

WEBVTT

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<v SPEAKER_1>Hello again, and welcome to Global Exchange, part of the Canadian Global Affairs Institute's Podcast Network.

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<v SPEAKER_1>I'm your host Colin Robertson.

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<v SPEAKER_1>On this episode that we are recording on March the 9th, we talked with Matthew Holmes, Christopher Sands, Carlo Dade and Laurence Herman about the future of COSMA, as we call it in Canada, also known as the USMCA.

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<v SPEAKER_1>Brookings recently hosted a conference on their excellent report, USMCA Forward 2026 that Chris moderated, and in which Matthew was a panelist and Carlo was a participant.

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<v SPEAKER_1>Carlo Dade is Director, International Policy, and the new North American Initiative at the School of Public Policy, University of Calgary.

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<v SPEAKER_1>He's also launched a new initiative involving students, which takes him to Washington, which where he is today, and he may say a little bit about more of this further on in the podcast.

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<v SPEAKER_1>Chris was their host.

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<v SPEAKER_1>Chris Sands is a Visiting Fellow in the Global Economy and Development Program at the Brookings Institution where he leads the USMCA Initiative.

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<v SPEAKER_1>He also is active at SICE and many other things, and of course, we would know him from the past when he was the Director of the Canada Institute, the Canada Program at the Wilson Institute.

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<v SPEAKER_1>Larry Herman is Senior Fellow at the CD.

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<v SPEAKER_1>Howe Institute and involved in many other things as well.

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<v SPEAKER_1>Matthew Holmes is Executive Vice President and Chief of Public Policy at the Canadian Chamber of Commerce.

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<v SPEAKER_1>I should add that Carlo, Larry and I are all CGAI Fellows, as well as members of the Canada-US Expert Group, sponsored by Carleton's Norman Patterson School of International Affairs, The Canadian Global Affairs Institute, and the University of Calgary School of Public Policy.

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<v SPEAKER_1>So with that out of the way, welcome all.

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<v SPEAKER_1>But a bit of context for listeners.

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<v SPEAKER_1>As we all know, CUSMA is up for review this year.

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<v SPEAKER_1>Negotiations have effectively begun, as we are already aware, with the visits frequently, almost weekly now, of Trade Minister Dominic LeBlanc down to Washington to see the United States Trade Representative as well as those in Commerce and Treasury, with discussions around lumber, steel, aluminum, and autos, fentanyl and the border, keeping us preoccupied.

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<v SPEAKER_1>Our new Ambassador, Mark Weisman, is also in place.

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<v SPEAKER_1>As I mentioned, Brookings recently hosted a conference around their report, USMCA Forward 2026, and of course, we'll link to it in the program notes.

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<v SPEAKER_1>As Chris writes in his forward to the report, it is unclear whether the outcome of the first ever joint review of the US-Mexico-Canada Agreement, USMACA, will produce a renewal, revision, or termination of the agreement that was one of the most significant achievements of the first Trump administration.

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<v SPEAKER_1>What is known is that the joint review leads to a decision that must be made by each of the USMCA member governments.

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<v SPEAKER_1>First, whether to renew the USMCA for 16 more years with another joint review after six years.

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<v SPEAKER_1>Second, whether to withdraw from the USMCA following a minimum of six months notice to the other parties.

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<v SPEAKER_1>Or third, whether to continue the USMCA without renewing it, in which case the agreement remains in force for 10 years and expires in 2036.

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<v SPEAKER_1>For its part, the United States Trade Representative, Jameson Greer recently published his trade agenda for 2026 declaring, quote, President Trump continues to flip the script on 40 years of non-reciprocal trade practices and harmful globalist policies, eliminating long-standing barriers and strengthening our workers' competitiveness for American farmers, ranchers, and producers, all reaping the benefits of President Trump's America First approach, with domestic producers scaling up and new markets opening for US exports abroad.

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<v SPEAKER_1>Unquote.

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<v SPEAKER_1>Concluding that he plans to quote, capitalize on the success of the past year going forward.

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<v SPEAKER_1>So with that note, let's get started.

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<v SPEAKER_1>And Chris, why don't you, the ten chapters in the Brookings Report offer expert analysis of what's working and where we need to make improvements.

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<v SPEAKER_1>It's really a signal contribution to a positive looking forward, USMCA.

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<v SPEAKER_1>Can you, can I ask you to give us some of the highlights of your contributors' observations and their recommendations from your perspective?

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<v SPEAKER_1>You don't have to cover the waterfront, but just what stood out to you.

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<v SPEAKER_2>Sure.

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<v SPEAKER_1>Or do you, Chris?

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<v SPEAKER_2>Thank you very much, Colin.

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<v SPEAKER_2>And I feel like you've already given me the floor with a generous quote from the report that, in the introduction that I wrote, what I should say at the outset is I feel very lucky in that I've sort of arrived at the Brookings Institution, which is an excellent, obviously, excellent think tank, when all the work for this report was largely done.

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<v SPEAKER_2>And we had had a meeting in February.

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<v SPEAKER_2>Larry Herman was part of that, kind of looking at some of the work that was coming out.

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<v SPEAKER_2>And then we released the report.

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<v SPEAKER_2>I really don't deserve any credit other than being a nice MC at the very end, because so much of this work had been in the pipeline for six months or more.

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<v SPEAKER_2>Now, that said, one of the things that stood out for me was the focus on a couple of sectors that I don't think always get a great deal of attention.

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<v SPEAKER_2>For example, Carrie Hearman, who's in the economics program at the Wilson Center and Wilson Center, sorry, Brookings Institution.

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<v SPEAKER_2>I got to remember where I work now.

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<v SPEAKER_2>She has been on the president's Council of Economic Advisors, was a former USTR trade negotiator.

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<v SPEAKER_2>She took a look at agriculture.

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<v SPEAKER_2>And you could hear in the quote that you read from Jameson Greer, which was in the forward that I wrote, just how important agriculture is for the administration.

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<v SPEAKER_2>And this is an area where Congress is quite actively interested because there are so many states and so many districts that touch on the farming sector.

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<v SPEAKER_2>The farm sector, because it's a commodity sector, is under tremendous pressure.

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<v SPEAKER_2>The disruptions to continental supply chains have hit them very hard.

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<v SPEAKER_2>And I think you see that reflected this week as the Department of Justice looks at an antitrust investigation on potash, which of course is a fertilizer component of which Canada is the world's largest producer.

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<v SPEAKER_2>Looking at prices and pressures on the farm industry, I think is an important part of the review.

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<v SPEAKER_2>There's also an excellent chapter on autos, and autos almost always has to be part of the USMCA or Kuzma story, because it is such an important industry.

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<v SPEAKER_2>But as the authors point out, as incentives for electric vehicles expired, the industries had to go through a wrenching flip back to internal combustion engines and looking at how they can continue to survive, really.

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<v SPEAKER_2>It wasn't that long ago when we had a global financial crisis in 2008, 2009.

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<v SPEAKER_2>As many of your listeners will remember, General Motors and what was then Fiat Chrysler, now Stellantis, were under real pressure and it looked like they might drop.

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<v SPEAKER_2>We noted in that report that today three quarters of the

vehicles made in Canada are made by Honda and Toyota, not the former Detroit Big Three as we used to know them.

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<v SPEAKER_2>So I think they track an industry that is also under substantial pressure.

