

New Challenges and Opportunities for Canada-U.S. relations: Preparing for 2009

Christopher Sands
Center for Strategic and International Studies
Washington, D.C.

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Thank you, Mr. Chairman, for that kind introduction. As a 1999-2000 Canada-U.S. Fulbright alumnus, it is a pleasure and an honor to be here to welcome the 2006 Killam fellows. I spent my Fulbright year as a visiting fellow at the Norman Paterson School of International Affairs at Carleton University here in Ottawa, and my co-panelist this morning, Maureen Molot, was my host as she was then the NPSIA director. Our other co-panelist was already a good friend of mine, at that time returning to a senior position at the University of Alberta after three years in senior positions here at the Department of Foreign Affairs and International Trade.

The lessons I draw from this for the incoming Killam Fellows are two-fold: first, Fulbright helps to foster great personal and professional ties, and second, Michael Hawes has just become your friend for life.

Fulbright offered me an important opportunity to study the challenges of the bilateral relationship. Today, the challenges facing Canada in managing its relations with the United States remain, but an opportunity is coming for Canada to improve the basis for the management of this important relationship. It may be the best chance Canada has had in this regard since 1947.

Postwar Becomes Interbellum

World War Two was a turning point in U.S. foreign policy. President Franklin Delano Roosevelt led the country away from its long tradition of isolationism toward a new period of US internationalism. Historian John Lewis Gaddis (2004) describes this as only the second time that the United States developed a new “grand strategy” to guide its approach to other nations. The end of isolation as a strategy, and the beginning of a sustained US international role, now seems to lead naturally and smoothly toward the US grand strategy of containing the expansionist designs of the Soviet Union with a system of alliances and international institutions that added to the great military strength of the United States to contribute to the security of US territory and of US global interests.

Yet the birth and maturation of the US grand strategy that would shape American foreign policy during the Cold War was not natural or smooth at all. In fact, it was replete with false starts and second drafts.

The Roosevelt administration had been concerned, but largely ineffective in its response to the growing threat posed by fascism in Europe and by Japanese imperialism in Asia. The December 7, 1941 attack on Pearl Harbor shocked the administration and the country into a war that had been waged by US allies, including Great Britain and Canada, since 1939. International peace and security, followed by the restoration of global economic prosperity to heal the damage inflicted by war and the Great Depression, were the top US priorities for the postwar period. The first draft of the new world system advocated by the United States included an understanding at Yalta concerning postwar interventions by the victorious allies in states still recovering from the war; the establishment in 1944 of the Bretton Woods system for economic coordination and stabilization through the International Monetary Fund and the World Bank; and the establishment in 1945 of the United Nations to provide for collective security guaranteed by the great powers on the UN Security Council.

President Roosevelt's death in 1945 transferred responsibility for this first draft strategic framework to President Harry Truman. Truman soon found that the first draft needed serious revision. Soon after the Yalta Conference between Roosevelt, Winston Churchill, and Joseph Stalin, it became clear that the Soviet leader was determined to support and even instigate communist takeovers in countries along an expanding perimeter of satellite states, threatening Western European governments. While the IMF and World Bank set up operations, the third institution intended to become part of the international economic order, the proposed International Trade Organization, failed to win the ratification of the minimum number of countries including the United States Senate, an early sign of the contentiousness that would surround trade policy issues in the postwar period. On the security front, the Truman administration encountered the shortcomings of the UN Security Council as a collective security body during the Korean crisis.

In the wake of these events and the new, more aggressive foreign policy of erstwhile US ally the Soviet union, President Truman was forced to re-evaluate US strategy, US allies and alliances, and the nascent multilateral institutions set up for the postwar era. Truman chose to confront Soviet interference in the domestic politics of US allies by implementing the Truman Doctrine in Greece and Turkey in 1947; providing a new mechanism for negotiating tariff reduction without a formal institution such as the ITO under the General Agreement on Tariffs and Trade (GATT) in 1948; and negotiating for reliable collective security with trusted partners who formed the North Atlantic Treaty Organization (NATO) in 1949. Truman ordered a review of U.S. defense policy by the National Security Council, which produced a report known as NSC-68 in 1950 that led to a reorganization of key agencies of the American government in order to prepare the country to fight the Cold War.

