

# Occasional Paper Series on Canada-U.S. Relations

Dr. Sukumar Periwal

Beyond Borders:

Regional Partnerships

in the Pacific Northwest

February 2007

## The Canadian Studies Center Henry M. Jackson School of International Studies

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#### Henry M. Jackson School of International Studies

The Henry M. Jackson School of International Studies combines the social sciences, humanities, and professional fields to enhance our understanding of our increasingly interconnected globe. The school is named for the late Senator Henry M. Jackson, in recognition of his interest and support for the school and for the field of international affairs. The Jackson School's commitment to regional, cross-cultural, and comparative studies extends well beyond the boundaries of its many formal academic programs. The school has eight Title VI National Resource Centers including Canadian Studies; East Asia Center; Center for West European Studies; International Studies; Middle East Studies; Ellison Center for Russian, East European, & Central Asian Studies; South Asian Studies; and Southeast Asian Studies – devoted to outreach and public education activities.

#### Canadian Studies Center

The Canadian Studies Center, one of the Jackson School's eight Title VI centers, forms a National Resource Center with the Center for Canadian-American Studies at Western Washington University. Founded in 1986, the Center promotes comparative Canadian content in the curriculum and with faculty and graduate research projects. Currently Canada is represented by faculty and research scientists in 17 departments in Arts and Sciences, 11 of the University's professional schools and U.W. Seattle, Tacoma and Bothell. The Program hosts an undergraduate degree, a Professional Development Program for graduate students, and has a grant for Foreign Language and Area Studies Fellowships. The mission of the Center is to increase knowledge about Canada and the Canada-U.S. relationship at the University, with local business leaders and public officials, K-12 educators regionally and nationally, and the American general public.

#### Canada-U.S. Fulbright Program

The Canada-U.S. Fulbright Program is a bi-national program supported by the Government of Canada, through the Department of Foreign Affairs and International Trade Canada, the Government of the United States, through the Department of State, and a large number of public and private sector partners. The mandate of the Canada-U.S. Fulbright Program is to enhance mutual understanding between the people of Canada and the people of the United States by providing support to outstanding graduate students, faculty, professionals and independent researchers.



#### Dr. Sukumar Periwal

Dr. Sukumar Periwal is the first recipient of the new Fulbright Visiting Chair in Canadian Studies at the University of Washington. Dr. Periwal, Director of International Relations for British Columbia's Intergovernmental Relations Secretariat, took up the Chair in Fall 2006 and will continue his tenure until the end of Winter Ouarter 2007.

The goal of the Chair is to increase cross-border collaboration and

effective mechanisms for dispute resolution that are central to ensuring North America's competitiveness in the global economy. As both a scholar and a practitioner, Dr. Periwal is in an ideal position to contribute to this pursuit.

Dr. Periwal's research project considers cross-border organizations and intergovernmental linkages in the Pacific Northwest in order to evaluate their effectiveness in resolving border issues and trade disputes, diffusing business best practices and enhancing North American competitiveness. This research is relevant to Canada-U.S. relations, North American integration, border issues, international trade and conflict resolution.

Periwal completed his doctorate in international relations at the University of Oxford and participated in the prestigious Canadian Governor General's Leadership Conference in 2004. In addition to his work for the B.C. government, he also frequently facilitates courses at the University of British Columbia's Centre for Intercultural Communication.

### Beyond Borders: Regional Partnerships in the Pacific Northwest

A new form of international cooperation is taking shape in the Pacific Northwest region of North America, an adaptive amalgam of known political arrangements and experimental modes of democratic dialogue and action. The bones of conventional bilateral and multilateral intergovernmental agreements are being fleshed out with ad-hoc coalitions and working groups that are starting to flex their muscle. And underlying the formal structures, a flexible and intertwined 'neural network' of regional organizations is stimulating interaction and information-sharing between governments, businesses, activists and indigenous peoples, like a dense web of neurons sparking more and more ideas and personal connections.