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<v SPEAKER_2>And then I thought we had some good deep dives on steel.

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<v SPEAKER_2>Steel had been subject to 232 national security tariffs in the first Trump administration and that has come back.

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<v SPEAKER_2>Now, steel is under pressure again.

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<v SPEAKER_2>There have been talks on maybe easing 232 tariffs or coming up with a deal within the USMCA or elsewhere, but that's made little progress.

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<v SPEAKER_2>And then finally, I thought what was really quite useful was a dive into labor and how the blue collar job sector is being pressured under USMCA.

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<v SPEAKER_2>The promise was that USMCA would deliver for those jobs.

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<v SPEAKER_2>It hasn't necessarily.

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<v SPEAKER_2>And that's something that really is at the heart of Donald Trump's appeal to blue collar workers across the Midwest.

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<v SPEAKER_2>The agreement hasn't particularly worked well, with the exception of the rapid response mechanism there, which has gone after low cost Mexican producers.

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<v SPEAKER_2>So there's quite a lot to look at in the data behind the report.

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<v SPEAKER_2>It doesn't take a partisan stance, pro or con, but really tries to help us understand why this agreement is so central to our North American economies.

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<v SPEAKER_1>I think that's right.

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<v SPEAKER_1>And thanks, Chris, because I thought that the subjects you touched on, agriculture, autos, steel, and labor, I think are critical to where we're going forward.

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<v SPEAKER_1>I certainly remember the first round on day 100 when Steve Bannon said to Donald Trump, well, let's have something to declare.

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<v SPEAKER_1>Well, let's end the NAFTA as it was then.

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<v SPEAKER_1>And then Sonny Perdue came in and I think with support with Rick Perry, had a map from the combination of the US Chamber of Commerce and the Farm Bureau, which said, look, if you do this, it's going to hit your farming community, which really you depend upon.

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<v SPEAKER_1>And that was a critical point in that rather long and tenuous negotiations, which came to an end with Trump proclaiming the greatest trade deal ever.

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<v SPEAKER_1>But of course, here we are once again.

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<v SPEAKER_1>Well, look, let me turn to Matthew, Carlo and Larry and ask you what stood out for you in the report.

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<v SPEAKER_1>Matthew, why don't you start because you were on the panel.

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<v SPEAKER_3>Sure.

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<v SPEAKER_4>Well, thanks.

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<v SPEAKER_4>Great to be with all of you.

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<v SPEAKER_4>And one thing, Chris has given us just a great overview

of what is an excellent report.

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<v SPEAKER_4>And I highly recommend people dip into it.

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<v SPEAKER_4>You don't have to read it, you know, the full book, so to speak.

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<v SPEAKER_4>You can kind of select certain chapters and sections.

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<v SPEAKER_4>It's really well organized.

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<v SPEAKER_4>One area that I felt in addition to what Chris has already outlined, that's quite important and kind of a forward arc for where we may end up, is the section that deals with critical minerals.

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<v SPEAKER_4>And looking at how are we working together or what is the opportunity here?

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<v SPEAKER_4>Because it's clear in the chapter that the US will not be able to reshore its supply chains for extraction or processing of critical minerals, that it needs for its industrial agenda, its defence agenda, and even for clean tech of the future.

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<v SPEAKER_4>So really there will be this need to find secure and reliable trading partners to address some of the choke points that other key actors, in particular China, hold on the supply chains of critical minerals.

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<v SPEAKER_4>And so I think there's a strong case made in the report for a North American integrated supply chain, an approach to that, that is really soup to nuts from extraction all the way through to processing and even a strategic supply for the North American, and perhaps even the G7 sort of plus partnership group.

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<v SPEAKER_4>So that's one element that I think will be integral to where we end up with a future agreement or what sort of side letters we may see develop.

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<v SPEAKER_4>And even just in the last few weeks, we've seen

discussions take place between the US and Mexico on exactly that topic.

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<v SPEAKER_4>So I think there's more to come here.

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<v SPEAKER_1>Matthew, my sense on that is that there's probably cross the aisle support for that in the United States, because you go back to even George W.

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<v SPEAKER_1>Bush and Obama, and then Trump won with Critical Minerals have always been a plate of discussions, played into discussions.

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<v SPEAKER_1>And yes, we relied on China for the processing, but we knew this was always a vulnerability.

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<v SPEAKER_1>And there had been studies in the States previously, and certainly under Biden, we'd looked hard at it as well.

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<v SPEAKER_1>And so my sense is that this is an area where we're not meeting a lot of resistance on the American side.

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<v SPEAKER_1>They do see the advantage, particularly they also understand what Canada has to offer.

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<v SPEAKER_1>And as you point out also at Mexico and what they can get from other allies like Australia.

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<v SPEAKER_4>Yeah, and it's important with the agreement and with our integrated relationship and economy and supply chain to remind ourselves of the things that are working.

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<v SPEAKER_4>So the Defence Procurement Act, DPA, includes in its most recent iteration, a host of mechanisms, including direct funding to Canadian mines and operations that could be critical suppliers to the US for defence critical minerals.

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<v SPEAKER_4>So that's important.

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<v SPEAKER_4>And in the last couple of years, in fact, there have been likely, my most recent count, maybe over a dozen of those arrangements for Canadian interests coming from the Department of War.

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<v SPEAKER_4>So those are important signals.

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<v SPEAKER_4>But at the same time, some of those critical minerals that the US will be seeking, you know, for example, are refined or come out of the aluminum smelting process.

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<v SPEAKER_4>So at the same time that we are seeing the Canadian aluminum industry really compromised and under pressure from the US administration in light of 232 tariffs, they're seeking some of the derivatives that would come from that sector as well.

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<v SPEAKER_4>And so there's an incoherence there perhaps that maybe is an education gap or maybe is just part of the negotiation process that we're still in the midst of.

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<v SPEAKER_1>Thanks, Matthew.

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<v SPEAKER_1>Carlo, let me turn to you.

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<v SPEAKER_1>What stood out for you in the report?

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<v SPEAKER_5>Well, thanks, Carlo.

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<v SPEAKER_5>One of the things that struck me, the report covered the basics.

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<v SPEAKER_5>Obviously it couldn't cover every aspect of the agreement, but certainly the design, whether Chris created it or brought it to fruition, really covered I think some of the key issues.

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<v SPEAKER_5>But we have an environment which we all are painfully aware shifts on a weekly if not daily basis.

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<v SPEAKER_5>So what struck me about the report was not so much what

was in it, which was good quality analysis, but how it fit into the shifting context.

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<v SPEAKER_5>And there the chapter on dispute resolution and how to deal with trade uncertainty.

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<v SPEAKER_5>I think of that chapter, the author writes in the conclusion, Usmca's greatest achievement was not market access, but the institutionalization of law over power.

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<v SPEAKER_5>Its greatest risk is the quiet erosion of achievement through design choices that privilege leverage over certainty.

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<v SPEAKER_5>And the solution is direct dispute resolution.

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<v SPEAKER_5>But during the event, one of Chris' former students raised the question, and Matt will remember this, is the agreement really necessary?

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<v SPEAKER_5>That wasn't the exact question, but it was along that general direction of thinking, a questioning of the presumptions and assumptions in the status quo.

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<v SPEAKER_5>And the reaction from the panel, which wasn't, I don't know if this was Matt's panel, but was that the importance of the agreement was obvious, the necessity of the agreement was obvious, but Matt's counterpart from the US noted, I don't have a figure to give you, I don't have a number to give you.

