

Derek Burney: A new Congress, a new relationship

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President Obama and the Democratic Party were caught in the vortex of a major mood swing in America. The election outcome is a resounding rebuff of the President's first two years. As the U.S. recovery took its toll on the lives and aspirations of many Americans, the desire for change in 2008 quickly transformed into emotions of fear, anger and cynicism. Because Canada will inevitably be affected by Tuesday's results, it would be timely to recalibrate relations with the United States.

President Obama's appeal to young Americans faded as quickly as did his support from independent voters. The burden of unemployment falls disproportionately on young, black and Hispanic Americans, most of whom voted for President Obama in 2010. Many of them became disillusioned about the capacity of his government to deliver. They simply did not vote. It is not that the Republicans offered much. Neither party has a comprehensive plan to address the fiscal mess in America. Rather, the Republicans benefited from the fact that they were not in charge. They portrayed themselves as "truly American" and branded the Democrats as "European-style socialists" or as having been "captured by special interests." The Tea Party movement embraced all of these sentiments and advocated essentially "less" of everything: less spending, less taxes and less government. While its effort may prove to be disruptive to consensus within Republican ranks, the Tea Party movement may also have acted as a therapeutic safety valve for emotions of fear and anger. No French-style street protests in America, at least not yet. But the reality is that Americans are skeptical that government has effective answers to their problems.

The widening income gap in America is at the root of much of the anguish. As housing values tumbled, those indulging in easy credit found themselves in a deeper hole. One startling example of what is fundamentally wrong: 0.1% of the U.S. population have 11% of the national income!

It remains to be seen whether the election results will simply deepen the political divide in Washington or spur bipartisan consensus on the serious fiscal challenges. President Obama will have to choose between his aspirations for change and his need to find a way to "triangulate" with a rejuvenated Republican party.

While the election results dramatically change the political line-up in Congress and will undoubtedly prompt further personnel changes within the administration, the challenges confronting America are daunting. As long as the economy continues to sputter, appeals for "made in America" protectionist policies are certain to gather steam. Despite the lessons of history, Americans are deeply disenchanted about the benefits of liberalized trade. This has ominous implications for Canadian economic interests. Although we should be reinvigorating efforts with the fast-growing emerging powers, 30% of Canada's GDP still relies on economic links with the United States. That is not going to change any time soon.

The plain fact is that Canada would benefit from a more robust U.S. economy and a more confident America on the world stage. While the resilience of America should never be underestimated, new waves of protectionism are a likely consequence of prolonged doubts about the U.S. economy. That is why Canadians have good reason to be concerned about the prevailing mood. Faced with this new Congressional line-up, our government should make a conscious and persistent effort to engage and inform key personalities in order to safeguard and promote our most vital economic links. We need to connect more effectively both with Congress and the administration to get more attention on priority bilateral concerns.

It is never easy to capture attention in Washington when there are so many pressing issues at centre-stage. But benign neglect carries significant risk and promises no dividends.

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