2019

Undergraduate Review, Special Issue: Canada and the United States in the Age of Trump, Vol. 14, Issue 2

Follow this and additional works at: https://vc.bridgew.edu/undergrad_rev

Recommended Citation
Available at: https://vc.bridgew.edu/undergrad_rev/vol14/iss2/1

This item is available as part of Virtual Commons, the open-access institutional repository of Bridgewater State University, Bridgewater, Massachusetts. Copyright © 2019
The Undergraduate Review

A JOURNAL OF UNDERGRADUATE RESEARCH AND CREATIVE WORK

Special Issue

Canada and the United States in the Age of Trump

2018

Webster, Stokes, Jones, Best, Cunningham, Guimond and Krouse, Kurajian, Hogan-Berisha and Merritt, Alderton
# Table of Contents

Indigenous Self-government? An Assessment of the Nisga’a Treaty Agreement  
**Jacob Webster (McGill University)** .......................................................... 6

The North American Free Trade Agreement (NAFTA): Potential Changes, Effects, and What to Do Concerning the Trucking Industry  
**Shyla Stokes with Richard Stumpenhagen (Bridgewater State University)** .......................................................... 17

Renegotiating the Realm of Influence: The Shifting Priorities of President Trump during NAFTA Renegotiations  
**Sanford Jones (University of Ottawa)** .......................................................... 28

The Klan Issue: How French Canadians Combatted Nativism through 1920 Maine Local Politics  
**Erin Best (Bridgewater State University)** .................................................. 38

Liquefied Natural Gas in North America: An Analysis of the United States’ Exportation Position in the Context of its North American Free Trade Agreement Partners  
**Sean Cunningham (SUNY Buffalo)** ........................................................... 45

The End of NAFTA and a Future for Companies in the Medical Device Industry  
**Melissa Guimond and Jennifer Krouse, with Kyle Beauregard (Bridgewater State University)** ............ 58

Debunking the Narratives of Inclusion: Immigration Policy in Quebec, Canada, and the United States in the Age of Trump  
**Olivia A. Kurajian (McGill University)** .................................................. 68

Fiat Chrysler Automobiles and NAFTA’s Rule-of-Origin Clause  
**Christine Hogan-Berisha and Parker Merritt (Bridgewater State University)** ................................ 76

Aliens vs Citizens: Who are the Real Enemies of the State?  
**Sheldon Alderton (University of Saskatchewan)** ...................................... 90
From the Guest Editor

In March 2018, 95 undergraduate students from a variety of post-secondary institutions across North America gathered at Bridgewater State University to meet and share with one another their research and writing on current and historical subjects involving Canada, Quebec, and the United States. The one-day symposium was co-hosted by BSU’s Canadian Studies Program and Undergraduate Research Office, and generously supported by the Government of Canada’s Consulate for New England and the province of Quebec’s government office in Boston. Named “Canada, the United States and Quebec in the Age of Trump,” the event featured the insights of students from BSU and other schools: Emerson College and SUNY-Buffalo in the United States; Carleton, McGill, Queen’s, Thompson Rivers, and Western universities, along with the University of Saskatchewan and the University of Ottawa in Canada. Presenting singly and in teams, they analyzed the future of NAFTA, refugee policy and immigration reform, the president and the prime minister, Indigenous rights and Reconciliation, and health-care provision in Canada and the United States. One highlight of the symposium was a keynote address delivered by Dr. Michael Hawes, CEO of Fulbright Canada and a leading proponent of student research and scholar exchange between Canada and the U.S.

The high quality of presentations made on that day (and the enthusiasm that the event generated) inspired the publication of a special issue of *The Undergraduate Review*, BSU’s established undergraduate research journal. The essays featured in these pages showcase the hard work and the heights of insightful analysis that undergraduate research can entail. They demonstrate, clearly, how polished research and writing has become a central part of undergraduate learning for many students, in many institutions across North America. All of us in the Canadian Studies Program at BSU, now in its forty-sixth year of existence, were thrilled to be co-host of this event and we look forward to reprising it in coming years.

Dr. Andrew C. Holman
Director, Canadian Studies Program

From the Editor of *The Undergraduate Review*

Bridgewater State University (BSU) has built a signature program of Undergraduate Research with significant funding and opportunities for students in any major to discover new knowledge and make original contributions to their discipline or community. Undergraduate Research has been an institutional priority at BSU for more than 20 years because students who are mentored by professors on projects in which they are deeply invested, gain highly valued experience and skills in critical thinking, problem-solving, collaboration, and communication. The experience of conducting authentic research under faculty mentorship makes undergraduates more successful students and outstanding candidates for post-graduation competitive opportunities, thereby changing the trajectories of their lives.

Undergraduate Research includes the scholarly work from any academic field, and can take several different forms, from collaborating with professors on their scholarship to taking on long-term course assignments that go beyond traditional research papers and projects, such as by including a presentation of the results at a campus or disciplinary symposium. Dissemination of one’s findings is a key criterion of high-impact Undergraduate Research. When students share their work with an audience of peers, experts, and others in the academic and broader community, they become much more invested in the work than if they were “writing to the professor” to earn a passing course grade. They think more intentionally about the audience, purpose, and overall quality of the research and writing. They also develop deeper understanding of their areas of study as they reflect on and respond to audience members’ questions.
For all of those reasons, BSU is proud to have hosted the “Canada, the United States and Quebec in the Age of Trump” undergraduate-research conference and to publish some of the highest quality research presented there in this special issue of The Undergraduate Review.