What happened to alter U.S. strategy so dramatically between 1944 and 1950? There are many answers to this question, but I would like to underscore three in particular.

- First, it took time for U.S. policymakers to adjust their thinking from one conflict, World War Two, to another, the Cold War. There was a tendency for the former to cast a long shadow on the latter, which is what military historians refer to as

“fighting the last war.” The onset of the Cold War required greater imagination on the part of policymakers, and also a period of trial and error that occurred while the public, tired of war, expressed a desire for a return to normalcy that, while unrealistic was nevertheless politically significant and a constraint on the Truman administration.

- ❑ Second, so long as the United States was tentatively experimenting with its strategies and tactics through old domestic and new international institutions, it sent unclear signals to potential allies and enemies about what Washington wanted, and what it was proposing. The enormous tasks of European reconstruction and the occupation and pacification of Germany and Japan made it difficult to see over the horizon to the looming and costly challenges to come.
- ❑ Third, US leaders changed, and despite the continuity of personnel between the Roosevelt and Truman administrations, President Truman brought a fresh perspective to the postwar period and was less influenced than Roosevelt by the intense experiences of working with British, French, and Soviet leaders in wartime.

When these three factors came together, the result was a dramatic reorientation of US foreign policy – not just a shift in emphasis, or a new theme that would resonate in future years. Truman set the foundations for the US grand strategy that would be sustained throughout the Cold War by presidents of both political parties. Truman’s bold policy shift was not initially very popular. Policy elites thought that many of the elements of the strategy were too dramatic and foolishly departed from longstanding diplomatic and military policies in the American tradition. There were opponents of the use of the atomic bomb in Japan, and thereafter emerged a peace movement that fought against a security strategy based on nuclear weapons. Others were appalled by what they saw as a needless confrontation with the Soviet Union, a stalwart wartime ally that had suffered tremendously from the conflict, over Eastern Europe. And quite a few felt that the war in Korea was unorthodox and ill-advised; some felt that it was a Korean civil war that the United States and its allies would have been better to avoid.

Elites were not the only skeptics. Many Americans wanted an end of war, and looked nostalgically toward the isolationist past. The enormous costs associated with sustaining the new grand strategy were unpopular, too, despite the postwar economic boom in the United States.

Yet Canada was remarkably well-positioned to play a major role in the system of alliances that were created as part of the Roosevelt-Truman grand strategy for the Cold War. The government of Prime Minister William Lyon Mackenzie King had mobilized Canadian military capabilities and in the postwar period retained equipment and a significant army, navy and air force. The Canadian economy had not suffered Axis bombing and so was primed to rebuild itself through exports to Europe. Perhaps most importantly, Canada’s strategic reliance on its membership in the British Empire as a means to contribute to international peace and security as well as prosperity was now

coming to an end.

The Roosevelt-Truman vision of a multilateral world in which North America sustained its engagement in the international system rather than retreating to splendid isolation was one that many Canadians could support. As a result, the King and St. Laurent governments were pleased to be “Present at the Creation” – the phrase invoked by US Secretary of State Dean Acheson in his memoir of the period.

From Cold War to Terror War

Gaddis draws our attention to the dramatic nature of this shift in American foreign policy by emphasizing that alterations to the position of the United States in regard to the rest of the world are rare. He saw the Roosevelt-Truman shift as only the second such change in US history.

But Gaddis also identifies a third.

That third change in US grand strategy according to Gaddis began after the September 11, 2001 terrorist attacks on the United States. It continues to unfold today.

It is important to remember that the United States does not design its policy approaches to Canada in a vacuum. The larger context of the US posture vis-à-vis the wider world is the context in which any discussion of the challenges and opportunities for Canada in regard to its relationship with the United States *must* take place.

When the Bush administration re-evaluated the position of the United States after the September 11, 2001 attacks, it naturally focused on the urgent need to address newly apparent vulnerabilities and to find a way to defend the country. Cold War allies like Canada were reconsidered on the basis of two broad criteria: capabilities, and will.