#### WHAT MAKES THE PACIFIC NORTHWEST SPECIAL?

The Pacific Northwest offers best practices in partnering across borders with the overall goal of promoting the whole region's global competitiveness to get beyond fruitless conflict and increasing beneficial cooperation. Regional cooperation in the Pacific Northwest is special because of three defining features:

- First, the region is strategically located as a gateway between North America and the Asia Pacific, as a cross-border community between Canada and the United States, and as a network of vibrant urban centers including Vancouver, Seattle, Calgary, Edmonton, Boise, Portland and Victoria.
- Second, an intense and informed dialogue on economic and environmental sustainability among activists, businesses, and governments has led to efforts to bridge the divides between natural resource extraction and environmental protection through innovative partnerships and technology innovation that are showcased at internationally recognized events such as the biannual Globe conference and the upcoming 2010 Winter Olympic and Paralympic Games in Vancouver.
- Third, the structural linkages between the states and provinces of the Pacific Northwest bilateral and multilateral agreements on economic cooperation

and emergency preparedness – provide a critical impetus for other issue-specific coalitions, alliances and partnerships. These 'bottom-up' initiatives, often fostered and encouraged by an innovative regional organization called the Pacific North West Economic Region (PNWER), enable the region to identify and articulate shared priorities and concerns with a distinctive voice.

As the center of economic gravity shifts towards the Pacific Rim, this model of regional partnership will become increasingly important for the future prosperity and security of North America and as a role model for regions in other parts of the world. After September 11, 2001, it is no longer possible to argue that the nation-state is irrelevant in an age of globalization. The grim reality of terrorism and international violence has reinforced the state's primary role as the provider of security for its citizens. However, the dizzying technological, economic and demographic shifts that are making the world 'flat' (in Thomas Friedman's term) continue to accelerate as well. Since 9/11, the key challenge for policy makers has been to reconcile the often contradictory imperatives of security and prosperity. Cross-border regional cooperation in the Pacific Northwest offers useful lessons in how to use borders, not as ever higher walls of suspicion and sullen insularity, but as good fences that make even better neighbors who are able to learn from each other and profit from our differences.

Globalization has caused, and also made us more aware of, the complex challenges humans face as a species in the first half of the 21st century. Climate change with its manifold associated impacts (including floods, droughts, rising coastal water levels and changing flows of ocean currents, the melting of glaciers and snowpacks, species migration and extinction, and rising energy requirements and constraints), the renewed and unpredictable onslaught of deadly diseases that may resist existing medicines and be able to mutate faster than our capacity to generate vaccines, the horrifying effects of natural catastrophes like earthquakes and tsunamis, magnified in an age of unprecedented urban concentration – all these challenges demand global responses that have not been forthcoming from a fragmented international community composed of nation-states that are for the most part paralyzed by partisan politics, powerful domestic lobbies and short-sighted self-interest.

Too often, intergovernmental responses are half-hearted agreements designed to achieve maximum publicity while only meeting the lowest common denominator, too late and too little, and rarely, if ever, actually implemented. While governments are usually effective at delivering specific programs in designated areas of jurisdiction for which political leaders believe there is a popular mandate, they

are not designed to respond proactively to challenges that exceed their scope and capacity to deliver results. As members of a species organized into political units that are dysfunctional for dealing with challenges beyond their particular grasp, our behavior resembles the frog sitting in a pot of water that is gradually being heated up. The frog's inability to grasp what is happening as the water approaches boiling point is perilously similar to our own state of denial.

In contrast, the noted economist Amartya Sen offers another story of a frog "that is born in a well, and stays in the well and lives its entire life in the well. It has a worldview that consists of the well... That was what the world was like for many people on the planet before the fall of the [Berlin] wall. When it fell, it was like the frog in the well was suddenly able to communicate with frogs in all the other wells.... If I celebrate the fall of the wall, it is because I am convinced of how much we can learn from each other. Most knowledge is learning from others across the border."