Dr. Jenny Shanahan
Assistant Provost
Center for Transformative Learning
Indigenous Self-government?
An Assessment of the Nisga’a Treaty Agreement

JACOB WEBSTER

Over the course of Canadian history, Indigenous peoples have endured a difficult relationship with the state. This relationship is indicative of the history of colonialism in Canada and continues to be problematic in contemporary interactions between Canadian First Nations and the federal and provincial governments. The question of how Indigenous peoples fit into the Canadian federal system is a complex one whose answer depends largely on the specific contextual situation of each First Nations group. In this essay, I argue that the Nisga’a Treaty agreement exemplifies a commendable attempt at Indigenous self-government, which is consistent with the principles evoked in the Charlottetown Accord and in the scholarship on Indigenous self-government. In this way, the Nisga’a treaty sets up a model for Indigenous self-government that does not require constitutional change and is thus possible in the current constitutional context. The Nisga’a Treaty has withstood two judicial challenges and was informed by current constitutional principles (Aldridge and Fenge, 2015, 149). Because of its affirmed constitutionality, the Nisga’a Treaty provides a way forward within the current federal framework and provides a replicable example for First Nations. In order to argue that the Nisga’a Treaty creates a model for Indigenous self-government that is consistent with the theoretical ideals of Indigenous self-government, I first outline the principles evoked by the Charlottetown Accord and by scholars in the field of Indigenous self-government. I then summarize the text of the Nisga’a agreement, identifying relevant sections that coincide or potentially conflict with the theoretical principles proposed in the first section. In order to conduct a more fulsome examination of the Nisga’a agreement, I also examine recent studies that endeavor to evaluate the success of the Nisga’a agreement based on its practical implementation in the community, not simply on the text of the agreement. By examining the text and the practical implementation of the agreement, I argue that the Nisga’a treaty agreement provides the framework for Indigenous self-government in a way that is consistent with the theoretical principles identified by the Charlottetown Accord and certain scholars. The Nisga’a treaty is a sound implementation of Indigenous self-government that is possible without any constitutional change.

Theoretical Principles

In identifying the opinions of scholars on the principles of Indigenous self-government, it is necessary to identify the vein in the literature that proposes that negotiations between settler government and native peoples are inherently colonial. This method of thinking

---

1 Signed on 27 May 1998, the Nisga’a Treaty was negotiated and signed by the Nisga’a nation, the Province of British Columbia and the Government of Canada, ostensibly to settle outstanding land claims. It went into effect on 11 May 2000.

2 The Charlottetown Accord was a package of proposed amendments to the Canadian Constitution that were considered by the provinces of Canada and the Canadian federal government in 1992, but was ultimately rejected. Among the reforms was a proposal to enshrine an Aboriginal right to self-government in the Constitution.
provides little room for negotiation or compromise, but identifying this viewpoint is important. Paul Rynard’s work is emblematic of this critique of settler-Indigenous relations. Rynard generally disapproves of the Nisga’a agreement arguing that it does not represent a break from the past in the sense that it follows the same colonial channels of settler-Indigenous relations (2000). Furthermore, Rynard argues that the land negotiations between the Nisga’a and the state perpetuate a legal relationship of dependence of First Nations on the state that is inherently colonial (Rynard, 2000 p.240). While this critique is important and should be identified, it is not emblematic of other larger themes within the literature and precludes any state-First Nations agreement to help install self-government within the current constitutional structure. Rynard’s principles are valuable but are largely unrealistic given the unlikelihood of broad constitutional change.

While Rynard’s critique and principles are unrealistic given the current constitutional regime, the Charlottetown Accord and the work of other scholars present their own frameworks that are more practically suitable for an assessment of the Nisga’a treaty agreement.

While the Charlottetown Accord failed in a national referendum in 1992, it nonetheless identified guiding principles for what its authors proposed as a “third order” of government. The Accord states that the Indigenous peoples of Canada, due to their status as the first peoples of Canada, have a right to govern their land and to promote their languages, cultures and traditions (Charlottetown Accord, 1985, S.2(b)). It further identifies their right to govern their own economies, identities and institutions (Charlottetown Accord, 1985, p.A s.4). It also states that the provincial and federal governments have a duty to negotiate with Indigenous peoples on issues of jurisdiction and on the use of resources and assets on Native lands (Charlottetown Accord, 1985, p.B s.45). Finally, it states that the financing of these self-government agreements should be negotiated in a way that promotes equal opportunity and furthers social, economic, and cultural development (Charlottetown Accord, 1985, p. B s.50). The Charlottetown Accord, despite its failure, identified certain key policy areas, notably culture, identity, and institutions that should frame any assessment of an Indigenous self-government regime.

Scholarship on Indigenous self-government further clarifies the vision set forth in the Charlottetown Accord. Dan Russell identifies the Penner Report as the impetus for self-government and the importance of its recommendations for “expanded jurisdiction of first nations governments, the exclusion of provincial jurisdiction from Indigenous lands, and a process of First Nations accountability to Indigenous people” (2000, 7). Furthermore, he argues that if self-government has any content at all it must mean the ability to enact laws concerning crime, health care, and education all enforceable by Indigenous courts (Russell, 2000, 11). In this argument, Russell asserts that First Nations governments must have their own judicial enforcement mechanisms to execute their own legislation.

3 In 1983, a Special Parliamentary Committee on Indian Self-government released The Penner Report, named after its chairman, Keith Penner, a Liberal Member of Parliament for Cochrane-Superior. The Report recommended that Canada’s Indian Act and the Department of Indian Affairs be phased out gradually and replaced by local governments established by Native peoples themselves.
Wayne Warry takes a different approach to Indigenous self-government, proposing that it should be up to the First Nations groups to determine the legitimate parameters of self-government (1998, 36). He argues that self-government is an iterative process in which its meaning becomes clearer through its implementation and practice (1998, 49). Warry’s approach differs greatly from Russell’s and he seeks to grant agency to Indigenous peoples in their specific contexts to determine what their legitimate form of self-government will mean given the needs of their individual communities. Warry does not provide criteria in the way Russell does, but nonetheless helps inform what Indigenous self-government would look like in saying that it recognizes the right and ability of individuals and communities to conduct their own affairs (1998, 50).

Tim Schouls provides further clarity to the question of what Indigenous self-government will and ought to mean on the ground. Firstly, he states that self-government should be principally to preserve Indigenous culture (Schouls, 2003, 45). While cultural preservation should be the chief concern of any self-government regime, Schouls clarifies by stating, “Self government is understood to be fundamentally about the expression of an Indigenous desire for control over internal affairs” (2003, 178). This is an important stipulation in Schouls’ statement as it implies a degree of autonomy from the Canadian state that extends the tribe’s authority only to members of the tribe and to matters that are internal to their own community. In this, Schouls argues for a degree of separation between Indigenous communities and the Canadian state.

Viewed together, the Charlottetown Accord and the scholarly literature on the topic help clarify what Indigenous self-government should look like on the ground. The guiding principle identified in all the sources is Indigenous control over Indigenous affairs, and a distancing from the federal and provincial governments from business that is internal to First Nations communities. More specifically, self-government agreements ought to include provisions for Indigenous control over language, culture, economy, identity, institutions, traditions, and land. Furthermore, as Russell asserts, these agreements ought to include enforcement mechanisms, whether they be courts or other institutions, to enforce laws made by Indigenous governments. After outlining his principles, Russell asserts that the real question is not what Indigenous self-government ought to look like, but “can it be done?” (2000, 89). By examining the Nisga’a Treaty, I argue that Russell’s question can be answered in the affirmative.