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<v SPEAKER_5>And indeed, I think that pointed out a research gap or an information gap that we have, which is our modelling of the agreement is based on old data and old trade norms and a situation where rules-based trade existed and more certainty existed.

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<v SPEAKER_5>So it was interesting in a forum like this to actually hear that question raised.

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<v SPEAKER_5>So the report did a great job of summarizing the event.

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<v SPEAKER_5>I think more so did an even better job of raising some of the rising concerns.

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<v SPEAKER_5>The key, the fulcrum, as the report says for the agreement going forward is certainty and whether or not we can get this in a situation where the Americans are using leverage, ignoring the rules in the case of the Section 232 tariffs, ignoring the legally ratified side letter in the agreement.

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<v SPEAKER_5>I think Matt raised this a bit too, but it was interesting to hear that question, which has been quietly voiced, publicly voiced.

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<v SPEAKER_5>I think my trip in Washington is that issue was starting to rise more.

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<v SPEAKER_5>This event was really interesting to see that raised for me publicly in such a vocal and open way.

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<v SPEAKER_1>Thanks, Carlo.

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<v SPEAKER_1>Larry, as Carlo says, certainty, stability, transparency, rules, and dispute settlement.

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<v SPEAKER_1>These are messages you and I have heard since we were involved in negotiation of the original Canada-US free trade agreement, certainly from the Canadian business community and from other business.

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<v SPEAKER_1>That's what they want.

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<v SPEAKER_1>That's what they expect and that's what agreements are designed to achieve.

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<v SPEAKER_1>Again, to use the expression, the old one, well, this would seem to be a no-brainer, but it's not.

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<v SPEAKER_1>In looking at the report, comment on what you saw in it, but also was there anything missing from it?

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<v SPEAKER_1>Because as Carlo says, there's still opportunities for us to perhaps explore new areas because some people don't quite understand why this thing is necessary.

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<v SPEAKER_3>Well, let me just comment on what Carlo said.

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<v SPEAKER_3>I agree with him about Mary Appleton's chapter on dispute settlement and the importance of framework for resolving these issues.

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<v SPEAKER_3>The rule of law is vital in terms of how you conduct business.

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<v SPEAKER_3>But let me depart a little bit from your question and put a couple of propositions and a conclusion to all of you.

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<v SPEAKER_3>Trade agreements require a sense of common purpose and common objectives among the parties that are in negotiation.

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<v SPEAKER_3>The second proposition is the US is not interested in a common objective in terms of North American trade.

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<v SPEAKER_3>This administration sees no value in a free trade agreement among the three parties.

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<v SPEAKER_3>The conclusion being that the USMCA will not survive this process.

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<v SPEAKER_3>So let's talk about that.

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<v SPEAKER_3>I don't see anything coming out of this administration to indicate that they are committed to proper, reasonable negotiation of the USMCA for purposes of improving it and cleaning the gaps.

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<v SPEAKER_3>None whatsoever.

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<v SPEAKER_3>Quite the contrary.

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<v SPEAKER_3>The words coming out of USTR and the White House are that they don't really see any need for continuing with the USMCA.

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<v SPEAKER_3>And then maybe a couple of bilateral agreements are what it's all about.

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<v SPEAKER_3>So there's nothing on the record to indicate any interest in continuing with the USMCA on the part of this administration.

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<v SPEAKER_3>Now, that might be a negotiating ploy, but it certainly establishes a kind of a framework, if you like, or atmosphere for the upcoming talks.

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<v SPEAKER_3>So I frankly don't see the possibility of the USMCA continuing.

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<v SPEAKER_3>What is more likely to happen based upon what we know today would be kind of cobbling together something that might be akin to the USMCA with some rules of origin provisions, but bilaterals between US and Mexico and the US and Canada.

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<v SPEAKER_3>I frankly am very sceptical that this administration is interested in continuing with the USMCA or even with an approved agreement among the three parties.

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<v SPEAKER_3>Now look, what Chris Sands is doing is remarkable.

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<v SPEAKER_3>He is one of the most dedicated, knowledgeable Americans in keeping the three-party arrangements and in fact, improving Canada-US relations and I commend him for all of the things he's been doing.

00:21:29.200 --> 00:21:37.220

<v SPEAKER_3>In fact, the Brookings event was remarkable and the report is a remarkable report.

00:21:37.220 --> 00:21:44.380

<v SPEAKER_3>But the question is, who's listening in the White House and USTR to this stuff?

00:21:44.540 --> 00:21:46.960

<v SPEAKER_3>I don't think anybody really is.

00:21:46.960 --> 00:21:56.300

<v SPEAKER_3>Now, this might be, as I said, just a tactical stance on the part of the president and the USTR.

00:21:56.320 --> 00:22:14.720

<v SPEAKER_3>One thing I should say, that may change the propositions that I've put forward, is that the situation in the Middle East could deteriorate significantly.

00:22:15.600 --> 00:22:28.160

<v SPEAKER_3>It could result in very serious economic repercussions for the United States and affect the support the president has, which is not all that great for this war.

00:22:28.160 --> 00:22:48.100

<v SPEAKER_3>Now, that might cause the view to change in the White House, seeing that with all of the instability in the Middle East, the effect on the US economy, it is important to establish at least a framework for the proper conduct of trade between Canada and the US and Mexico.

00:22:48.100 --> 00:22:51.640

<v SPEAKER_3>So it might change the political context somewhat.

00:22:51.640 --> 00:23:19.100

<v SPEAKER_3>But from what I've seen today and from my contacts in Washington, as commendable as efforts such as the one that Chris spearheads is worth praising, as much as those efforts are worth praising, from what I see and hear from the White House, I don't think there's any interest in pursuing a revitalized USMCA.

00:23:19.100 --> 00:23:24.560

<v SPEAKER_3>And so that's what Canada has to be and Mexico has to be dealing with.

00:23:24.560 --> 00:23:26.920

<v SPEAKER_1>Larry, you've anticipated my next couple of questions.

00:23:26.920 --> 00:23:27.940

<v SPEAKER_1>Sort of what next?

00:23:27.940 --> 00:23:29.420

<v SPEAKER_1>And what if we don't get a deal?

00:23:29.420 --> 00:23:30.500

<v SPEAKER_1>What do we do?

00:23:30.500 --> 00:23:41.120

<v SPEAKER_1>But my other question was going to be, what advice do you have for the Canadian negotiators, given the scenario, which I think is not an unrealistic fact?

00:23:41.240 --> 00:23:43.600

<v SPEAKER_3>Well, look, let me just be clear.

00:23:44.000 --> 00:23:47.180

<v SPEAKER_3>I didn't say that it's going to be a blank slate.

00:23:47.180 --> 00:23:57.500

<v SPEAKER_3>I said there may be some kind of deal cobbled together with a core set of arrangements, but nothing like the USMCA as a comprehensive trade agreement.

00:23:57.580 --> 00:23:58.340

<v SPEAKER_1>Oh, fair enough.

00:23:58.340 --> 00:24:00.900

<v SPEAKER_1>So what advice would you give to our negotiators today?

00:24:05.320 --> 00:24:13.540

<v SPEAKER_3>You know, there are some very, very competent people in Ottawa working on this file, not just in the Prime Minister's office, but in global affairs.

