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If the new [American Jobs Act](#) passes, Canadian manufacturers and suppliers will again feel the squeeze of Buy America rules that restrict how U.S. state and local governments can spend federal stimulus money. Is Buy America a sign that the United States wants to torpedo our negotiations on better borders and smarter regulations? No. The White House designed the act with the needs of unemployed Americans in mind. Canada did not figure into the equation. But Buy America is indicative of the serious problem of ad hoc economic management that has become the norm in Canada-U.S. relations.

Instead of working together on strategies to reduce internal problems and build our regional competitiveness in the world, we hop from crisis to crisis.

Blocking imports might have preserved jobs when goods were produced in one country and shipped to another but integrated, cross-border production means that a disruption to any node in the supply chain has far-reaching economic consequences. If the United States blocks the importation of a Canadian engine that uses components made in the United States, then those American component-makers will be hurt.

Moreover, depending on what it costs to find a new local supplier, the net economic effect could be negative. This in turn puts jobs and business at risk in both countries and increases the potential to look for offshore suppliers or to move production offshore, hurting local communities in both countries.

While the bill may not pass in its current form (if at all), the spectre of Buy America has provoked howls of outrage north of the border because Canada wasn't granted an automatic exemption. Some media say it's the opening shot of a looming trade war. One MP suggests "calling in" the U.S. ambassador, while others are demanding Buy Canadian countermeasures. (Few have mentioned that Ontario imposed similar local-content restrictions in the feed-in tariff plan in its [Green Energy Act](#); in Geneva the WTO is currently reviewing the validity of this action.)

Policy-makers need to look outside of Washington and Ottawa and find out what is needed by the people who actually make things and sell them. In speeches on economic relations both Canadian Ambassador Gary Doer and U.S. Ambassador David Jacobson emphasize the fact that Canada and the United States build things together. What we need to strive for now is a serious long-term commitment to build things together better.

This latest iteration of Buy America is symptomatic of a larger problem. Its re-emergence is evidence that Canada and the United States have not developed institutions that are sufficient to manage the integrated nature of our two economies.

NAFTA working groups set up 17 years ago to help officials address concerns before they escalated into problems are dead or dying. When there is a problem, officials are dispatched to Ottawa or Washington to work out a Band-Aid solution. In the fight to maintain and create jobs, the economic vigour of emerging markets is leaving Canada and the United States in the dust while we squabble over the nationality of a sewer pipe.

Today, Canada and the United States are engaged in talks to make cross-border movement easier for traders and travellers and to reduce costly regulatory duplication. The greatest contribution of these new working groups is that they can provide institutional mechanisms of communication and problem-solving that can be applied to other economic areas — including the fiendishly difficult area of government procurement.

We cannot expect U.S. lawmakers to put Canadian interests ahead of their local interests. But they need to understand that their constituents' interests are intertwined with counterpart Canadian economic interests.

Once again, we are reminded that Canadian governments and business need to take their facts about this hugely beneficial bilateral economic relationship to Congress, to every state legislature, and to every local chamber of commerce. Communicate clearly and often with the workers and business owners whose jobs and livelihoods are on the line. If that happens then the politicians will definitely hear the message.

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