The Nisga’a Treaty Agreement

The Nisga’a Treaty agreement is the first modern-day treaty in British Columbia and in this it is novel (Cassidy, 2004, 5). Given its novelty, it is imperative to adjudicate the success of this paradigm based on the theoretical principles identified in the preceding section. In adjudicating the success of the agreement, I break up my analysis into criteria identified in the literature on self-government. The eight categories provided in the literature to judge the success of the Nisga’a Treaty are: general provisions, government structure, social services, the judiciary, language and culture, lands and assets, citizenship, and financing. By identifying how the treaty addresses Nisga’a government on these issues and adjudicating them based on the criteria established by the relevant literature, it is possible to ascertain the value of the Nisga’a agreement. Any study of the Nisga’a treaty that ignores the actual text of the agreement would be incomplete. Based largely on the text of the agreement,
in this section I assess how well it fits with the criteria established in the Charlottetown Accord and the relevant scholarship.

Chapter two of the Nisga’a agreement sets out certain general conditions that help frame it. Firstly, the agreement does not alter the Constitution of Canada and exists within the meaning of Sections 25 and 35 of the Constitution Act, 1982 (Canada et. al. ch.2 s.1). The Charter will still apply to Nisga’a governments, bearing in mind “the free and democratic nature of Nisga’a Government” (Canada et. al., 1999, ch.2 s.9). Finally, while federal and provincial laws will still apply to the Nisga’a, in the event of a conflict between these laws and the agreement, the agreement will prevail (Canada et. al., 1999, ch.2 s.13). These principles set the groundwork for the rest of the agreement and support the supremacy of the self-government agreement over any piece of provincial or federal legislation.

One key principle identified in the literature is that Indigenous governments ought to have control over their institutions and governmental structures. The agreement addresses this. The Nisga’a have the jurisdiction to make laws concerning the establishment of Nisga’a institutions (Canada et. al., 1999, ch. 11, s. 34). This includes the composition of their government, its financial administration, and the conduct of elections and referenda. The provisions for the Nisga’a constitution enumerated in Chapter 11, Section Nine are relatively vague, allowing for Nisga’a autonomy in these areas. For example, while it mandates that the Nisga’a provide a mechanism for challenging Nisga’a laws it does not codify what this mechanism should look like or establish a settler standard to which it should conform (Canada et al.). In this way, it sets up guiding principles but leaves the practical administration of these issues up to the Nisga’a and their members. This method of structuring the Nisga’a government allows for a relatively high degree of Nisga’a autonomy, which is consistent with notions in the literature of self-government as a process that must be determined by Indigenous communities themselves. Furthermore, the Nisga’a right to self-government is constitutionally entrenched through this treaty, which means that it cannot be ignored by the province or the federal government (Cassidy, 2004, 8). The structure of the Nisga’a government in general conforms to the standards evoked by the literature by recognizing self-government as an iterative process that is valuable to the extent that First Nations groups have the autonomy to determine their own internal constitutional structures.

The way the Nisga’a agreement addresses social services provides an illustrative criterion by which to judge the degree to which the agreement is self-government. Generally speaking, the Nisga’a can make laws creating social services (Canada et. al, 1999, ch. 11 s. 78). More specifically, the province and the federal government have a responsibility to negotiate with the Nisga’a on the administration and delivery of federal and provincial social services by the Nisga’a themselves (Canada et. al., 1999, ch. 11 s.78). This provision is integral to the meaning of self-government because it provides Nisga’a control over aspects of government that are central to the well-being of Nisga’a members. Furthermore, the agreement specifically addresses health care, stating that the Nisga’a and the governments will negotiate to reach agreement for health care for individuals on the reserve, and in the instance that any Nisga’a law regarding the structure or organization of health services on Nisga’a lands contravenes federal or provincial law, Nisga’a law will prevail (Canada et. al., 1999, ch.11 s.84). Furthermore, the Nisga’a have the
ability to regulate Indigenous healers on the reserve, however they cannot regulate substances that are already regulated by the federal or provincial governments (Canada et. al., 1999, ch.11 s. 86). This provision is mixed in terms of the degree to which it allows self-government. Similarly mixed are the ways the agreement provides for education on reserve. While the Nisga’a can make laws regarding preschool to grade-12 education, which includes the teaching of Nisgà’a language and culture, there are standards set forth by the province (Canada et. al., 1999, ch.11 s. 100). Not only must the Nisga’a education system prepare its graduates to competently attend post-secondary education, it must also permit the transfer of students to provincial schools at each grade level (Canada et. al., 1999, ch. 11 s. 100). These provisions provide checks along the way on Nisga’a education that reduce the ability of the Nisga’a to innovate. But generally, Nisga’a language and culture can be taught concurrently with provincial standards provided students in each grade can achieve at similar levels to students at provincially operated schools. The vernacular surrounding the standards by which the Nisga’a must conform to the province’s regulation is very important in determining the degree of Nisga’a autonomy. In terms of Nisga’a post-secondary institutions, the Treaty calls only for standards “comparable” to those of the province on issues of organization, admissions, instructor qualifications, and curriculum (Canada et. al., 1999, ch. 11 s. 104). Since Nisga’a standards need only be comparable to the province’s, there is a degree of autonomy in this domain. Overall, the provisions for social services in the Nisga’a agreement are generally amenable to the principles identified in the literature and provide for a system that gives the Nisga’a a relatively high degree of autonomy in regulating health services and education.