The fall of the Berlin Wall in November 1989 inspired a few visionary legislators on the other side of the planet to come up with a new way of 'learning from others across the border.' Alberta's Deputy Premier Jim Horsman and Washington State Senate President pro tem Alan Bluechel reasoned that two rich and self-confident countries like Canada and the United States with a history of trust, cooperation and shared traditions of democracy, the rule of law and free markets, would be able to cooperate effectively at the regional level to find mutual wins. Together with like-minded leaders in neighbouring jurisdictions, they established a forum for legislators that soon evolved into a regional partnership including the private sector. The initial effort has since grown into a remarkable regional network that has spread throughout the Pacific Northwest, becoming an alternative way to generate innovative ideas, experiment on a small scale, and share 'best practices' with others in the region who also face similar challenges. This 'open source' approach stands in radical contrast to the 'top-down' model of traditional international interaction based on the nation-state as the only legitimate actor on the international arena.

#### THE VALUE OF THE REGION

To date, regional cooperation in the Pacific Northwest has mostly consisted of dialogue among legislators, private sector leaders and government officials. Results have not gone much beyond making contact with counterparts and potential partners, sharing information and potential "best practices", and joint advocacy to decision-makers at the federal level. There have been no concerted efforts to

establish structures or institutions with sufficient mandate, popular legitimacy and resources to make decisions at the regional level. If one buys into an "institutional" model of regionalism or governance, it would be easy to dismiss these cooperative efforts as the attempts, with limited success, by peripheral elites to coordinate their voices so that they can gain greater hearing at the centre, where funding, power and legitimacy are located and decisions really get made. After all, both Canada and the United States are successful states, able to provide their citizens with very high levels of economic and environmental well-being through considerable investment in public infrastructure and manageable levels of taxation and debt. Furthermore, despite long-term trends of decreasing voter turnout and the political divides created by closely contested elections, both federal governments can claim a reasonable measure of legitimacy as representing more or less functional democracies.

From this perspective, provinces, states and other regional actors are relatively marginal decision-makers who would be best advised to stick to their knitting and provide services in their areas of jurisdiction and competency, such as education, health care, and public safety, where room for cross-border cooperation has historically been relatively limited due to systemic differences. A state-centric approach to cross-border cooperation, then, would see limited scope for regional cooperation, either on a bilateral level between neighbouring states and provinces, or multilaterally through regional organizations.

At first sight, the lack of institution-building on the regional level would appear to support the centralist argument that there is not much appetite or capacity for significant regional cooperation. This approach assumes a correlation between the existence of an institutional apparatus and the ability to deliver results. However, as James Hillman has pointed out, the network has become the preferred contemporary concept for power: "the images of flow, feedback, distributive energy, touching all the bases, balancing constituencies, delivery - an indeterminate field of almost random forces - are the new images of power. Not the heart but the capillaries." A network theory of power would value contacts over institutions, access rather than formal negotiations, consensus rather than binding legal instruments and treaty obligations.

Understanding power as a network is especially relevant to Canada-U.S. relations for five reasons:

• First, the U.S. political system structurally supports a diffusion of power among different actors, through constitutional means such as checks and balances

between the three branches of government and the often reiterated doctrine of states' rights, and also through relatively loose party discipline and the capacity of individual legislators to act in their particular constituents' (and their own political) interests.

- Second, the differences in size and structure between the U.S. federal system and the Canadian confederation require increased understanding, not just from the perspective of the center, but also from the periphery. A state like California, for instance, has a population of 32 million, more than all of Canada. Yet the Governor of California is only one of fifty governors, each competing for national attention and international standing, working within a complex political context involving U.S. Senators, state legislators, and other state-wide elected and appointed officials. In other words, a Canadian legislator or bureaucrat needs to recognize the cognitive dissonance with an American counterpart with very different jurisdictional scope and capacity.
- Third, the proliferation and highly vocal articulation of interests has fragmented the once predictable nature of influence and stakeholder opinion. Although the value added by traditional lobbying will continue to remain a useful means to sift through the information barrage faced by busy politicians and their staffers, the ability to pull together coalitions of diverse interests that bridge industry, constituency and political divides has become increasingly important.
- Fourth, regional cooperation enables governments to interact more effectively with grass-roots democracy by bringing in expertise in implementation and the capacity to veto ideas that would have negative effects. Conversely, participation by democratically elected legislators adds legitimacy to the grass-roots effort.
- Lastly, global challenges require a more open, inclusive and decentralized approach to many decisions. Thanks to the exponential rapidity with which global transmission and communication modes have evolved, a biological or electronic infection that originated in a seemingly remote location now has the potential to become a global pandemic with a speed that cannot be dealt with by a traditional "command and control" model of decision-making. In crisis situations, communications lines with the centre may break down and local authorities may be forced to act independently and utilising ad hoc networks. These 'coalitions of the available' may be aligned on a rough functional subsidiarity and familiarity with colleagues across organizational and national divides. Trust is the key to working effectively together.