00:24:14.020 --> 00:24:24.280

<v SPEAKER_3>I don't think they have missed any of these scenarios, and my information is that they are looking at the possibility of no deal as one of a number of scenarios.

00:24:24.280 --> 00:24:24.900

<v SPEAKER_3>What advice?

00:24:25.740 --> 00:24:43.220

<v SPEAKER_3>I think we pursue the route we've been in Canada and Mexico, pursue the route we've been on, but recognize at the end of the day, we're going to be dealing with a probably one-sided set of negotiations with a series of dictates.

00:24:43.220 --> 00:24:45.340

<v SPEAKER_3>Where that leads to is hard to say.

00:24:45.340 --> 00:24:56.060

<v SPEAKER_3>I mean, one thing is certain, the US has the right, the legal right, under the treaty to withdraw on six months' notice, and I think that is a possibility.

00:24:56.060 --> 00:25:04.800

<v SPEAKER_3>If that were to happen, we would go back to trading, I

guess, on an MFN basis with the US., and the 232s would stay in place.

00:25:04.800 --> 00:25:19.240

<v SPEAKER_3>In fact, in my view, any renewed USMCA will involve the maintaining of the 232s in some way, and that means steel, aluminum, and autos will be subject to US tariffs.

00:25:19.240 --> 00:25:32.620

<v SPEAKER_3>Maybe something can be worked out, lowering them somewhat, but the Trump administration is not going to revile from its wedded commitment to tariffs as the mainstay of its trade policy.

00:25:32.780 --> 00:25:37.340

<v SPEAKER_3>I think Canada has to be, and Mexico have to be cognizant.

00:25:38.780 --> 00:25:42.200

<v SPEAKER_6>Hi, I'm Dave Perry, the President and CEO of The Canadian Global Affairs Institute.

00:25:42.200 --> 00:25:46.820

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00:25:46.820 --> 00:25:55.660

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00:25:55.660 --> 00:26:00.920

<v SPEAKER_6>Reach out to us at contact at cgai.ca for options and pricing.

00:26:02.360 --> 00:26:03.420

<v SPEAKER_1>Okay.

00:26:03.420 --> 00:26:08.760

<v SPEAKER_1>Let me move backwards and ask now, Carlo, how do you see what comes next?

00:26:08.760 --> 00:26:10.580

<v SPEAKER_1>And if we don't get a deal, what do we do?

00:26:10.580 --> 00:26:13.780

<v SPEAKER_1>And any your advice to the Canadian negotiating team?

00:26:13.780 --> 00:26:14.440

<v SPEAKER_5>Sure.

00:26:14.440 --> 00:26:21.820

<v SPEAKER_5>So first, I'll offer a bit of a winking disagreement with Larry.

00:26:21.820 --> 00:26:24.580

<v SPEAKER_5>Emphasis on winking with the disagreement.

00:26:24.580 --> 00:26:29.420

<v SPEAKER_5>I think the Americans are preparing to offer a new agreement.

00:26:29.420 --> 00:26:37.220

<v SPEAKER_5>But it's one where mutual benefit is replaced by absolute benefit for the US.

00:26:37.800 --> 00:26:58.680

<v SPEAKER_5>Every country, if you look at the 17 agreements and frameworks that the US assigned as an indication of what we can face with the CUSMA-USMCA review, and I think that 17 agreements with strong commonalities between each one is a very strong indicator.

00:26:58.680 --> 00:27:06.540

<v SPEAKER_5>We also have to set aside the fact that Canada is special or exceptional in the US eyes before engaging in this analysis.

00:27:07.120 --> 00:27:23.780

<v SPEAKER_5>But when you do that, what you're seeing is an agreement or agreements where every country has made concessions to the US to have less than they had before entering into the agreement.

00:27:23.780 --> 00:27:30.960

<v SPEAKER_5>So you're essentially making concessions to give up benefits that you already have.

00:27:30.960 --> 00:27:35.860

<v SPEAKER_5>That's been the trend through every agreement the US assigned or framework.

00:27:35.960 --> 00:27:39.400

<v SPEAKER_5>It's negotiated, including a baseline tariff.

00:27:39.400 --> 00:27:46.340

<v SPEAKER_5>So obviously, we have to consider that a real viable possibility.

00:27:46.340 --> 00:27:49.480

<v SPEAKER_5>The US is 17 for 17 in these agreements.

00:27:49.480 --> 00:27:53.600

<v SPEAKER_5>I think only Vietnam has really been dragging its feet.

00:27:53.600 --> 00:27:55.300

<v SPEAKER_5>So that's something to think about.

00:27:55.300 --> 00:27:59.780

<v SPEAKER_5>But the bigger point is we need numbers.

00:27:59.780 --> 00:28:03.620

<v SPEAKER_5>We haven't done the modeling of the various scenarios as far as I know.

00:28:04.540 --> 00:28:10.040

<v SPEAKER_5>I've talked to a lot of trade economists, fellow trade economists, and no one's done the modeling.

00:28:10.040 --> 00:28:14.240

<v SPEAKER_5>So we're presuming there will be crippling damage.

00:28:14.240 --> 00:28:18.820

<v SPEAKER_5>We're assuming that the effects will be devastating.

00:28:18.820 --> 00:28:23.640

<v SPEAKER_5>We're thinking maybe the MFN and maybe we will be okay.

00:28:23.640 --> 00:28:28.080

<v SPEAKER_5>My point to the negotiators is we absolutely need that work.

00:28:28.080 --> 00:28:31.520

<v SPEAKER_5>That's the next project at the New North America Initiative.

00:28:32.200 --> 00:28:40.260

<v SPEAKER_5>We modeled the provincial impacts of 232 tariffs, which is a huge change for Canadian trade policy with the US.

00:28:40.260 --> 00:28:52.400

<v SPEAKER_5>Moving from a tariff that impacts every Canadian business equally to one that impacts sectors differently means that provinces have different exposures to the tariff.

00:28:52.400 --> 00:29:00.100

<v SPEAKER_5>And the response to 232 tariffs is not a national response, it's a provincial response.

00:29:00.680 --> 00:29:09.280

<v SPEAKER_5>And that's the type of modeling we need to inform a response to the scenarios we face in KUSMA.

00:29:09.280 --> 00:29:11.600

<v SPEAKER_5>I don't know if we can survive an agreement.

00:29:11.600 --> 00:29:14.300

<v SPEAKER_5>I don't know if we'll be better off not signing.

00:29:14.300 --> 00:29:26.200

<v SPEAKER_5>And I don't think anyone knows until we have hard data, not based on past assumptions, not based on past trade norms, but modeling and data based on the current trade reality.

00:29:26.640 --> 00:29:38.580

<v SPEAKER_5>So my response is wait for however long it takes us to get the modeling for the KUSMA scenarios, but definitely start with the 232 analysis we did.

00:29:38.580 --> 00:29:43.160

<v SPEAKER_5>And that's the first step to remake and rethink trade policy.

00:29:43.160 --> 00:29:45.360

<v SPEAKER_1>Any prediction how long it would take to do this?

00:29:45.360 --> 00:29:57.360

<v SPEAKER_1>I mean, presumably our department, Global Affairs, Working with Stats Canada, this is something they should and could be doing because this is, in a sense, the top priority for the government.

00:29:57.360 --> 00:29:59.940

<v SPEAKER_5>No, I think the government's overwhelmed.