As Russell argues, Indigenous law enforcement is required for any Indigenous self-government regime to be legitimate (2000, 11). The Nisga’a treaty fulfils this requirement to a certain extent but falls down in certain key areas. The Nisga’a have the jurisdiction to make laws regulating or controlling actions on their land other than actions that are authorized by the Crown or actions that may constitute “nuisance, a trespass, a danger to public health, or a threat to public order, peace, or safety” (Canada et. al., ch.11 s. 59). The words in this section are relatively vague, which makes it difficult to adjudicate this section. Despite this ambiguity, the Nisga’a do not have the authority to create criminal law (Canada et. al., 1999, ch.11 s. 61). This is a significant limit to Nisga’a judicial abilities. Furthermore, the Nisga’a may not regulate gambling on their lands, which is another infringement on the theoretical notions of self-government (Canada et. al, 1999, ch.11 s. 108). Despite these inadequacies in the treaty, Chapter 12, which describes the “Administration of Justice,” provides a clearer framework for Nisga’a judicial mechanisms. This chapter provides for the Nisga’a to create their own police force (Canada et. al. 1999, ch. 12 s.4). While the force must be in “substantial conformity” to provincial standards in terms of use of force by its officers and codes of conduct, the treaty provides for a large degree of autonomy in this area (Canada et. al., 1999, ch. 12 s.4). Furthermore, these police officers have all the powers and responsibilities of peace officers under the law (Canada et. al., 1999, ch.12 s.13). There is also a reciprocal system whereby provincial police officers must notify the Nisga’a police forces if they are performing their duties in Nisga’a territory and vice versa (Canada et. al., 1999, ch. 12 s.14-15). These sections set up a notion of equality between the two police forces, which symbolizes the equal status of the Nisga’a and provincial
governments. Furthermore, the provisions whereby the police force must be in substantial conformity with the provinces provide not so much a limit on police power as they do protection of citizens’ rights.

Not only can the Nisga’a establish a police force with a relative degree of autonomy they are also capable of establishing a system of courts provided they comply with “generally recognized principles in respect of judicial fairness, independence and impartiality (Canada et. al., 1999, ch. 12 s.33). This section sets forth criteria that are theoretical and non-specific, which gives the Nisga’a a large degree of autonomy in terms of the structure of their judicial system. This autonomy affirms the theoretical principles of self-government. Furthermore, the Nisga’a courts have powers that are relatively far reaching. They can review Nisga’a institutions, adjudicate based on Nisga’a law, and adjudicate disputes within the jurisdiction of provincial courts provided it is on Nisga’a land and involves Nisga’a people. While the Nisga’a are unable to make criminal law and are limited in their legislative ability on certain other legal issues, the Treaty does set up enforcement mechanisms that afford the Nisga’a a large degree of autonomy. While the judicial set-up under the Nisga’a agreement may not totally fulfil Russell’s criteria, it does a respectable job in setting up autonomy for Nisga’a courts and police forces to enforce Nisga’a law in Nisga’a territory.

The criterion that is mentioned most commonly in the literature as a litmus test for self-government is the degree to which the Indigenous governments are autonomous in matters of culture. On this issue, the Nisga’a agreement is relatively strong. The agreement states outright that “Nisga’a language and culture are matters that should be subject to Nisga’a laws and governments, to as great an extent as possible” (Cassidy, 2004, 19). The Nisga’a have the authority to make laws that promote and preserve their culture and language (Canada et. al., 1999, ch. 11 s.41). Specifically, this clause allows the Nisga’a to pass laws to authorize the use, reproduction, and representation of Nisga’a cultural symbols and practices, and the teaching of Nisga’a language (Canada et. al., 1999, ch. 11 s.41). While this provision is broad and gives the Nisga’a a large degree of autonomy, it does not allow the Nisga’a to legislate regarding intellectual property (Canada et. al., 1999 ch.11 s.42). On this issue, the treaty is potentially lacking in terms of its protection of Nisga’a culture but other sections provide the Nisga’a with greater power. For instance, the Nisga’a can control the devolution of cultural property for people who die intestate and Nisga’a governments can make laws forcing employers to accommodate Nisga’a employees based on aspects of Nisga’a culture (Canada et. al., 1999, ch. 11 s. 115-16). These provisions give the Nisga’a government control over cultural materials and give Nisga’a residents a greater ability to practice their culture. Chapter 17 sets out the procedures by which the Nisga’a can reclaim Nisga’a artifacts from the Canadian Museum of History and the Royal British Columbia Museum. Chapter nine also sets out provisions for the traditional Nisga’a harvest of wildlife in the Nass Wildlife Reserve subject only to provincial legislation for public health and conservation (Canada et. al., 1999, ch. 17 s.1). This provision does not require the Nisga’a to obtain hunting licenses (Canada et. al., 1999, ch. 17 s.10). These provisions allow for the reclamation of cultural artifacts and the practice of traditional Nisga’a hunting rituals that allow the Nisga’a to regulate their own traditional cultural practices. While the agreement does not delegate the ability to legislate based on state intellectual property
laws, it does delegate autonomy in other important areas and extends the Nisga’a ability to control and practice their culture.

Like cultural considerations, issues concerning land assets are frequently mentioned by scholars identifying criteria by which to adjudicate Indigenous self-government. The agreement states that the Nisga’a can make laws regarding the use and management of their lands (Canada et. al., 1999, ch.11 s.44). These laws have a wide jurisdiction under Section 44 and include the right to control how land is disposed of on Nisga’a territory (Canada et. al., 1999, ch.11 S. 44,d). They have the ability to regulate business on their land and can zone, plan, and develop their land as they see fit (Canada et. al., 1999, ch.11 s.47). Furthermore, the same criteria for bird harvest in Chapter nine are made in Chapter eight for fish harvest. The Nisga’a have the right to fish on their lands subject only to provincial legislation on public health and conservation and do not require a government license (Canada et. al., 1999 , ch. 8 s.1, s.7). Generally speaking, the Nisga’a treaty allows for a large degree of autonomy in Nisga’a legislation on the use of Nisga’a land and resources. This is consistent with the criteria set out by the scholarship identified earlier.

Citizenship—that is, who is Nisga’a and who is not—is an important part of any Indigenous agreement. The criteria for citizenship are set forth in Chapter 20 of the agreement and are relatively restrictive. Nisga’a citizens must be of Nisga’a ancestry either by being born to a mother in the tribe, a descendant of such an individual, an adopted child of a woman in the tribe, or the spouse of one of said people (Canada et. al., 1999, ch.9 S.1). These criteria are relatively restrictive because they are based on an ancestral link to the Nisga’a people. Furthermore, the Nisga’a have the authority to form an enrolment committee, one governed by rules set out by the Nisga’a council that will adjudicate cases of membership (Canada et. al., 1999, ch.9 s.11). This effectively allows the Nisga’a to regulate their membership and thus regulate access to Nisga’a lands and the privileges of Nisga’a citizenship. This internal mechanism whereby the Nisga’a can control membership is integral to a the safeguarding of all other Nisga’a rights under the agreement. There is an Appeal Board that adjudicates references from the Enrolment Committee and the appeals board is composed of Nisga’a and government officials in equal numbers (Canada et. al., 1999, s. 19 ch.9). The appeals process privileges the Nisga’a and allows for the pre-eminence of Nisga’a decision-making at all levels. It creates a framework of self-government that encourages Nisga’a autonomy in the critical area of membership.

