

Happy Third Birthday to the SPP! But Will There Be A Fourth?

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Happy Birthday SPP

In March of this year, the North American Security and Prosperity Partnership (SPP) marked its third birthday. In April, President Bush, President Calderon, and Prime Minister Harper will organize something of a birthday party for the SPP in New Orleans. There will be no shortage of issues for possible discussion at New Orleans. However, at the top of the agenda ought to be whether the SPP should celebrate a fourth birthday at all.

Those who see the SPP as part of a secret plot to construct a NAFTA Superhighway through the middle of the continent will instinctively shout “no!” Yet, there are more constructive reasons for questioning whether the SPP is the proper vehicle for dealing with the pressing issues on the North American agenda. It is an important agenda, but one that has been dramatically reshaped by the terrorist attacks on the United States in September 2001.

Opposites Attract?

The debate over trade liberalization and integration in North America has nearly always been filled with controversy. Even as NAFTA’s final implementation was completed on January 1st of this year, Mexican farmers protested NAFTA’s effects by blocking roadways around border crossings. As the ink was drying on the completed NAFTA in 1992, the debate over the Agreement

turned to what might come next. For the most part, that debate has swirled around the merits of deepening versus widening. Should NAFTA become a customs or monetary union, or should it first admit new members, perhaps in the Caribbean or Central America? Some, of course, thought NAFTA should be scrapped altogether.

September 11 dramatically altered this debate by entrenching security as an overriding imperative. Officials in all three NAFTA countries have since been confronted with two seemingly contradictory goals: enhancing security while advancing toward greater openness that facilitates economic growth. In March 2005, these two agendas were merged into the Security and Prosperity Partnership. Officials might argue that security and prosperity are merely two sides of the same coin in our post-9/11 world. Yet, on many dimensions, the two agendas, together comprising some 300 individual issue areas, have become an awkward compromise that might be best thought of in terms of a relationship in which opposites attract; partners might see themselves as passionately intertwined and obviously made for each other, but so frequently clash over divergent interests that stalemate and conflict threaten to pull them apart.

Time for a Divorce?

The SPP is an imperfect mechanism for dealing with real issues on the North American agenda. The 300+ items on the SPP agenda are both impressive and daunting. Among the conspiracy minded, the SPP Agenda looks like “deep integration,” and the incremental, non-democratic erosion of sovereignty. Yet, for many others, including students of contemporary trade politics and bureaucratic

politics, they look at the SPP structure and see a recipe for paralysis rather than progress.

Since NAFTA was signed in 1994, the politics of international trade have become more and more poisonous in all three countries. When compared with the relative inactivity of the Clinton Administration, the Bush Administration's list of trade policy accomplishments looks impressive: the launch of the Doha Round of the WTO, a hard fought victory in Congress over "fast track" negotiating authority, and numerous free trade deals. Yet, these evident successes mask the fundamental splits in the US polity over the merits of trade liberalization that arguably emerged in the debate over the NAFTA in 1992-1993. This split cost the Clinton Administration its own "fast track" authority after 1994, contributed to the infamous "Battle in Seattle" in November 1999, and has contributed to a broader malaise about globalization that has undermined a number of other initiatives, including the Free Trade Area of the America's (FTAA) negotiations and the Multilateral Agreement on Investment (MAI). Even where the Bush Administration has been "successful" the bitterness of the US debate and the narrowness of those victories are telling.

This has been felt acutely in the North American context where public officials have become allergic to anything associated with the NAFTA. President Clinton, having spent considerable political capital on winning Congressional approval of NAFTA, never mentioned the Agreement again publicly for the remainder of his presidency. For government officials charged with exploring "next steps" in North American integration, or reinvigorating NAFTA, this has

meant doing so without going near NAFTA itself. In practice, this has meant trying to deal with a relatively large number of “left-overs” in a piecemeal fashion without the necessity of new legislative authority to do so.

The sudden closure of North American airspace and border crossings on September 11, and the shopping list of new security imperatives, instantly provided a rationale for combining them with many of the economic initiatives that had been on the shelf for several years. After a few years of fits and starts in combining these two imperatives, including the two Smart Border Accords (Canada-US and US-Mexico), the SPP was born. Security has arguably become the principle driver of Canada-U.S. relations generally, and the North American economic agenda specifically.

The SPP process has several features that suggest its utility for future negotiations in North America. First and foremost, the SPP process cleverly attempts to facilitate cooperation on a complicated post-9/11 agenda. The overwhelming majority of the 300+ agenda items are smallish, technocratic matters that don't merit the expense of political capital a large negotiation would entail, and are arguably dealt with most effectively by experts in the respective bureaucracies. The SPP design is also a response to the contemporary politics of trade liberalization that dictates that no new legislative authority is sought. Finally, whereas NAFTA has no mechanism for bringing North America's leaders together (except at the ministerial level), the annual leaders' summits enshrined in the SPP may be one of the main benefits of the whole process.

Yet, the merits of the SPP are also some of its greatest liabilities. The addition of Security to the North American agenda has arguably facilitated action on numerous items on the Prosperity Agenda that had languished for years. But this particular marriage has also complicated the Agenda since hardly any economic discussions can now take place apart from those about security, and vice versa. However, it may be the actual structure of the SPP process that proves most problematic of all.

Given that the SPP has no underlying legislative mandate by design, each of the three national bureaucracies is limited in what it can achieve under existing national legislation covering each of the 300+ agenda items. This structure should alleviate concerns among those concerned about back-room deals or the lack of legislative oversight eroding national sovereignty and instead lead us to question what can realistically be achieved under such a structure? Cooperation and coordination within a single bureaucracy is challenging enough, doing so within and between all three is daunting in the absence of new legislative support.

Or Just a Bit of Marriage Counseling?

The SPP process may be most revealing as a barometer of the politics of North American integration. The barometric pressure on these issues has been falling for years, signaling stormy economic relations ahead. Trade liberalization is front and center in the U.S. presidential contest, with NAFTA itself being a prime target of the populist rhetoric of the main Democratic candidates. Yet, even among traditionally pro-trade Republicans, support for additional liberalization

has fallen apart. Canadians and Mexicans, for whom access to the U.S. market is so critical to their respective economies, should be worried.

The nervousness of public officials over North American integration is largely responsible for an SPP structure that avoids new legislative authority, is heavily leadership driven, and tasks the respective bureaucracies with looking for ways to make incremental progress. Unlike the NAFTA process that included extensive public consultations and a bruising political battle, the SPP seeks to avoid all of this. While structuring the SPP this way ostensibly allows for progress on the Agenda without the bruising political battles of NAFTA, it actually undermines prospects for progress on any of it.

Instead of being afraid of the bruising political battles inherent in talking about North American integration, public policy officials need to engage the debate directly and begin remaking the case for increased cooperation. The SPP has important merits in the context of the marriage of security and economics. Linking the two issue areas has complicated the North American agenda, but may have generated opportunities as well. The unwillingness of officials to vigorously defend NAFTA, or make the case for the SPP, has largely ceded the intellectual and political debate over the merits of cooperation and liberalization in North America to xenophobes who fear fictitious Superhighways.

If the SPP is going to celebrate its fourth and fifth birthdays, North America's leadership needs to begin the transformation of the debate in New Orleans.