00:29:59.940 --> 00:30:06.580

<v SPEAKER_5>I know the trade economists, they could do this if they had the time and effort to focus only on this.

00:30:06.580 --> 00:30:15.640

<v SPEAKER_5>But we also have trade negotiations going on with other countries, and we need data and modeling for the agreements that are being negotiated.

00:30:15.640 --> 00:30:19.900

<v SPEAKER_5>This type of work, I think, can most efficiently have been done outside.

00:30:19.900 --> 00:30:25.500

<v SPEAKER_5>So we're looking together, put together a team of trade economists to create scenarios.

00:30:25.500 --> 00:30:31.520

<v SPEAKER_5>Chris Sands-Roy at CSIS has started scenarios, others

have, we've developed scenarios.

00:30:31.520 --> 00:30:43.260

<v SPEAKER_5>I think this work, thanks to our friends at NVIDIA and the AI technologies that are available, we can now do modeling that would take months and hours.

00:30:43.880 --> 00:30:49.820

<v SPEAKER_5>So I don't know, I'm just starting this process and this podcast can help to recruit.

00:30:49.820 --> 00:30:54.360

<v SPEAKER_5>I've already talked to Chris Sands about working with Brookings on this.

00:30:54.360 --> 00:30:55.220

<v SPEAKER_5>So we've started.

00:30:55.220 --> 00:31:06.240

<v SPEAKER_5>I can't give you a timeline till we sit down and have our first workshop and figure out the technical details, who's going to do what, how many people will participate.

00:31:06.240 --> 00:31:11.940

<v SPEAKER_5>But unfortunately, you're now talking to an academic as opposed to a think tanker.

00:31:12.340 --> 00:31:20.820

<v SPEAKER_5>So I'm hoping Chris Sands is more of a think tanker and other folks can help drive the academics along a bit more quickly.

00:31:20.820 --> 00:31:21.300

<v SPEAKER_1>All right.

00:31:21.300 --> 00:31:22.360

<v SPEAKER_1>Necessary initiative.

00:31:22.360 --> 00:31:24.200

<v SPEAKER_1>Matthew, let me turn to you.

00:31:24.200 --> 00:31:25.640

<v SPEAKER_1>What do you see?

00:31:25.640 --> 00:31:26.900

<v SPEAKER_1>What next?

00:31:26.900 --> 00:31:29.020

<v SPEAKER_1>And if we don't get a deal, what do we do?

00:31:29.020 --> 00:31:32.980

<v SPEAKER_1>And your advice to the Canadian negotiating team.

00:31:32.980 --> 00:31:39.740

<v SPEAKER_4>Well, I want to come back to Larry's hypothetical here and sort of tease out a couple of pieces.

00:31:39.920 --> 00:31:52.040

<v SPEAKER_4>One ambassador Greer in his December testimony spoke to the novelty at the origin of USMCA.

00:31:52.040 --> 00:32:02.680

<v SPEAKER_4>When it changed from NAFTA and became Kuzma or USMCA, it included this novel element of renewal.

00:32:02.680 --> 00:32:18.720

<v SPEAKER_4>And so the review after six years, then the 10-year countdown if no review was struck, and then the option of a 16-year renewal with another six-year review baked into it.

00:32:18.720 --> 00:32:25.780

<v SPEAKER_4>So what we have there is the potential for a progressive, evergreen, multilateral trade deal.

00:32:25.780 --> 00:32:43.160

<v SPEAKER_4>And so Ambassador Greer actually spoke with conviction and with optimism, I felt, in the current context, to that structure, as being one that allows all parties to evolve an agreement so that it evolves with the changing nature of commerce.

00:32:43.340 --> 00:32:46.860

<v SPEAKER_4>And one chapter I'll single out is the digital chapter.

00:32:46.860 --> 00:32:54.460

<v SPEAKER_4>It was drafted before we had even conceived fully of artificial intelligence in the way that it's moving through the economy right now.

00:32:54.460 --> 00:33:07.020

<v SPEAKER_4>Not to mention cybersecurity or post-quantum cryptography or some of the other elements that have major potential, but also major disruptive considerations for our economy.

00:33:07.020 --> 00:33:14.480

<v SPEAKER_4>So that is one example of how this agreement could be renewed and changed over time in a productive and progressive way.

00:33:14.480 --> 00:33:22.820

<v SPEAKER_4>To Carlo's point, that could be a sort of coercive or asymmetrical result.

00:33:22.820 --> 00:33:23.380

<v SPEAKER_4>Sure.

00:33:23.380 --> 00:33:32.480

<v SPEAKER_4>That could be one party with the utmost leverage, making the other parties, you know, adapt to its will.

00:33:32.480 --> 00:33:49.620

<v SPEAKER_4>Now, just taking a step back and deferring to the trade expertise around this table, of course, if we have a full withdrawal from one of the parties, I think the markets currently have priced in continuance.

00:33:49.620 --> 00:34:03.920

<v SPEAKER_4>And so I think with the signal of withdrawal, which may be a tactical signal, but if we see withdrawal really begin to be posited, I think there will be a response in the markets that could be quite disruptive.

00:34:03.920 --> 00:34:15.680

<v SPEAKER_4>And in the context right now, as was already mentioned of the Middle East and other world events, I think that could be something that the administration is maybe not willing to attempt.

00:34:15.680 --> 00:34:22.620

<v SPEAKER_4>The other piece is if there's a full withdrawal and we're falling back to some other, is it an MFN or is it a new deal, a bilateral deal?

00:34:24.000 --> 00:34:34.080

<v SPEAKER_4>This has been put in the window that the US could have a deal with Canada, have a deal with Mexico separately, keep the parties distinct and pursue its objectives in that way.

00:34:34.080 --> 00:34:38.020

<v SPEAKER_4>That brings in the question of congressional authorities.

00:34:38.020 --> 00:34:43.700

<v SPEAKER_4>Can they just fall back on prior deals that are still technically on the books?

00:34:43.700 --> 00:34:55.580

<v SPEAKER_4>Are those even remotely relevant to today's commerce and trade, or would they actually have to seek new authorities from Congress, which I don't think this administration is willing to do right now.

00:34:55.720 --> 00:35:07.360

<v SPEAKER_4>And so, that leaves us with the idea of a review that continues, what the Eurasia Group has called a zombie USMCA.

00:35:07.360 --> 00:35:13.780

<v SPEAKER_4>And so, that's, we're under this state of review, but nothing really happens in 2026.

00:35:13.780 --> 00:35:16.720

<v SPEAKER_4>Maybe it starts to happen in 2027.

00:35:16.720 --> 00:35:18.040

<v SPEAKER_4>It's hard to say.

00:35:18.040 --> 00:35:23.320

<v SPEAKER_4>But there's this state of kind of ongoing uncertainty and review of the USMCA.

00:35:23.480 --> 00:35:42.360

<v SPEAKER_4>But in the context of what I would argue is a much deeper uncertainty globally and a very volatile trade relationship globally between the rest of the world and the United States, that becomes one of the through lines of relative certainty compared to the rest of the world.

00:35:42.360 --> 00:35:47.100

<v SPEAKER_4>So I think we may find ourselves in a state for a number of months where this is still underway.

00:35:47.100 --> 00:35:50.820

<v SPEAKER_4>This is, there's a number of tactical moves.

