Canada's CEOs sell out the nation

What's Behind the "Security and Prosperity Partnership of North America"

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After almost three years of quiet lobbying and political maneuvering, Canada's corporate elite recently went very public with its future blueprint for Canada. The initiative goes by various names: "deep integration", the Big Idea, and now, in its formal political incarnation, the Security and Prosperity Partnership of North America. That's the name of the agreement signed by the leaders of Canada, Mexico, and the U.S. on March 23 that would begin the process of economic, social, cultural, and security assimilation into the U.S. If it sounds vaguely familiar, it may be because Paul Martin simply took a Bay Street scheme—called the Security and Prosperity Initiative—and made it into Canadian policy without so much as thinking about what Canadians might want.

Martin knows what Canadians want, and that is almost certainly why he didn't want to consult them. Poll after poll reveals that Canadians have different values than Americans, and those differences mean we want less integration with the U.S., not more.

Bay Street's annexation initiative is led by Tom d'Aquino, president of the Canadian Council of Chief Executives, made up of the CEOs of Canada's 150 most powerful corporations. It was called the Business Council on National Issues until the CEOs decided, given that they were all global operators, that there were no national issues and changed their name.

D'Aquino and his partners in a corporate task force, former deputy prime minister John Manley and former finance minister Michael Wilson, tell us that by integrating ever more into the U.S. we will somehow guarantee our prosperity, creating fortress North America to compete with China, Europe, and other competitors.

The real story is a little different. It goes back to the "leap of faith" in free trade recommended by a federal commission in the 1980s. We took the leap and have been paying ever since. We suffer constant trade harassment. We lost 280,000 of our best jobs, forever. We "restructured" our economy to be competitive with the U.S. and now have the second-highest percentage of low-paying jobs in the developed world. On top of that, Industry Canada tells us that 91 percent of our increased trade with the U.S. had nothing to do with the Free Trade Agreement but was driven by our cheap dollar and the U.S. boom.

The fact is that the FTA failed even from the point of view of Bay Street. Peter Nicholson, one of its principal gurus, a former Scotiabank vice president and a personal adviser to Paul Martin, summed up the failure. Supporters of the FTA, Nicholson said, thought it would "cause Canadian firms to pull up their socks…and compete in the North American market". Instead, many companies adjusted to the FTA "by simply moving across the border…taking the path of least resistance".

Here, then, is the real story behind "deep integration". Canada's business class simply cannot compete with its U.S. counterpart. They refuse to pay for the necessary research and development, refuse to train their workers, are constantly begging for more tax cuts, and are notoriously risk-averse. As well, Canadian companies are eager to simply sell out to U.S. corporations. Since 1989, more than 95 percent of foreign investment in Canada has gone to buying up Canadian companies. Head offices are pouring over the border.

The sheer lack of entrepreneurial vision is evident in Bay Street's determination to tie itself to what more and more economists are declaring a declining economic power. The growing consensus is that smart countries and companies are getting in on the game where the growth is: China, India, Brazil, Russia, and South Africa. But not Canadian companies. Even retiring World Bank president James Wolfensohn recently expressed surprise that Canada sends only six percent of its exports to these rapidly growing markets. Business writer David Crane says: "Canada's future well-being will depend on companies with a global strategy, not a North American strategy."

One of the reasons: The U.S. is now beginning to lose its technology-based competitive advantage. The countries of western Europe, Japan, Korea, and even China have set ambitious national goals and are building universities, inviting immigration, and have clear objectives regarding industrial development and new technologies. Ross Armbrecht, president of the U.S. Industrial Research Institute, says "more and more of the most far-reaching innovations will be going overseas, to India and China, in the near future." President Bush's answer to these nation-building efforts? Tax cuts and a perpetual war economy.

This is the economy and country to which Canada's business leaders want us to tie our star. But even worse, d'Aquino actually believes he can negotiate a good deal with the current U.S. administration and Congress. This is delusional, given the rapid devolution of the U.S. into an imperial theocracy. It's time for Canadians to look elsewhere for leadership; our economy, not to mention our country, is far too important to leave to the failed imagination of Bay Street CEOs.