot programs to pre clear truck cargo travelling across the border.¹⁴⁴ These policies which exhibited clear efforts by both nations to integrate and allow their citizenry easier but secure access to both nations. The biggest example

¹⁴³ Government of Canada. (2013). *Beyond the Border Implementation Report 2013*, 7.

¹⁴⁴ *Ibid* pg 8

of this is the promotion by both governments for the NEXUS program. This program, which “expedites the border clearance process for low-risk, pre-approved travelers into Canada and the US”, essentially integrates Can-Am citizenry as equal travelers under Can-Am laws. This modern concept, which predates the BTBD but has shown the greatest surge in applicants and card holders under the BTBD, illustrates how both governments are integrating their security network for travelers and the US’ heightened trust in the CBSA. In essence the 2013 implementation report proves the ambitions of the BTBD and my case that a complex interdependent neoliberal security relationship exists between both nations whereas each state views the other as equal.

4.3.1 Maritime Security with Shiprider

In previous decades of the Can-Am relationship, when a criminal passed over the border of either Canada or the US, the fugitive could escape due to jurisdiction issues. In the 1990’s a working group was formed between both nations to consider the plausibility of an integrated IBETS team which would be capable of patrolling Can-Am waterways.¹⁴⁵ Yet for years the advice of this working group was ignored due to a lack of political charge to get the program fully implemented. After the events of 9/11, the idea was reconsidered with the SBD in which limited series of trial phases were mandated. Between 2005-2010, the Shiprider program began its "proof of concept" tests while supplying security operations for Super Bowl XL in 2006 for the city of Detroit, 2010 Olympic Winter Games in Vancouver, and the 2010 G8/G20 Summits in Toronto.¹⁴⁶ These tests, which were under the original mandate of the SBD, would prove valuable in helping policy makers to understand the value of integrated marine based police

¹⁴⁵ Royal Canadian Mounted Police. (2013, June 17). *Canada-U.S. Shiprider*. Retrieved from RCMP Web Page.

¹⁴⁶ Ibid

teams. Yet with a change in administrations in the US, the concept was placed on the backburner from receiving full implementation and remained on the shelf until necessity spurred both nations to revisit their binational policies.¹⁴⁷ Eventually, when the BTBD was being considered by formal and informal policy makers on both sides, the issue of having an integrated water based police team regained traction and became focal point of the BTBD.

When the BTBD was declared in February of 2011, both administrations touted that the BTBD would focus on addressing threats early. From this principle, the Shiprider program was legislated to help deter terrorism and criminals on Can-Am waterways. Since the inception of the BTBD in 2011, both governments were able to move the chains of the Shiprider initiative due to both nations' renewed commitment to achieving better border security beyond goals outlined in the SBD. This sentiment can be highlighted by the 2012 and 2013 implementation report highlights the full integration of the RCMP and the USCG under Shiprider. In the 2012 implementation report, two integrated law enforcement teams were officially mandated for permanent cross border security on the BC/Washington and Ontario/Michigan borders and an integration of the interoperability between both nations' radio networks to enhance communications.¹⁴⁸ While the 2013 implementation report demonstrated that the goals set out from the 2012 report were achieved as the Shiprider teams were able to conduct "timely responses to border incidents while improving public safety and expand their operations to the Grand Manan Channel near the State of Maine and the Province of New Brunswick".¹⁴⁹ Overall

¹⁴⁷ From the President Bush Administration to the President Obama administration in 2009

¹⁴⁸ Government of Canada. (2012). *Canada-United States Beyond the Border Action Plan Implementation Report 2012*.

¹⁴⁹ Government of Canada. (2013). *Beyond the Border Implementation Report 2013*.

this renewed level of maritime security can only be accredited to the BTBD. Although these teams were conceptualized in the late 1990s and planned for in the early 2000s, it wasn't until both nations clearly mandated in their four point plan within the BTBD that this initiative needed to be fully implemented to meet proper cross border security standards. Many of the issues caused by the post 9/11 environment have been or are being tackled by pilot programs or negotiated through stakeholder negotiations between the U.S Department of Homeland Security and Citizenship and Immigration Canada—among other departments on both sides.¹⁵⁰

On June 17th, Integrated Cross-border Maritime Law Enforcement Operations (ICMLEO) into effect which allowed both nations border agencies to implement the Shiprider program in waterways along the Canadian-US border such as the Strait of Georgia (BC and Washington State), Cornwall-Messina (Ontario and New York State), and Detroit-Windsor waters.¹⁵¹ Under the umbrella of the ICMLEO, the Canadian border protection agency is represented by the RCMP Border Integrity Program and their American counterpart in the United States Coast Guard.¹⁵² The framework of the ICMLEO consists of having both a Canadian officer from the RCMP Border Integrity Program and an American officer from the United States Coast Guard (USCG) present on a border control agency vessel.¹⁵³ The logic behind the pseudo amalgamation of the two forces was based upon cross border crime and continental security. Now due to the presence of an officer from each border control agency, when a criminal passes on from Canada to the United States, the USCG officer would assume command of the vessel and the Canadian counterpart would serve as an auxiliary function.¹⁵⁴

¹⁵⁰ Government of Canada. (2013). *Beyond the Border Implementation Report 2013*.