00:35:50.880 --> 00:35:52.620

<v SPEAKER_4>There's leverage points.

00:35:52.620 --> 00:35:59.320

<v SPEAKER_4>You know, there are threats made in the public, but nothing really changes for the time being.

00:35:59.320 --> 00:36:00.980

<v SPEAKER_4>Yes, we'll see some new 232s.

00:36:00.980 --> 00:36:02.840

<v SPEAKER_4>We'll see some new pinch points.

00:36:02.840 --> 00:36:07.500

<v SPEAKER_4>To Carlo's point, that will put pressure on particular regions and sectors.

00:36:07.500 --> 00:36:16.800

<v SPEAKER_4>But I'm not sure if we'll see it really come to that kind of climax point, I think we'll really instead have this sort of long extended ambiguous state.

00:36:18.140 --> 00:36:22.540

<v SPEAKER_1>So Chris, Matthew says, we have to live with uncertainty and just keep going.

00:36:22.660 --> 00:36:24.680

<v SPEAKER_1>What do you think happens next?

00:36:24.680 --> 00:36:26.380

<v SPEAKER_1>As I said, if we don't get a deal, what do we do?

00:36:26.380 --> 00:36:28.800

<v SPEAKER_1>And your advice to Canada.

00:36:28.800 --> 00:36:36.840

<v SPEAKER_2>Well, this is always the problem is I can't stop seeing rainbows on the horizon.

00:36:36.840 --> 00:36:47.240

<v SPEAKER_2>So take what I'm about to say with a grain of salt, but I want to build a little bit on what Matt said and talk optimistically about the way this could play out.

00:36:47.240 --> 00:36:55.940

<v SPEAKER_2>Matthew's right that we could see this scenario where the US won't renew but doesn't leave.

00:36:55.940 --> 00:37:04.900

<v SPEAKER_2>And what we've seen in the history of the USMCA or CUSMA so far are reviews by the three trade ministers only on implementation.

00:37:04.900 --> 00:37:09.160

<v SPEAKER_2>What makes this review different is it's about new negotiations.

00:37:09.200 --> 00:37:27.460

<v SPEAKER_2>I think that the president, President Trump, signaled that he might be willing to walk away in part because Canadian and Mexican negotiators had come to the conclusion that we were just going to be doing a joint review annually until the US changed its mind about renewal.

00:37:27.460 --> 00:37:36.880

<v SPEAKER_2>And in that event, you don't want to give up your best chips this round because you're going to be asked for more next year and then year after that.

00:37:36.880 --> 00:37:44.440

<v SPEAKER_2>Canada and Mexico, though, stay at the table because

there's a chance that when Trump has gone, you could have a more friendly administration to deal with.

00:37:44.440 --> 00:37:52.280

<v SPEAKER_2>That situation, and Matthew's right, it's something the Eurasia Group calls Zombie NAFTA, staggers on.

00:37:52.280 --> 00:37:57.640

<v SPEAKER_2>And I think that frustrated President Trump because he wants a big deal.

00:37:57.640 --> 00:38:10.780

<v SPEAKER_2>He wants great offers, picking up on what Carlo said, an offer of new concessions to keep the status quo, which is a little bit of a bait and switch, for sure, that Canada is being inflicted with.

00:38:10.780 --> 00:38:14.060

<v SPEAKER_2>But a scenario like that does buy time.

00:38:15.380 --> 00:38:31.080

<v SPEAKER_2>And I think the president was trying to scare his negotiating partners into coming to the table with new concessions, but they've already decided that that's not going to necessarily help them if the US is either going to withdraw or is going to put them through these regular reviews.

00:38:31.080 --> 00:38:45.520

<v SPEAKER_2>So all of that's kind of where I think we are potentially in consensus, and Larry's right, we could also see the withdrawal, but here's what I'm going to add to the conversation, which I think is why I'm optimistic.

00:38:45.520 --> 00:39:04.960

<v SPEAKER_2>So far in 2026, the members of Congress, and this was true in the late 2025, but members of Congress in the Republican Party have been saying to the president, enough with all the foreigners, you got to focus on the American economy and you have to start delivering some good news or else we're going to get wiped out in the midterms.

00:39:05.720 --> 00:39:16.260

<v SPEAKER_2>Congresspeople are fairly motivated by those things and so should the president be because he has lived with Democratic control of the House and the Senate.

00:39:16.260 --> 00:39:27.440

<v SPEAKER_2>Even one chamber is enough to start more impeachment, more foot dragging, people trying to sabotage his agenda, which he's had pre-reign with in 2025.

00:39:27.440 --> 00:39:32.100

<v SPEAKER_2>But members of Congress are saying we care a lot about the US economy.

00:39:32.100 --> 00:39:50.700

<v SPEAKER_2>When you're trying to revive the US economy, and address that uncertainty we've all been talking about, if you were looking in a purely political way, you want to get to those midterms in November with a good economic message, there is nothing easier for the president to do than to create stability with the North American truce.

00:39:50.700 --> 00:40:01.760

<v SPEAKER_2>Maybe even renew USMCA, but certainly take the pressure down, because Canada and Mexico are the US's largest export markets, the biggest consumers of what America makes.

00:40:02.340 --> 00:40:05.360

<v SPEAKER_2>There are also key partners in re-arming.

00:40:05.360 --> 00:40:18.740

<v SPEAKER_2>We have a Senate Armed Services Committee trying to drive US defense spending to a trillion dollars a year, which is incredible, but with wars going on and so forth, there's hardly any doubt that we need to do that.

00:40:18.740 --> 00:40:24.440

<v SPEAKER_2>At the same time, the foreign crises have really started distracting the president.

00:40:24.440 --> 00:40:32.320

<v SPEAKER_2>Now, I don't want to say the Iran Wars distraction, but it's certainly taking up a lot of political capital, as it isn't going to be easy.

00:40:32.320 --> 00:40:35.200

<v SPEAKER_2>It's certainly very destructive and expensive.

00:40:35.200 --> 00:40:44.020

<v SPEAKER_2>And there comes a point where you could see a lot of people who liked the more isolationist Donald Trump feeling that this is really too much.

00:40:44.020 --> 00:40:45.540

<v SPEAKER_2>So what does the president do?

00:40:45.720 --> 00:40:53.940

<v SPEAKER_2>I think there's a reasonable chance that he will pull in a little bit, and he has to choose to give up some of his chaos.

00:40:53.940 --> 00:40:55.920

<v SPEAKER_2>And North American chaos could easily be that.

00:40:55.920 --> 00:41:01.180

<v SPEAKER_2>I could see Republicans pushing for that, and I could see Canadians and Mexicans also more open to that.

00:41:01.180 --> 00:41:02.520

<v SPEAKER_2>So how do you get there?

00:41:02.520 --> 00:41:22.440

<v SPEAKER_2>I think what Carlo was talking about is extremely important, and that is coming up with the numbers to be able to tell ordinary Americans, Canadians, Mexicans, this is what happens if this falls apart, or this is what happens in the zombie scenario.

00:41:22.440 --> 00:41:24.420

<v SPEAKER_2>What does that mean for your economic growth?

00:41:24.420 --> 00:41:25.780

<v SPEAKER_2>What does that mean for the future?

00:41:26.520 --> 00:41:29.520

<v SPEAKER_2>And what does it mean for jobs today?

