

Intelligence MEMOS



From: Christopher Sands
To: Concerned Canadians
Date: July 18, 2016
Re: DON'T PANIC! CANADA AND THE 2016 U.S. ELECTION

Since coming to Washington, D.C. from Detroit in 1991, I have watched seven U.S. presidential elections up close. NAFTA has been an issue in every one of them, with at least one candidate opposed to U.S. participation. Yet 2016 is the first time that both major party candidates have been NAFTA critics, with Hillary Clinton retracting her past support and Donald Trump calling for renegotiation or withdrawal for the agreement that has, for 22 years now, fueled economic prosperity and trade growth among the United States, Canada and Mexico.

With the United Kingdom on track to withdraw from the European Union after 43 years, NAFTA has never seemed more fragile. And prospects for the Trans Pacific Partnership look bleak if the agreement is not ratified by the United States before 2017, when a declared opponent of the TPP will be sworn in as the 45th U.S. president.

I know that Canadians are watching the U.S. election circus closely from their ringside seats. I would advise them avoid panic and keep several things in mind about the U.S.-Canadian relationship.

Canada is not the prime target of voter discontent with trade. Canada is seen as a country with comparable wages that offers good value imports on fair terms.

Before NAFTA, there was CUFTA. If the United States does decide to scrap NAFTA, Canada will still have access to the U.S. market through the Canada-U.S. Free Trade Agreement. Not only that, cooperation between Canada and the United States on border issues does not depend on NAFTA. Without NAFTA, most market access would remain.

NAFTA talk, but no action. US Politicians frequently make NAFTA a political football. But remember that Barack Obama was also a NAFTA critic when he ran in 2008; in office, he became a committed and creative proponent of deeper North American economic linkages.

Canada is popular. And not just thanks to its prime minister's style: surveys routinely show Canada to be a favorite ally, partner, and vacation destination for Americans. Good relations have been maintained through numerous disagreements, from Vietnam to Iraq, because of this fact: the American and Canadian peoples like each other. Bashing Canada is not going to help. Of all the foreign policy moves by President Obama, blocking the Keystone XL pipeline remains among the least popular because he seemed to have mistreated Canada. That's why he has embraced Justin Trudeau and praised Canada at every opportunity since in an attempt to shore up his legacy.

It's the economy, stupid. It was Bill Clinton who made the phrase famous, but the reason that Canadians should worry about the outcome of the U.S. election is the effect it has on the U.S. economy. Whether Hillary Clinton or Donald Trump, or a Congress controlled by Democrats or Republicans, will do better for the U.S. economy is a matter for debate. Yet candidates on all sides favor prosperity, which has its own imperatives. In practice, we may be more unified in the United States than this election makes it seem.

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