The region will not replace the nation-state, just as the 'open source' intellectual commons movement will not displace the corporation. However, these new self-organized collaborative communities are reinventing politics and business, increasing transactional efficiencies and voluntary participation in the public arena. As adaptive networks, they increase our overall capacity to respond to complex challenges in timely and innovative ways. The state could use the assistance of regional networks to increase voluntary participation in public life, renew democracy and find solutions for challenges beyond its own capacity. As social forms predicated on trust, these collaborative communities improve our overall capacity to both compete and cooperate for mutual benefit. Instead of sitting in our pot quietly stewing, we strike up friendships with the other frogs that enable us to discover common concerns and shared solutions.

#### BENEFITS OF REGIONAL COOPERATION

The key benefits of regional cooperation are: first, increasing prosperity through regulatory cooperation and promoting cross-border trade and investment; second, actively facilitating the resolution of border issues and trade conflicts; and third, enhancing North America's global competitiveness.

#### Increasing prosperity

There is a significant disparity between, on the one hand, the enormous volumes of cross-border trade and economic interdependence between Canada and the United States, and, on the other hand, the ostentatious lack of high-level vision and political engagement on the challenges the countries face, both bilaterally and in the trilateral North American context. Economic and political discussions among governments continue to take place in a distinctively North American way – through low-key working groups, focused on pragmatic and immediate concerns, often driven by the private sector, and with minimal investment in institution-building. As Gary Clyde Hufbauer and Jeffrey Schott observe, "NAFTA was designed with minimal institutional structures; none of the partners wanted to grant authority to a new regional bureaucracy. The restraint was too severe. NAFTA's skeletal institutional structure has impeded the achievement of certain core objectives."

The groundwork laid by the Security and Prosperity Partnership (SPP) between Canada, the United States and Mexico is significant, in creating a substantive North American context for regulatory cooperation. Many of the specific initiatives mentioned in the Leaders' Statements and Ministers' Reports reflect work that has

been taking place in the Pacific Northwest for years. The SPP translates some of these regional activities to the bilateral and trilateral levels, providing an additional validation for the regional efforts. Most importantly, regional cooperation on trade between states and provinces adds another much-needed dimension of democratic legitimacy to North American economic cooperation.

This mode of voluntary bilateral or multilateral cooperation (rather than Europeanstyle integration that has built influential transnational policy networks and powerful supranational institutions that have been formalized through intergovernmental conferences, treaties and even constitutional efforts) fits well with the 'variable geometry' of regional cooperation in the Pacific Northwest, which has advanced North American economic prosperity through regulatory cooperation, promoting cross-border trade and investment, and protecting vital economic assets such as the critical infrastructure of pipelines, energy transmission and information corridors that underpins a modern industrial economy.

September 11, 2001 and Hurricane Katrina demonstrated the previously unseen connection between security, emergency preparedness and prosperity. Governments and private industry in the Pacific Northwest were quick to recognize the need to protect vital interdependent economic assets such as pipelines, energy transmission lines and telecommunications networks that are the basic underpinning of trade and daily economic life in both countries. Regional organizations and political leaders played an important role in increasing awareness of the need for improved critical infrastructure protection and strengthening cooperation between Canada and the United States on economic and homeland security in the post 9/11 international context.