While the agreement seems to satisfy notions of self-government in crucial areas defined by scholars, issues of financing are paramount to the practical implementation of this agreement. With regard to financing, the agreement sets forth a process that is very fair to the Nisga’a. Chapter 15 describes the financing agreement and states that every five years the parties agree to negotiate financing that would enable the agreed-upon public programs and services to Nisga’a residents at levels that are reasonably comparable to those in northwest British Columbia (Canada et. al., 1999, ch. 15 s.3). This sets a relatively high standard by which the province and the federal government must provide financing to the Nisga’a government. Furthermore, these calculations will take into account the costs necessary to establish and operate the Nisga’a government, the effectiveness of public programs, the location of Nisga’a lands, training requirements, Nisga’a cultural values, and the obligations of the Nisga’a
government (Canada et. al., 1999, ch.15 s.9). This clause widens the scope of the financing arrangement taking into account important considerations that help ensure the ability of the Nisga’a government to operate. By taking into account the remoteness of Nisga’a lands and Nisga’a cultural values, the agreement is sensitive to the Nisga’a situation and helps facilitate self-government. While the Nisga’a have the power to tax their own citizens (Canada et. al., 1999, ch. 16 s.1), the Nisga’a are also subject to governmental taxes—federal and provincial (Canada et. al., 1999, ch. 16 s.6). The subjection to governmental taxes is one that contravenes the Indian Act but does not contravene the jurisdiction of the Nisga’a government. In this way, while it may be less than ideal for Nisga’a residents, taxation is not necessarily an issue that lessens the degree to which the agreement fulfils the notion of self-government.

Based on the text of the agreement, the Nisga’a treaty fulfils to a large extent the theoretical principles identified in the literature on self-government. The Nisga’a have prevailing jurisdiction in several substantial areas including government, citizenship, culture, language, lands and assets, the organization and structure of health services, child and family services, and education (Cassidy, 2004, 10). Furthermore, the agreement clarifies that the Nisga’a have the authority to make laws that are necessarily incidental to exercising their authority as set out by the agreement (Canada et. al., 1999, ch.11 s. 126). While occasionally the agreement stipulates that the state can regulate Nisga’a government or that the Nisga’a cannot legislate on certain issues, the agreement largely fulfils the theoretical principles evoked in the relevant literature. In this way, the Nisga’a acquire law-making authority in the crucial areas of “lands, language, culture, education, health, child protection, traditional healing practices, fisheries, wildlife, forestry, environmental protection, and policing” (Allen, 2004, 235). While the actual text of the agreement is consistent with the principles of Indigenous self-government, the practical reality of how the agreement is implemented is just as (if not more) important.

A 2010 study by Joseph Quesnel and Conrad Winn reports mixed results as to the effect of the agreement on the quality of governance within the Nisga’a community. They find that the funding from the government is sufficient for the operation of Nisga’a-run programs and that there is higher trust for the local Nisga’a government than neighboring bands have for their own governmental arrangements (Quesnel et. al., 2011, 9). Despite this seemingly positive feedback, they find no improvement in public opinion over the government’s ability to keep promises, though there are large concerns about nepotism among Nisga’a leadership (Quesnel et. al., 2011, 11-12). Furthermore, they state that there is difficulty for many members of the group to live outside of the Indian Act framework (Quesnel et. al., 2011, 16). Despite these mixed results, what we understand as good government and as self-government should not be conflated. While the immediate results of the agreement are mixed as to their impact on improving governance, the agreement provides a workable framework for Nisga’a self-government, which is an essentially positive goal. While the short-term effects of self-government in the Nisga’a community may be mixed, the creation of a workable regime for Indigenous self-government within the current constitutional framework is a notable accomplishment and a step toward Indigenous self-government on a larger scale that, as the literature demonstrates, is an essential step in the advancement of Canadian Indigenous peoples.
In conclusion, the question of how Indigenous peoples should rightly interact with the state is one that has prompted a vast amount of scholarship and political discussion. The Nisga’a Treaty provides the framework for an answer to the question of how Canadian First Nations fit into the federal system. The Nisga’a agreement does not provide for self-government on every issue and, in some areas, there are standards imposed by the provincial and federal governments. But in most areas, the agreement mostly adheres to the theoretical ideals proposed in the Charlottetown Accord and in literature on self-government. While theory is useful for crafting frameworks, policy that is negotiated by three “orders” of government is rarely ideal. In this way, the Nisga’a agreement provides a valuable example for how Indigenous self-government can be realized within the current constitutional framework to a degree that substantially conforms to theoretical ideals. While the practical implementation of the agreement has had mixed effects in its improvement of governance for the Nisga’a, good governance and self-government should not be conflated, and self-government is a goal unto itself for Indigenous peoples in Canada. While the Nisga’a agreement is somewhat exceptional in that it was instituted in an environment made conducive to compromise by provincial and federal governments, it still provides a model for future negotiations (Cassidy, 2004, 24). As Wayne Warry states, “Self-government is an emergent, iterative process—its meaning and validity become clearer with its practice” (1998, 49). In implementing the Nisga’a agreement, Canadian governments are supporting a forward-looking process that is consistent with theoretical, ideal principles and workable in the current constitutional context.
Jacob Webster is a J.D. candidate in the University of Toronto’s Faculty of Law. He recently completed an undergraduate degree at McGill University in Political Science.

References


The North American Free Trade Agreement (NAFTA): Potential Changes, Effects, and What to Do Concerning the Trucking Industry

SHYLA STOKES WITH RICHARD STUMPENHAGEN

The North American Free Trade Agreement (NAFTA) was established in 1994 to enable various industries to remain competitive in the North American market and to increase trilateral trade among Canada, Mexico, and the United States. Since Donald Trump came into office as President of the United States, there has been potential for reform of NAFTA, and the impact needs to be examined (North American Free Trade Agreement (NAFTA)). The impact of NAFTA on the trucking industry is explored in this study, as the majority of trilateral trade is conducted by trucks crossing borders, which requires freedom of transit.