00:41:29.520 --> 00:41:47.440

<v SPEAKER_2>One reason I'm thinking that that could be an extremely important argument is that I watched very carefully, partly because I'm a Detroit guy, the president's speech to the Detroit Economic Club that opened up the Detroit Auto Show, which isn't as big as it used to be, but it's still a big event on the Detroit calendar.

00:41:47.440 --> 00:42:03.360

<v SPEAKER_2>And the president gave a rally-style speech in which he said, look at GDP growth in the fourth quarter of 2025, look at where inflation is, look at all the trillions of dollars in deals I'm bringing in for new investment in the United States.

00:42:03.360 --> 00:42:17.360

<v SPEAKER_2>And that line of argument ran alongside what people in the hall were thinking, which is we work for car companies that are writing off multi-billion dollars of past investments because of what they're being forced to change.

00:42:17.360 --> 00:42:26.740

<v SPEAKER_2>We are working in a state of Michigan where Canadians are not coming across the border for cross-border shopping or sporting events or anything else in the way that they used to.

00:42:26.740 --> 00:42:35.740

<v SPEAKER_2>The ground feeling for people in Michigan is that the

economy isn't going very well, and they're worried about layoffs and they're worried about the jobs their kids might get.

00:42:35.740 --> 00:42:47.860

<v SPEAKER_2>So I think this is where the president is the most vulnerable that I have seen him, certainly in the second term, but even in the first term, with people saying, you know, you're telling us a story, we're feeling something else.

00:42:47.860 --> 00:42:50.980

<v SPEAKER_2>And what we're feeling is making us very nervous going forward.

00:42:51.040 --> 00:42:57.100

<v SPEAKER_2>So I think there's going to be a lot of pressure on the president to choose his battles a bit more selectively.

00:42:57.100 --> 00:43:03.200

<v SPEAKER_2>And a truce in North America, if we could do a truce in China, is a good step in that direction.

00:43:03.200 --> 00:43:06.000

<v SPEAKER_1>Well, Chris, certainly the polling is certainly bearing out what you're suggesting.

00:43:06.000 --> 00:43:12.160

<v SPEAKER_1>And I, like the others, I compliment you and thank you for your optimism.

00:43:12.240 --> 00:43:21.120

<v SPEAKER_1>I'm reminded of Ronald Reagan and some of his comments in his term and little boy digging in that pile of manure saying, there's got to be a pony in there somewhere.

00:43:21.120 --> 00:43:25.980

<v SPEAKER_1>So somewhere down deep, there's got to be a pony for our future.

00:43:26.120 --> 00:43:29.340

<v SPEAKER_1>My final question, I'll let you lead on this one, Chris.

00:43:29.340 --> 00:43:30.240

<v SPEAKER_1>We'll go backwards again.

00:43:30.240 --> 00:43:32.880

<v SPEAKER_1>What are you reading or streaming these days?

00:43:32.880 --> 00:43:33.940

<v SPEAKER_2>Oh, well, gosh.

00:43:33.940 --> 00:43:37.040

<v SPEAKER_2>I actually, I thought you would ask me this question.

00:43:37.040 --> 00:43:46.980

<v SPEAKER_2>So I will tell you, I am reading a book called Reluctant Conquest, American Wealth, Power and Science in the Arctic, by a woman named Kathryn Lavelle.

00:43:46.980 --> 00:43:48.580

<v SPEAKER_2>It's a nonfiction.

00:43:48.580 --> 00:44:05.720

<v SPEAKER_2>It's from Yale University Press, and Kathryn Lavelle is a professor at Case Western University, Reserve University in Cleveland, but she's written a really interesting look at how Americans think about the Arctic and why they don't see themselves as an Arctic nation, despite the existence of Alaska.

00:44:05.720 --> 00:44:15.000

<v SPEAKER_2>In the context of the president's threats on Greenland, but also of the real focus from Canada and the United States to be more capable in the Arctic.

00:44:15.000 --> 00:44:19.560

<v SPEAKER_2>I think it's a really useful historical backgrounder, and I'm really enjoying it very much.

00:44:19.860 --> 00:44:31.080

<v SPEAKER_2>The hot tip on this book came from David Biet, the first director of the Canada Institute, the Wilson Center, because Kathryn was a fellow at the Wilson Center.

00:44:31.080 --> 00:44:33.100

<v SPEAKER_2>And so he's been following her ever since.

00:44:33.100 --> 00:44:36.240

<v SPEAKER_2>And so he gave you the tip, and I'm really enjoying it.

00:44:36.280 --> 00:44:41.620

<v SPEAKER_1>All right, Kathryn Lavelle, and looking at the Arctic in the United States, I think that's quite timely.

00:44:41.620 --> 00:44:42.440

<v SPEAKER_1>Thank you.

00:44:42.440 --> 00:44:43.520

<v SPEAKER_1>A good suggestion.

00:44:43.520 --> 00:44:46.860

<v SPEAKER_1>Matthew, what are you reading or streaming these days?

00:44:46.860 --> 00:44:52.500

<v SPEAKER_4>Actually, I just started a novel by Min Jin Lee called Pachinko.

00:44:52.500 --> 00:44:55.540

<v SPEAKER_4>And it's a finalist for the National Book Award.

00:44:55.540 --> 00:45:04.920

<v SPEAKER_4>It was recently, or over the last couple of years, perhaps turned into a television episode series.

00:45:05.820 --> 00:45:24.460

<v SPEAKER_4>But it's a multi-generational look at a Korean family at the time of Japan's colonial entrance into Korea, and then how that family moves through the various countries, and then ends up eventually, the descendants end up in America.

00:45:24.460 --> 00:45:31.540

<v SPEAKER_4>And it's this very interesting kind of look at geopolitics through the lens of kind of the multi-generational impact.

00:45:31.540 --> 00:45:40.180

<v SPEAKER_4>What's interesting for me is I'll be part of the Team Canada Trade Mission and the Canada-Korea Forum coming up at the end of this month in Seoul.

00:45:40.900 --> 00:45:53.220

<v SPEAKER_4>And then later this year, we'll continue, I think it'll be our 15th episode of our Japan-Canadian Chambers Council, which is a semi-annual exchange between the two countries.

00:45:53.220 --> 00:45:57.580

<v SPEAKER_4>One year they come to us, and one year we go to Japan, and this is our year to go to Japan.

00:45:57.580 --> 00:46:11.260

<v SPEAKER_4>So it was a nice way for me to sort of thread those two trade missions while also having some interesting perspective on the history of it, a very fraught history of colonial powers and disruptive events.

00:46:11.260 --> 00:46:13.120

<v SPEAKER_1>Very much so, and it lives with us today.

00:46:13.120 --> 00:46:15.760

<v SPEAKER_1>So Pachenko, Min Jin Lee, thank you very much, Matthew.

00:46:15.760 --> 00:46:16.540

<v SPEAKER_1>Carlo, what about you?

00:46:16.540 --> 00:46:24.720

<v SPEAKER_1>What are you reading or streaming when you're not leading students or organizing modeling, doing all the other 101 things you do so well?

00:46:24.720 --> 00:46:27.980

<v SPEAKER_5>Reading work to help with the initiative.

00:46:27.980 --> 00:46:38.320

<v SPEAKER_5>I actually had a book recommended, and I've just gotten through the introduction, The Revolt of The Public by Martin Hurri.

