‘OUR RELATIONSHIP WITH THE UNITED STATES WILL ALWAYS BE IMPORTANT TO US’

JANICE STEIN

Renowned as one of Canada’s most respected national and international experts on world politics, Janice Gross Stein is the Belzberg Professor of Conflict Management and the founding Director of the Munk School of Global Affairs at the University of Toronto. She is a Fellow of the Royal Society of Canada and a member of the Order of Canada and the Order of Ontario. She is an Honorary Foreign Member of the American Academy of Arts and Sciences. She was the CBC’s Massey Lecturer in 2001 and an inaugural Trudeau Fellow. She was awarded the Molson Prize by the Canada Council for an outstanding contribution by a social scientist to public debate. She has been awarded Honorary Doctorate of Laws by five universities around the world. In 1996, Stein became a University Professor, the highest honour the U of T accords its faculty.

Janice Stein offered her insights on the past and present state of Canada-U.S. relations in an exchange with guest editor Randy Boswell.

Q.: Considering the history of Canada-U.S. relations, how would you characterize the present upheaval since U.S. President Donald Trump took office in January 2025? Are we, in fact, experiencing a watershed moment – a historical rupture?

A.: I would not describe this as a historical rupture if we take a longer view of the relationship that formally begins after the Civil War (1861–65) in the United States. Canadians at the time of Confederation distinguished themselves from those south of the border by maintaining their loyalty to the Crown. As part of his government’s protectionist National Policy, Prime Minister John A. Macdonald imposed tariffs to support the development of Canadian industry and the country engaged in a conscious and deliberate effort at nation-building by constructing national railways that ran east-to-west rather than north-south. There were, in other words, long periods of deliberate strategies to distinguish Canada from the United States. And the U.S., too, at times, pursued protectionist policies, when President William McKinley (1897–1901), whom President Trump is known to

admire, imposed tariffs. In the 1960s, a Canadian nationalist movement defined itself in part by being "not American." Around the same time, however, that began to change with the creation of an integrated auto sector. Then, in a historic election in 1988, Canada voted for Prime Minister Brian Mulroney, who strongly supported free trade with the United States. For almost 40 years, Canada has moved steadily towards integrating its economy with that of the United States. Both countries lowered tariff barriers and investment and trade flowed across borders. It is this last 40 years that President Trump has disrupted.

We are indeed facing a rupture, but it is far from the first time in our history that we have deliberately reduced our connections to the United States.

Q.: Are there lessons from Canada's past that should be guiding this country's approach to the present turmoil in its relations with the U.S.?

A.: Economies have changed so significantly in the last 40 years that strategies that succeeded in the past are at best metaphorical guides to the future. Manufacturing has declined in both countries – as it has in all developed economies – agriculture has been commercialized, the service sector has grown exponentially in both economies as a source of income and exports, and technology is dramatically reshaping the service sector, as well as the agricultural and resource extraction sectors. President Trump's use of tariffs to bring back 20th-century manufacturing jobs to the United States makes little sense. It is a backward-looking nostalgic strategy. Canada needs to be wary of investing to protect jobs that technology will make obsolete in the next decade or two. Rather than looking back, Canada needs to look to the future and make the investments in technology and productivity that will shape the next-generation economies.

Q.: There are two main, interrelated challenges facing Canada: the Trump-imposed tariffs that many other countries are dealing with, as well, and which threaten Canada's economy; and Trump's repeated references to Canada being annexed as a "51st state," a territorial threat also faced by Denmark (Greenland) and Panama (Panama Canal). How do you view these particular challenges, and – more specifically – how seriously do you view Trump's talk of annexation through economic coercion?

A.: The repeated discussion by President Trump of Canada as a "51St state" – a discussion which began in his last term – shows that this is no passing fancy. Rather, it is something that the president continues to think about. What is remarkable is that Canada becoming a 51st state would so clearly favour the Democrats rather the Republicans electorally. In a recent article in *The Washington Post*, Paul Kane – who, with experts, modelled the impact of Canadian voters – found that Canadian voters would have changed the results of the last U.S. presidential election. If political gains are not the animating force of the president's obsession, then it can only be economic gains that are motivating him – access to Canadian critical minerals, water and other resources that Canada has and which the United States needs and wants. It would be foolhardy for Canadians not to take the implied threat seriously.

Q.: Both main political parties in Canada appear to agree that the best strategy in the present moment

involves firm retaliation against U.S. tariffs and simultaneous strengthening of trade and security relations with Europe and other countries around the world. Could you briefly explore how you think Canada's next government should confront the ongoing challenges posed by a Trump-led United States?

A.: We have just come through an astonishing election campaign where the fortunes of Canada's two principal parties reversed dramatically in the face of the economic threat from the United States. Canada's leaders will now have to be deliberate, careful and cool as they calculate how much Canada can realistically diversify. Geography is a powerful magnet and the pull from a southern market that is dynamic, productive, innovative and nine times as large as ours will remain. Our relationship with the United States will always be important to us – we share a continent and we are part of the Americas. We can and should do more with our friends in Europe and our partners in the Indo-Pacific – the fastest growing region of the world. We do need to be clear-eyed, however, about how much we can diversify our economy beyond North America in the next decade.

How should Canada's next government confront the challenges posed by a Trump-led United States? Canada cannot, as Prime Minister Mark Carney acknowledged recently, prevail in dollar-for-dollar retaliation. The asymmetries in the size of the two economies are simply too great. But Canada does have assets – our uranium, our potash, our critical minerals, our energy – that are vitally important to the United States in the short and medium term. There are also sectors of the U.S. economy – the auto sector, most notably – that will be severely disrupted by tariffs because supply chains are so tightly integrated. Canada's leaders need to be focused and deliberate as they put in place strategies that have two separate but related objectives. First, tariffs can be used to create incentives for the United States to come to the table to negotiate a renewal of the Canada-U.S.-Mexico trade agreement, CUSMA. Ideally, we will not be the first, or the second, or the fifth country to reach an agreement. Strategic patience will be a tremendous virtue. Second, and more important, the tariffs can be used to buy time as we reform our economy, seek foreign investment outside U.S. capital markets, and enable investment in the technologies that will be fundamental to the economy of the future. This should be the highest priority of the new government.

Q.: Much concern has been expressed in recent years about a growing embrace of authoritarianism around the world and a corresponding decline in faith in democracy and its institutions. How much do you think this phenomenon is shaping the current tensions in Canada-U.S. relations?

A.: The retreat of democracy and the turn to authoritarianism should be of deep concern to Canadians. Authoritarianism threatens everything Canadians hold dear – our values, our culture, our educational institutions, our society, our politics, our economy, and, of course, our rights. The most powerful antidote to authoritarianism is restoring trust in our democratic institutions. And a big part of restoring trust is persuading Canadians that government works for them, that it can deliver services effectively and efficiently, that it can patrol our borders, and that it can protect them at home and abroad. It is no accident that Mussolini, the fascist leader

in Italy in the 1930s, promised to make the trains run on time. Our trains have not been running on time – and we have not, incidentally, built the next generation of high-speed trains. Our new government has to focus on improving the daily lives of Canadians and showing them why and how government matters to them. This is a tall order but, this time, we cannot afford to fail. We see the price of failure when we watch, mesmerized in horror, at what is happening in the United States, our closest neighbour and friend.