President Trump intends to renegotiate trade agreements, especially with Canada and Mexico. Through these negotiations, the United States seeks to support higher-paying jobs in the United States and to grow the U.S. economy by improving U.S. opportunities to trade with Canada and Mexico (NAFTA). On the other hand, “Mexico has asked the United States to allow its trucks on U.S. roads, and [this] was promised in the first NAFTA agreement but withdrawn by the U.S. Congress, so Mexico is also looking for an anti-corruption clause” (Amadeo, 2018). Mexico and Canada do not share the same concerns. Canada is looking for the end of tariffs from the United States on products such as lumber and dairy. Those areas would impact trade and have a trickle effect on the trucking industry, although changes are not likely since there has not been much progress in the negotiation meetings (Amadeo, 2018). It has also been said “that upwards of 60% of NAFTA trade is truck-based … so there is probably little replacement for this trade coming from anywhere since these are the U.S. land borders,” although rail would be the second leading mode (US Trade Experts, 2017). Taking into account all of this information, this research explores which aspects of NAFTA would be affected more than others in a renegotiation. This study uses a strategic audit approach to make recommendations that seek to keep trucking companies involved in trade and with NAFTA.

Current Performance

According to the United States Department of Transportation, as of May 2015, 31.4 million trucks were registered and used for business purposes (“Reports, Trends & Statistics,” 2015). Internationally, trucks transported 58.3% of the value of trade between the U.S. and Canada in 2015 and 70.9% of trade between the U.S. and Mexico. The value of truck-transported

---

1 Editors’ note. This essay was written in early Spring 2018, months before the October 2018 conclusion of negotiations resulting in the United States-Mexico-Canada Trade Agreement (USMCA), the successor to the North American Free Trade Agreement (NAFTA). This scholarship provides scholarly insight into the subject that was available at that moment.
trade increased 4.4% to $376.6 billion with Mexico. With Canada, the value slipped 5.3% to $335.2 billion, but there were also gross freight revenues of $726.4 billion (“Reports, Trends & Statistics,” 2015). In 2016, NAFTA generated a lot of cross-border trade, which was found to be worth $89 billion to the trucking industry (Roberts, 2017). With revenues come expenses, and taxes in 2014 included $39.9 billion paid by commercial trucks in federal and state highway user taxes. Employment performance in 2014 and 2015 included 7.3 million people employed in trucking-related jobs, 3.5 million of whom were truck drivers (“Reports, Trends & Statistics,” 2015).

The purpose of the research was to investigate NAFTA negotiations and what could result from them for the trucking industry. Various methods were used, including organizational and industry analyses and Porter’s Five Forces. Porter’s Five Forces are the (a) threat of new entrants, (b) rivalry among firms, (c) substitute services, (d) bargaining power of buyers, and (e) power of suppliers. Those forces are used to explore the fact that “a corporation is most concerned with the intensity of competition within its industry, [and] the level of this intensity is determined by competitive forces, [and] the collective strength of these forces determines the ultimate profit potential in the industry” (Wheelen, Hunger, Hoffman, & Bamford, 2015, 104). The industry is scanned, and the corporation must assess the importance to its success of the five forces. The stronger the forces, the more limited companies become, but weaker forces can become opportunities for companies (Wheelen et al, 2015).

Threat of New Entrants

“New entrants to an industry typically bring to it new capacity, a desire to gain market share, and potentially substantial resources” (Wheelen et al, 2015, 105). It is not difficult to enter the industry when the barriers to entry—or the “obstructions that make it difficult for a company to enter an industry”—are low, but one must keep in mind that trucking is a lifestyle with a large initial investment and costs throughout. However, those costs do not keep many away from trucking (Wheelen et al, 2015, 105; Delco, 2015).

Rivalry Among Firms

There are roughly 500,000 trucking companies in the US. The most obvious component of trucking competition is within the US, as many companies are capable of performing the same duties. Efficiency and effectiveness are the determining factors. Small, medium, and large trucking companies face similar issues, but larger companies have an easier time executing their duties and can exhaust more resources because there are more opportunities to determine what works and what does not (“Five Frequently Asked Questions,” 2010).

Substitute Service(s)

A substitute service is one that does not look like the particular service in demand, but will satisfy in the same way to fulfill the customer needs (Wheelen et al, 2015). There are not a lot of substitutes to trucking, but rail and air services are often utilized in conjunction with trucking. Companies use “truck and rail or truck and air for ultimate delivery to the customer,” with rail being slower and air being faster (“Competition Drives Trucking Industry,” 1998; “International Shipping Costs,” 2018).

Bargaining Power of Buyers

In most cases, buyers have the ability to affect an industry because they have the power to change prices.
Buyers force prices down when their demand decreases; suppliers cannot sell their products otherwise. Buyers can demand higher-quality products and more services. They also can play the competitors against each other (Wheelen et al, 2015). Buyers may be able to lower the cost of shipping, especially when threatening to use another product or supplier.

*Power of Suppliers*

Suppliers have more power than some would think, and this power can affect the industry. Suppliers have the power to raise prices and/or reduce the quality of goods and services (Wheelen et al, 2015). Although suppliers can technically raise prices, given the implied number of suppliers in the trucking industry, this would not be wise. If costs are passed on to consumers, there is potential for the cost of shipping to increase. In that case, the cost of the service rendered is likely to increase as well. This would make for an unfortunate chain reaction.

*Methodology*

This study is a synthesis of information found from scanning and assessing the external environment of the trucking industry, and it examines what a specific company’s internal environment would be like. From the facts presented in each analysis, recommendations are made in order to address any issues going forward. Both the external and internal factor analysis tables below, which resemble a detailed S.W.O.T (strengths, weaknesses, opportunities, threats) analysis, present information about the trucking industry, which factor into trucking organizations, and whether they are helping or hindering the business. The tables give a visual representation of each factor, which has a weight and rating that are then multiplied to arrive at the weighted score. The weights are out of 1 (Most Important) with 0 being the least; they give a rating of the importance and level of impact of the factor in regard to the company’s current and future success (Wheelen et al, 2015). The rating is on a scale of 0 to 5 with 5 being the best in regard to how well the industry or organization is responding to the factor(s). The comments are the explanations of those factors (Wheelen et al, 2015).