#### Resolving disputes

Regional organizations have also been instrumental in building trust – a prerequisite for resolving border issues and trade conflicts. Participating in regional dialogue has enabled legislators and private sector leaders to build trust through regular interaction, understand each other's perspective, strengthen personal ties, let go of suspicion and defensiveness, identify common interests, assess the costs and benefits of cooperating (or not), find solutions, contribute regional perspectives to the national dialogue, and revitalize institutions. Regular interaction has enabled the region to weather strains on the overall Canada-U.S. relationship that arose between 2001-2005 due to contentious issues like the Iraq war, the softwood lumber trade dispute and restrictions on cattle exports. Regional actors have

also been pivotal in shaping discussions on how to make the Canada-U.S. border work more effectively in promoting security while facilitating legitimate trade and tourism. The active advocacy of regional organizations and coalitions in the Pacific Northwest has recast the proposed U.S. Western Hemisphere Travel Initiative and regional Premiers and Governors have promoted innovative alternatives such as the BC-Washington Enhanced Drivers' License pilot project. The Pacific Northwest is also the site of highest NEXUS card uptake and is seen as the 'test bed' for integrated 'smart border' solutions by the two federal governments.

Cooperation at the regional level can strengthen goodwill and build relationships that revitalize institutional arrangements (such as the International Joint Commission and the BC-Washington Environmental Cooperation Council), transforming them into effective social networks. In particular, transboundary environmental issues over water allocation and watersheds such as disputes over the Columbia, St Mary/Milk, and Flathead river basins are being dealt with in a cooperative way at the regional and local levels. The successful resolution of the high profile issue of the flushing of screened raw sewage by Victoria into the Strait of Juan de Fuca illustrates the impact of regional collaboration in creating the political climate and leadership required to resolve longstanding and challenging transboundary environmental issues.

#### **Enhancing North American competitiveness**

The Pacific Northwest is the North American region that is most poised to benefit from global change as the world's economic center of gravity shifts towards the Asia Pacific. In a changing international environment driven by the rise of Asian economic power, the rapid development of information and communication technologies and the new global competition for creative talent, regional cooperation can enhance North America's competitive advantage in three key ways: increased innovation and wealth creation; a stronger capacity to respond and recover from emerging challenges; and renewing and enhancing existing social capital.

Regional partnership enables new synergies that enhance competitiveness. Regional business 'clusters' lead to higher levels of efficiency, innovation and business start-ups. A critical advantage of the federal structure in both Canada and the United States is that states and provinces are able to adopt diverse policies that enable them to serve as 'laboratories' of public policy innovation and competitiveness. Both countries are complementary in that they are similar and yet different enough to encourage business cross-fertilization and tourism.

As a "networked region", the Pacific Northwest illustrates the ways in which regional networks improve our capacity to respond to rapidly emerging complex challenges such as climate change and pandemic preparedness. Regional cooperation can strengthen North America's capacity to respond to these challenges through increased information and resource sharing on public health issues such as pandemic preparedness, a greater ability to mitigate disasters and influence national decision-making on issues such as border closure in times of crisis, and an ability, as 'adaptive systems,' to generate solutions for issues arising from climate change.

Regions that visibly value diversity are increasing their economic prosperity by attracting highly mobile creative people and drawing on their skills to renew and enhance existing forms of social capital. As Richard Florida has pointed out, "Creative people choose *regions*." The Pacific Northwest is a magnet for migrants because it offers both economic opportunity and quality of life. The creative class is attracted to locations with high levels of visible diversity and reputation for tolerance (such as Seattle, Vancouver and other Pacific Northwest locations). Lastly, geographical proximity to the Asia Pacific region and the presence of large diaspora communities are major assets at a time when several Asian countries are becoming major trading partners and powerful actors in the global economy as important sources of investment capital, knowledge and skilled labor.

#### CONCLUSION

Regional cooperation is an effective way to increase security and prosperity and enhance North America's global competitiveness. Targeted investment in the social capital of regions increases public awareness and support for regional initiatives, strengthening infrastructure for cooperative efforts, enhancing synergy through connecting regional groups, and showcasing regions to the world. The local and the global fuse in the region, enabling us to get beyond our differences and find common cause.

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