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THE CANADA/U.S. ECONOMIC RELATIONSHIP:  
FROM FTA TO NAFTA TO ???

James P. McIlroy  
Introduction

Our next topic is very forward looking. Before I introduce the two speakers who will discuss this provocative topic, I want to make clear how they fit into the philosophy of the Canada/U.S. Law Institute. You may have seen by now an article that appeared in the publication, “In Brief,” a magazine of Case Western Reserve University School of Law. I would like to take a moment to talk about an article that appears on page 19 entitled “Canada/U.S. Law Institute holds its Sixteenth Annual Conference at the School of Law.”

What it says really summarizes what this conference is all about. It describes last year’s conference and it says one of the key missions of the institute is to explore legal issues affecting the special Canada/U.S. relationship. It goes onto describe the conference that we are attending today in the following terms and I quote, “The influential conference promotes these missions by gathering prominent members of governmental and non-governmental organizations, as well as business, legal, and academic communities, in three days of seminars and discussions regarding the issues confronting the Canada/U.S. relationship.”

In other words, this conference is very unique in that it is multi-disciplinary. We have business people, we have government, we have academics, as opposed to a situation where you have academics talking to each other or lawyers talking to other lawyers. This conference is multi-disciplinary. One of the reasons it has been so successful and in its 17th year is that Professor King has always insured that it was multi-disciplinary and that the whole package was greater than the sum of its parts.

Our two speakers personify this multi-disciplinary philosophy. Allow me to introduce both Gary Hufbauer and Derek Burney. Mr. Hufbauer is on my right. Mr. Burney is on my left. Mr. Burney will speak first, and then Mr. Hufbauer will speak. If time allows we will have a brief question and answer session.

Let me start out by introducing Dr. Hufbauer. He has a strong background in both law and economics. His A.B. is from Harvard, his Ph.D. in economics is from Cambridge, and he has a J.D. from Georgetown. Dr. Hufbauer’s experience working in government includes serving in the Treasury Department as the Deputy Assistant Secretary responsible for trade
and Investment Policy during the Tokyo Round of multilateral trade negotiations in the late 1970’s.

He has taught financial diplomacy at Georgetown University in Washington and has been the Director of studies at the Council on Foreign Relations in New York. He is currently is a Senior Fellow at the Institute for International Economics. His publications are legion and are widely read. In a few moments, he is going to share his unique views and experience with you.

Let me conclude by introducing Derek Burney. As a Canadian lawyer, I was always taught I had to declare a conflict of interest, so allow me to do that. I had the privilege and pleasure of working with Derek Burney a couple of decades ago, I hate to say, in the mid 1980’s, while at the Department of Foreign Affairs and International Trade. At that time, Derek Burney was the Assistant Deputy Minister responsible for our relationship with the United States. I was working for the Minister of International Trade, James Keller, in the recently elected Government of Brian Mulroney. At that time, almost two decades ago, I can tell you that the Canada/United States Free Trade Agreement, was merely a gleam in Derek Burney’s eye. At that time, the FTA was not a popular idea in Canada; and it sure was not a popular idea in the Federal Bureaucracy.

Sometimes people forget that former Prime Minister Brian Mulroney did not include free trade as a plank in his 1984 election campaign, and that is where Derek Burney came in. He played a critical role in developing the rationale and more importantly, the game plan for achieving the FTA. Do not take my word for it. There are lots of books on it, I have got one of the better ones here, “Decision at Midnight, inside the Canada/U.S. Free Trade Negotiations.” I always try to judge and see how someone fits into things by peeking in the index to see how many lines they’ve got. Derek Burney has 11 lines. Some guy named Ronald Reagan has 12.

Mr. Burney’s role did not start and end in government. As I said, he is multi-disciplinary. In 1988, Prime Minister Mulroney staked his government on the FTA in a historic federal election. At that time, Derek Burney had moved from being in the bureaucracy into the role of becoming Chief of Staff for the Prime Minister. There he played a highly political role. It does not end there. Following the 1988 election, Mr. Burney became Ambassador in Washington to ensure that the FTA got off to a clean start. Now, ten years ago, after service in government, politics, and diplomacy, he did something that does not happen in Canada as often as it happens here in the United States. He moved from the public sector to the private sector. It happens a lot more in the United States then it does in Canada.

In Canada, the public sector and private sector have often been seen to be two solitudes that do not understand each other particularly well and do not communicate particularly well. Mr. Burney was able to bridge the gap and
developed a highly successful career in the private sector. Today, he is CEO of CAE, Inc., which is a high tech Canadian company that is highly successful in Canada, the United States, and export markets around the world.

Dr. Hufbauer and Mr. Burney, both of them are multidisciplinary. They cover government, they cover business, they cover law, they cover academia, and they cover all of them in spades. I think we can all agree these two gentlemen deserve a very warm welcome this morning. I would like to start off by giving the podium to Mr. Burney.