*Industry Analysis*

**External** opportunities and threats are used to study the trucking industry and what is helping or hindering the companies. When using this information, it is important to determine what is helping and hindering by assigning these factors to opportunities or threats respectively. Based on the findings and calculations above, it can be noted that the threats have a greater impact than the opportunities. However, threats can be turned into opportunities if done so properly. When thinking of these external factors in a visual sense, one might consider a metaphorical seesaw. Where there is an opportunity for more jobs and increased revenue, there is also the threatening potential that jobs could be lost and revenue lost. This is because results of NAFTA cannot be thoroughly predicted without weighing both sides of every scenario. Furthermore, the proposed changes to NAFTA are more likely to harm the US agreement with Mexico than with Canada, so a threat to Mexico can be deemed an opportunity for Canada. The people working in the trucking industry are not the only ones who have concerns; consumers are affected as well because some goods and services are not important enough to some consumers to keep paying increases in prices. Even if consumers are able to pay, they may not necessarily be content to do so. The factors presented
Table 1: External Factors Analysis

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential for more jobs</td>
<td>.10</td>
<td>4</td>
<td>.4</td>
<td>If there are only NAFTA renegotiations, more jobs could be added.</td>
</tr>
<tr>
<td>Increased revenue</td>
<td>.10</td>
<td>4.2</td>
<td>.42</td>
<td>Not much change, only improvements.</td>
</tr>
<tr>
<td>Increase in cross-border trade</td>
<td>.10</td>
<td>3</td>
<td>.3</td>
<td>400% increase since NAFTA was implemented, potential for more growth.</td>
</tr>
<tr>
<td>Help Canada &amp; Harm Mexico</td>
<td>.05</td>
<td>2.2</td>
<td>.11</td>
<td>Issues with Mexican border would pose a threat to drivers because they would not be able to cross the border for trading, but Canada seems to still be able to do so and to increase trade relations even more.</td>
</tr>
<tr>
<td>Elimination of some taxes</td>
<td>.05</td>
<td>2</td>
<td>.1</td>
<td>Potential for some taxes to be cut or eliminated which might increase trade and need for trucks.</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of jobs</td>
<td>.15</td>
<td>3</td>
<td>.45</td>
<td>If there is less need for trade, there is less need for truck drivers. If the industry is dwindling, they will have less work.</td>
</tr>
<tr>
<td>Loss of revenues</td>
<td>.20</td>
<td>3.4</td>
<td>.68</td>
<td>Increase fees, loss of customers. Less sales, less use for trucks, less revenue.</td>
</tr>
<tr>
<td>More regulations</td>
<td>.10</td>
<td>4</td>
<td>.4</td>
<td>Increased tariffs harm the companies and the consumers.</td>
</tr>
<tr>
<td>Technology Advancements</td>
<td>.05</td>
<td>4.8</td>
<td>.24</td>
<td>Some are able to shop elsewhere with increased internet commerce.</td>
</tr>
<tr>
<td>Customer Relations</td>
<td>.10</td>
<td>3.5</td>
<td>.35</td>
<td>Customers might not want to or be able to purchase when prices increase. Could specifically harm Mexico and avocado trading.</td>
</tr>
<tr>
<td><strong>Total Scores</strong></td>
<td>1.00</td>
<td></td>
<td>3.45</td>
<td></td>
</tr>
</tbody>
</table>

The findings and calculations above suggest that the strengths have a greater impact than the weaknesses in the trucking industry. This is opposite to the conclusion made concerning the opportunities and threats. Strengths are something a company or industry already possesses, while an opportunity is something it does not necessarily have but can take proper advantage of. The focus on the table above is clearly strengths and weaknesses, and it is important to take note of the fact that the industry has many strong points, but anything can happen in this case because the negotiations are still happening.

Since it is clear that Mexico is likely to be harmed more than Canada, most of the weaknesses are related to what could happen with Mexico. NAFTA may have been doing well these past few years with great increases in trade, but that does not mean it will remain. A lot of the external factors can and are likely to change, and as can be seen in the table above, those changes can either benefit or harm the industry.

**Organizational Analysis**

**Internal** strengths and weaknesses are used to study the specific factors related to the trucking industry. Each sector is determined to be a strength or weakness to aid in the evaluation of what is helping or hindering the company and why. Internal information makes it easier to pinpoint room for change and problem areas. Companies with the ability to exploit their resources have greater capabilities. Those closer to the border are likely to garner more business if their performance has been positive. Companies that are able to provide good client service and anticipate consequences, while also demonstrating great risk management, have excellent core competencies (White, 2016). Competitive advantages include knowing how to maximize the market and how to use good marketing with clear objectives (White, 2016). It is easier for larger companies than for an independent worker to gain the resources and capabilities necessary to support a competitive challenge. It is less challenging for more experienced workers to handle customers, trucks, and orders because the knowledge is ingrained in them. Synergy, or cooperation among those who work for the company, those who run the company, and those who are delivered to, is important because when companies or organizations are able to work together well, processes run more smoothly. Synergy is what keeps the trucking industry going and growing (Wheelen et al, 2015).

The findings and calculations above suggest that the strengths have a greater impact than the weaknesses in the trucking industry. This is opposite to the conclusion made concerning the opportunities and threats. Strengths are something a company or industry already possesses, while an opportunity is something it do not necessarily have but can take proper advantage of. The focus on the table above is clearly strengths and weaknesses, and it is important to take note of the fact that the industry has many strong points, but anything can happen in this case because the negotiations are still happening.

Since it is clear that Mexico is likely to be harmed more than Canada, most of the weaknesses are related to what could happen with Mexico. If Mexico is out the agreement, NAFTA really is not the same anymore. However, what Canada and the United States do with it may still benefit them and would still exemplify the strengths and weaknesses above. They may be able to lessen their weaknesses and turn them into strengths over time. There are many internal factors to consider here and it is made clear from the data that anything can happen. Nonetheless, if everything remains the same, NAFTA could still be successful. If the renegotiations lead to great change, then NAFTA could fall apart, and these strengths would not be enough to keep the industry going, and the weaknesses could worsen.
Table 2: Internal Factors Analysis