¹⁵¹ Ibid

¹⁵² Ibid

¹⁵³ Royal Canadian Mounted Police. (2013, June 17). *Canada-U.S. Shiprider*. Retrieved from RCMP Web Page.

¹⁵⁴ Ibid

Consequently, jurisdiction is no longer an issue because international maritime borders no longer interfere with criminal interdiction. To ensure that both nation's sovereignty is protected, officers from both the RCMP Border Integrity Program and the USCG are cross trained in the law enforcement practices and privacy laws of the counterpart nation, allowing seamless integration when an interdiction demands the foreign officer to assist the host coast guard officer.¹⁵⁵ In essence, these efforts highlight the third component of complex interdependence of both states developed by Keohane and Nye. In which the previous asymmetric North American security relationship, originating from the inception of the Patriot Act after 9/11, has evolved to a symmetric mandate which cooperates on a common ground for border control.

4.4 Assessment on Historical connectivity to the solutions presented in the BTBD

Over the course of this chapter, this study provided a historical timeline of Can-Am security developments in an effort to provide evidence that both nations met the criteria of a complex interdependent neoliberal state described by Keohane and Nye. In this section, this study will assess the validity of my claim by cross examining Keohane and Nye's research with the information presented in previous sections.

Since the dawn of Can-Am security relations, both nations have maintained a fairly symmetric binational relationship regarding cross border security which displayed significant neoliberal tendencies, highlighted by the development of NORAD as one of the world's foremost interdependent security apparatus. Before the events of 9/11, I would ascribe this period to show a neoliberal interdependent relationship, as describe by Keohane and Nye, due an apparent disinterest by both sides to use their militaries' as a coercive power in binational relations.

¹⁵⁵ Royal Canadian Mounted Police. (2013, June 17). *Canada-U.S. Shiprider*. Retrieved from RCMP Web Page.

However with the events of 9/11, the binational relationship dramatically set back Can-Am security relations, as the US reverted to neorealist tendencies. Namely due to the mindset of American policy makers after 9/11 in hardening the US' borders at all cost without considering the effects.

With these observations in mind, this study argues that both nations naturally re-oriented towards neoliberalism due to their existence as interdependent states after neorealism proved ineffective for continental defense. The first attempt to fix this issue was the Smart Border Declaration. Within the SBD, there were numerous facets that used to integrate Can-Am security relations in creating multiple channels of action between Can-Am informal and formal actors via interstate, trans-governmental and transnational relations. However, these policies proved to be only useful in developing a framework for Can-Am integration due to lack of political impetus and the lack of a concrete binational forum for promoting integration. In other words, what the SBD accomplished was that it reoriented Can-Am relations away from neorealism, which the US initially wanted with the Patriot Act, and instead towards integrated continental security. From this framework, the BTBD was able to be enacted by both nations as they were well on their route towards integration. With the BTBD, I would argue that both nations reached the pinnacle of a complex neoliberal interdependence described by Keohane and Nye. In which both nations finally implemented measures such as the BBWG to help meet the needs of informal and formal actors by developing a transparent continental security framework using consensual linkage strategies. The primary example of this would be the development of the Shiprider initiative in relation to the Post-9/11 security atmosphere and the role in which the BTBD played in influencing binational security relations. Therefore, from these proceedings, I would argue that the BTBD was the logical conclusion to the shortcomings of SBD and the repercussions from the

US' Patriot Act and in numerous ways represents a complex interdependent relationship as described by Keohane and Nye.

5.0 Conclusion

The result of this study confirms that the economic and security relationship of Canada and the US has evolved into a neoliberal interdependent relationship as a result of the inception of the Beyond the Border Declaration in 2011. In terms of the economic Can-Am relationship, history has shown that both nations slowly moved towards neoliberalism as each binational policy drew both states closer to neoliberal economic cohesion. Although there were setbacks over the years, notably the global economic fallout post-9/11 and the general rise in linkage strategies with Can-Am trade, I would argue that a neoliberal interdependent relationship now exists between both states due to the existence of the Regulatory Cooperation Commission and the Beyond the Border Working Group. Likewise with the Can-Am Security relationship, albeit the setbacks of 9/11 as a result of the Patriot Act and its hastily approved version of securitized trade, neoliberal border integration policies now exist between both states due to the influence of the BTBD in developing a cohesive security partnership. Emphasized by the development of an official program to patrol our shared waterways with binational law enforcement vessels and the expansion of NEXUS and other trusted traveler programs in regards to shipping via land, air and sea. With these observations as evidence, I am confident in concluding that the Can-Am relationship is a complex neoliberal interdependent relationship using the framework developed by Keohane and Nye. Yet although I have determined that the Can-Am relationship is a complex interdependent relationship, I will acknowledge that there is still work to be done for both states to reach the pinnacle of neoliberal interdependence. Considering a lack of formal institutionalization of the Regulatory Cooperation Commission, namely as a formal binational

organization similar to the Directorate General for Trade of the European Commission, I would urge both nations to consider developing this framework in order to avoid slipping back into the convenience of neorealist habits. In terms of the Can-Am security relationship, I would also urge both states to continue expanding the role of the Shiprider/IBETS program into a fully-fledged force capable of policing the entire border and to continue developing policy that will synthesize both nations' regulatory laws. Although there is still work to be done on the security and economic fronts, I have a growing confidence that the Beyond the Border Declaration is up to the task to preserve and expand the neoliberal framework that it has formalized between both states.

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