That is, US policymakers considered countries in terms of what they could potentially contribute to the war effort, but also, what they would be willing to contribute. The priority capabilities were not only military, but also included intelligence, the capacity to trace and freeze terror financing, to screen travelers and secure commercial shipments and transaction.

In the period preceding the liberation of Iraq, President Bush spoke of forming a coalition of the willing, but in truth all of the US projects with allies during the early years of the war were similar – those countries willing to participate collaborated informally at first, just as the Allies in World War Two did. The formalization of these coalitions may occur after 2009, and Canada, which was part of some but not all of these coalitions will have the opportunity to be a founding member of new alliances, or to opt out.

It is important for Canadians to consider how dramatically the US has changed its policies since September 11, 2001. The nature of these changes is dramatic, and for the most part these changes will have a legacy that will endure for the next several

administrations. The largest reorganization of the US federal government since Roosevelt's time occurred in the establishment of the new Department of Homeland Security. The State Department has undertaken a large scale internal reform, transformational diplomacy, that will alter career paths for US foreign service officers and shift diplomatic resources away from stable allied countries toward developing and distressed countries where they may find greater needs to address. The US has pressed for a reorientation of NATO to fight the new asymmetric conflict with terrorist groups, and has shifted its bases in Europe, Eurasia, and Asia. A revamped and strengthened set of bilateral alliances in Asia gave the US strong partners in Japan, Australia, India, and Indonesia.

The swift liberation of Afghanistan and Iraq has led to long and difficult periods of occupation and reconstruction – political, economic, and physical. US development assistance has increased while at the same time it has also been reorganized to link the US Agency for International Development more tightly to the State Department and public diplomacy efforts of the United States. A new Millennium Challenge Corporation is providing a kind of “welfare reform for foreign assistance” as the United States government now aims to reward countries that make a commitment to domestic reforms and the rule of law. The promotion of democracy, a traditional element in US foreign policy since the days of the Taft administration (if not earlier) has become central to US foreign policy through an explicit linkage between the improvement of governance abroad and the national security of the United States – found in the National Security Strategy of the United States in 2002 and even more strongly in the 2006 version.

And as we heard from Assistant Secretary [of State for Western Hemisphere Affairs Tom] Shannon yesterday, these changes have also included the Americas, where the Organization of American States adopted a democratic charter and annual U.S. development assistance was doubled.

With all of this in mind, what are the new challenges and opportunities for Canada in light of the shift in U.S. grand strategy between 2000 and 2006? In order to answer this, there are three things to keep in mind.

- ❑ First, it took time for U.S. policymakers to adjust their thinking from one conflict, the Cold War, to another, the fight against global terror networks. There was a tendency for the former to cast a long shadow on the latter, which is what military historians refer to as “fighting the last war.” The response to the September 11, 2001 attacks required greater imagination on the part of policymakers, and also a period of trial and error that occurred while the public, tired of war, expressed a desire for a return to normalcy that, while unrealistic was nevertheless politically significant and a constraint on the Bush administration.
- ❑ Second, so long as the United States was tentatively experimenting with its strategies and tactics through old domestic and new international institutions, it sent unclear signals to potential allies and enemies about what Washington wanted, and what it was proposing. The enormous tasks of improving domestic

security and the occupation and pacification of Afghanistan and Iraq made it difficult to see over the horizon to the looming and costly challenges to come.

- ❑ Third, US leaders will soon change, and a new president will take office in January 2009 to face the task of consolidating and refining the new grand strategy put into place by the Bush administration. There will be considerable continuity in the foreign policies of the Bush administration and its successor, however there is likely to be a shift in style and emphasis, and a refinement of US policy made possible by the lessons of what had been tried before.

It is natural for Canadians to focus on the change in the government in Ottawa when asking about the prospects for change in the US-Canada relationship, but it is just as important to consider the US side of the relationship. The greatest new opportunities for Canada to improve its relationship with the United States will come with the fresh start provided when US leadership changes as well.

New Challenges and Opportunities for Canada

The new challenges for Canada in the US-Canada relationship relate to rebuilding capabilities in defense, diplomacy, and development for the 21st century – a task begun during the Martin government and given new impetus and energy under the current Harper government.