00:46:38.320 --> 00:46:49.340

<v SPEAKER_5>So trying to come to more of an understanding of public opinion and how perception shapes economic policy.

00:46:49.340 --> 00:47:01.440

<v SPEAKER_5>So the work that we're doing with the initiative, of course, is trying to build a new North America agenda from the grassroots, getting outside of Ottawa, getting outside of Washington, DC.

00:47:01.440 --> 00:47:11.800

<v SPEAKER_5>We're starting in Colorado, but we're building an understanding of North America from the grassroots, grassroots elite outside the capitals.

00:47:11.800 --> 00:47:17.400

<v SPEAKER_5>It's to understand how they understand North America and what the issues are most important for them.

00:47:17.400 --> 00:47:24.480

<v SPEAKER_5>So this is something to gain more deeper background, to enable us to build that agenda.

00:47:26.620 --> 00:47:32.380

<v SPEAKER_5>It's been highly recommended by folks in this field and dying to see what more I can learn.

00:47:32.380 --> 00:47:36.580

<v SPEAKER_5>But let me just have a quick point before I leave on the modeling.

00:47:36.580 --> 00:47:42.380

<v SPEAKER_5>I'm not convinced that the modeling is going to tell us that the agreement is that important.

00:47:43.400 --> 00:47:51.520

<v SPEAKER_5>I look at the data and I look at the new reality of

global baseline tariffs, the US and Canada having the same agreement as everyone else.

00:47:51.620 --> 00:48:00.660

<v SPEAKER_5>So I don't know that we're going to get the answer that we're expecting when we run the numbers.

00:48:00.660 --> 00:48:02.580

<v SPEAKER_5>But we certainly need those numbers.

00:48:02.580 --> 00:48:07.560

<v SPEAKER_5>So just where Chris has rainbows, I see cloudy skies.

00:48:07.560 --> 00:48:12.480

<v SPEAKER_5>So I'll be there to balance Chris' rainbows.

00:48:12.480 --> 00:48:18.220

<v SPEAKER_5>But I grew up on the East Coast, grew up in Philadelphia, so we're always pessimistic.

00:48:18.220 --> 00:48:19.580

<v SPEAKER_5>We're always expecting the worst.

00:48:19.940 --> 00:48:26.580

<v SPEAKER_5>So I'll balance a happy Michigander with a skeptical Northeasterner from the US.

00:48:26.580 --> 00:48:26.980

<v SPEAKER_3>All right.

00:48:26.980 --> 00:48:28.940

<v SPEAKER_1>Martin, Jerry, Revolt of The Public.

00:48:28.940 --> 00:48:31.660

<v SPEAKER_1>Larry, what are you reading in revolves?

00:48:31.660 --> 00:48:44.120

<v SPEAKER_3>Well, let me just say Chris sees sunny skies, Carlo sees cloudy skies, I see storm clouds, but that may be a little bit too pessimistic.

00:48:44.120 --> 00:48:56.560

<v SPEAKER_3>One thing I would say, if I may, in wrapping all of these things together, discussions between the Mexicans, the Canadians, the Canadians, the Americans, it's all been very cloudy and opaque.

00:48:56.560 --> 00:48:58.900

<v SPEAKER_3>We don't know what these discussions are all about.

00:48:58.900 --> 00:49:07.800

<v SPEAKER_3>It is going to be vital to have some disclosure of how the three parties jointly see the review process unfolding.

00:49:07.800 --> 00:49:08.940

<v SPEAKER_3>We need that.

00:49:08.940 --> 00:49:17.860

<v SPEAKER_3>And that will be an indication of where we're going on this, but we need to have some clarity among the three parties.

00:49:17.860 --> 00:49:22.560

<v SPEAKER_3>The three governments have to decide what is involved in this review.

00:49:22.560 --> 00:49:30.040

<v SPEAKER_3>We don't have anything concrete about that, so we're dealing with a lot of unknowns.

00:49:30.040 --> 00:49:30.900

<v SPEAKER_3>What am I reading?

00:49:30.900 --> 00:49:40.920

<v SPEAKER_3>I'm reading Michael Levine's newly published book called The Dollar a Year Men, not The Dollar a Year Women, unfortunately, The Dollar a Year Men.

00:49:41.600 --> 00:49:50.440

<v SPEAKER_3>That's about how the business community became engaged in retooling Canada for the Second World War.

00:49:50.440 --> 00:49:55.420

<v SPEAKER_3>I think it's important because it resonates to where we are today.

00:49:55.420 --> 00:50:00.680

<v SPEAKER_3>In other words, in 1939, Canada didn't have a war-based economy.

00:50:00.680 --> 00:50:06.080

<v SPEAKER_3>We produce things for Canadian consumers, Canadian buyers.

00:50:06.080 --> 00:50:15.400

<v SPEAKER_3>In a year, we geared up and we became a major producer of war material substantially contributing to the victories of the Allies.

00:50:15.500 --> 00:50:30.160

<v SPEAKER_3>I think that's an important story because as our Prime Minister today says, we need to show how we can build things in

Canada, how we can pivot from over-reliance on one market to diversification.

00:50:30.160 --> 00:50:37.140

<v SPEAKER_3>That means we've got to gear up and start to make things, to build things, to realize our potential.

00:50:37.380 --> 00:50:55.720

<v SPEAKER_3>I thought that this story about the million, the dollar a year men in 1939, 1940, 1941, was an illustration of how the business community became engaged in a significant war effort in those perilous times.

00:50:55.720 --> 00:50:57.280

<v SPEAKER_3>So that's what I'm reading.

00:50:57.280 --> 00:51:00.440

<v SPEAKER_1>No, and it's been hardly recommended by other people I know.

00:51:00.440 --> 00:51:02.920

<v SPEAKER_1>So The Dollar a Year Men, Michael Levine.

00:51:02.920 --> 00:51:04.480

<v SPEAKER_1>Thank you very much, Larry.

00:51:05.120 --> 00:51:08.860

<v SPEAKER_1>Thank you all, and thanks for listening to this episode of The Global Exchange.

00:51:08.860 --> 00:51:13.620

<v SPEAKER_1>We were joined today by Matthew Holmes, Christopher Sands, Carlo Dade, and Laurence Herman.

00:51:13.620 --> 00:51:19.580

<v SPEAKER_1>I encourage you to read the Brookings new report, USMCA Forward 2026.

00:51:19.580 --> 00:51:21.460

<v SPEAKER_1>We'll link to it in the program notes.

00:51:21.460 --> 00:51:28.400

<v SPEAKER_1>But as you've heard, there's a lot in there that you can learn a lot about the subject that really does matter to all of us.

00:51:28.400 --> 00:51:35.400

<v SPEAKER_1>You can find The Canadian Global Affairs Institute on Facebook, Twitter, and LinkedIn, and the CGAI Network on iTunes, Spotify, and Google Play.

00:51:35.400 --> 00:51:38.420

<v SPEAKER_1>The Global Exchange is brought to you by our team at CGAI.

00:51:38.420 --> 00:51:43.680

<v SPEAKER_1>As always, my thanks go out to our producer, Jordyn Carroll, and to Drew Phillips for providing our music.

00:51:43.680 --> 00:51:45.060

<v SPEAKER_1>I'm Colin Robertson.

00:51:45.060 --> 00:51:46.860

<v SPEAKER_1>Thanks for joining us today on The Global Exchange.