The United States will, once it clarifies its new grand strategy for the war, set the agenda for cooperation – political, economic, and strategic – with potential allies.

The start of the next US presidency is a valuable milestone in the emergence of a “second draft” strategy for the war. This will represent the best opportunity for Canada to re-establish the foundation of US-Canada relations, for better or worse. In my view, the main obstacle for Canada will be to overcome reluctance to support the United States and a latent anti-Americanism that has flared up in recent years and should be set aside to the extent possible when George W. Bush leaves office.

It is still early, five years after the September 11 attacks, it is possible to see the outlines of the new US grand strategy clearly enough to sketch out the nature of the opportunities that strategy presents.

- ❑ On Security. The Harper government is preparing very well in this area, with new defense spending on new and restored capabilities for the Canadian forces that will be vital for Canada’s participation in current and future theaters in the war. This comes in addition to the major new spending on domestic and border security, and the reorganization of several functions into the new federal Department of Public Safety and Emergency Preparedness. Canada’s major commitment in Afghanistan is finally getting serious attention and credit in Washington, and talk of a Canadian pull out before Canada assumes command of the NATO mission has underscored for US policymakers how difficult Canada’s

contribution would be to replace from within NATO. On the horizon, and likely to come to a head before 2009, is the possibility of a war between the United States and Iran – a difficult issue for any Canadian government, but one for which Canadians ought to be prepared. If the prime minister does not think he or she can win support for Canadian participation in this part of the larger war, it makes sense to say so privately now; the Chrétien government did most of the damage to US-Canada relations over the Iraq war by the manner in which it handled its decision.

- ❑ On the Economy. Canada will host President Bush and President Calderon for a summit in 2007, the third in a series launched in Waco in 2005 and continued earlier this year in Cancun. These are the most visible part of a major set of negotiations on the management of North American integration through regulatory reform and harmonization. The outcome of the 2007 summit and ongoing negotiations will be important, and Canada's next chance to host will be in 2010, a key time for the next US administration. In addition, Canada has made progress in addressing its productivity gap with the United States – good news that has been somewhat masked by the commodities boom – but several sectors in Canada continue to lag. One of the most important aspects of the focus of Washington on the fight against terror groups is that there was less time and attention devoted to the North American economy, which is more indicative of neglect than laissez-faire. As a result, we have seen state governments and Canadian provincial governments becoming more important in resolving problems and regulating the commercial relationship. Ottawa will probably resist a decentralization of the management of the US-Canada relationship, whichever party is in power, but the trend will be difficult to reverse and is popular with US businesses.
- ❑ On Alliances. Major reforms are being pressed for by the United States at the United Nations where a democracy caucus has formed, a new UN Human Rights Council is a partial improvement on the former UN Human Rights Commission, and a new Secretary General will replace Kofi Annan next year. As well NATO is changing as countries in Eastern Europe join and the organization shifts to be able to conduct out of area operations more effectively. NORAD has been damaged by Canadian resistance to participation in US missile defenses, but if NATO succeeds in transforming itself, it could provide an umbrella for North American defense cooperation. US alliances in the Pacific are changing, and Canada could play a role, though not without a significant commitment to this region militarily.

New alliances, or multilateral efforts, will emerge to challenge Canada. Already, the Proliferation Security Initiative has become a major effort and Canada's contributions as a member of this coalition of the willing are nearly unknown to Canadians. Similarly, few Canadians know that Canada is a charter member of the Community of Democracies, a group of more than 100 nations that recently held its third summit in Santiago, Chile. It was the Community of Democracies that worked to form the new UN Democracy Caucus, and a new UN Democracy Fund to help new and consolidating democratic

regimes around the world.

In light of this record, however little-known it may be among Canadians today, I believe that Canada is positioning itself well to be “present at the creation” of a set of new alliances for sustaining the fight against global terror networks in the 21st century. By meeting the challenges and seizing the opportunities along the way, Canada will put the bilateral relationship with the United States on a good footing for many US administrations to come.

Thank you very much.

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