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to many border zones</td>
<td>.05</td>
<td>3</td>
<td>.15</td>
<td>Not only operate near the border.</td>
</tr>
<tr>
<td>Experienced, qualified, and safe</td>
<td>.15</td>
<td>4</td>
<td>.6</td>
<td>Regulations put in place to ensure safety.</td>
</tr>
<tr>
<td>Highly Integrated</td>
<td>.10</td>
<td>4.3</td>
<td>.43</td>
<td>Elements are properly coordinated, easier to meet needs.</td>
</tr>
<tr>
<td>Country relations</td>
<td>.10</td>
<td>3.5</td>
<td>.35</td>
<td>Trade relationship is good but could deteriorate soon.</td>
</tr>
<tr>
<td>Movement of goods is key</td>
<td>.10</td>
<td>4.8</td>
<td>.48</td>
<td>One of the only options to move goods: promotes economic success.</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mile Restriction</td>
<td>.15</td>
<td>2</td>
<td>.3</td>
<td>Cannot go further than 20 mi from the border; otherwise trucks do not meet US safety standards.</td>
</tr>
<tr>
<td>Highly sensitive</td>
<td>.15</td>
<td>3.5</td>
<td>.53</td>
<td>Sensitive to any disruption in industry.</td>
</tr>
<tr>
<td>Subject to fallout</td>
<td>.05</td>
<td>3.7</td>
<td>.19</td>
<td>If Mexico, loss of all relations and revenue. If Canada, could suffer from the US-Mexico fallout. Mexico and Canada are highly integrated.</td>
</tr>
<tr>
<td>Global Positioning</td>
<td>.10</td>
<td>2.2</td>
<td>.22</td>
<td>Hard to cross border, let alone keep relations with Canada if US leaves.</td>
</tr>
<tr>
<td>Not Internet Based</td>
<td>.05</td>
<td>2</td>
<td>.1</td>
<td>Internet Commerce on the rise.</td>
</tr>
<tr>
<td><strong>Total Scores</strong></td>
<td><strong>1.00</strong></td>
<td><strong>3.35</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strategies would include increasing the domestic customer base in each respective country, which would mean more coast-to-coast transportation in the US; however, that would increase competition with rail service. Such a change would favor trucking companies that are able to adapt in business. Consumers would still receive the goods they need; however, the US does not produce as many goods as are consumed, meaning it would cost more to acquire them. Although this strategy has its positive aspects as expressed above, there are setbacks as well. The setbacks would be a loss in revenue to producers and less need for some trucking companies by the border, especially the companies involved with taking loads from Mexican trucks and transporting them from the border.

A second strategy would be accepting the changes and adapting when the proposed tariffs and taxes increase. If the border remains open, which is likely, there will be constant trade, although there may be a slight decrease. When costs increase, generally the end consumer is impacted most. NAFTA is vital to trucking, which could mean that revenues would increase because of the increase in tariffs and taxes and allow for job retention. An example of how these changes would affect consumers and the industry is the sale of avocados, as they are grown in Mexico. It would be harmful to both the US and Mexico if the trading of avocados were made almost impossible. Avocados cannot easily be grown in the US, yet there is a strong market for them, meaning any increase in cost would not deter many consumers, especially given the trend among millennials of consuming avocado in various forms whether it be on toast or at Mexican restaurants.

Conclusion

The purpose of this research was to perform a strategic audit and provide recommendations that the trucking industry could utilize in regard to the changes in NAFTA, whether the treaty is renegotiated or eliminated. The major finding in regard to renegotiation is that taxes and tariffs would likely increase; the recommended course of action would be to take the changes and adapt and keep a close eye on NAFTA negotiations. Organizations within the trucking industry must also create several contingencies. NAFTA will most likely be kept in some shape or form. However, the cost of shipping will be increased if tariffs and taxes are increased, affecting consumers and causing difficult issues for products in lower demand. Another way to adapt to the changes without deterring the organization too much would be to lobby Congress intensely. If the trucking industry puts enough pressure on Congress, they may not enact certain changes.
Table 3: Strategy Formulation Analysis

<table>
<thead>
<tr>
<th>Strategic Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S3 Highly Integrated</td>
<td>.10</td>
<td>4.3</td>
<td>.43</td>
<td>Elements are properly coordinated, easier to meet needs.</td>
</tr>
<tr>
<td>S5 Movement of goods is key</td>
<td>.10</td>
<td>4.8</td>
<td>.48</td>
<td>One of the only options to move goods; promotes economic success.</td>
</tr>
<tr>
<td>W1 Mile Restriction</td>
<td>.10</td>
<td>2</td>
<td>.2</td>
<td>Cannot go further than 20 mi from the border (MEX); otherwise trucks do not meet US safety standards.</td>
</tr>
<tr>
<td>W2 Highly sensitive</td>
<td>.15</td>
<td>3.5</td>
<td>.53</td>
<td>Sensitive to any disruption in industry.</td>
</tr>
<tr>
<td>O1 Potential for more jobs</td>
<td>.10</td>
<td>4</td>
<td>.4</td>
<td>If there are only renegotiations jobs could increase.</td>
</tr>
<tr>
<td>O2 Increased revenue</td>
<td>.10</td>
<td>4.2</td>
<td>.42</td>
<td>Not much change, only improvements.</td>
</tr>
<tr>
<td>O3 Increase in cross-border trade</td>
<td>.10</td>
<td>3</td>
<td>.3</td>
<td>400% increase since NAFTA was implemented, with potential for more growth.</td>
</tr>
<tr>
<td>T1 Loss of jobs</td>
<td>.15</td>
<td>3</td>
<td>.45</td>
<td>If there is less need for trade, there is less need for truck drivers. If the industry is dwindling, then they will have less work.</td>
</tr>
<tr>
<td>T2 Loss of revenues</td>
<td>.10</td>
<td>3.4</td>
<td>.34</td>
<td>Increased fees leads to loss of customers. Lower sales = less use for trucks and lower revenue.</td>
</tr>
</tbody>
</table>

The companies that will be most impacted by renegotiation or elimination of NAFTA are those that specialize in cross-border trucking. This industry is highly sensitive to change, and until a clearer picture emerges of where renegotiation might go, companies must be prepared for several alternatives: reduced business, no business, or business as usual. Jobs will be lost if the cost of shipping is too high because eventually consumers will be unwilling to pay. The potential changes to NAFTA are more likely to harm the consumers than the industry, but trucking companies cannot remain successful without customers. This is a new era with President Trump in office, and a lot can occur, particularly in regard to NAFTA. The research presented here shows that essentially anything can happen. That said, it looks like what will happen is not too harmful for the trucking industry. It is important to note the relevance and importance of any changes because NAFTA has been in place since the 1990s and trade is a major form of commerce.

Limitations

Given the short amount of time President Trump had been in office at the time of this research, and given that the talks about NAFTA are fairly new, there were limitations to the research. They include a lack of available data and lack of prior research on the topic. Many of the information explored does not pertain to the trucking industry specifically, or does not pertain to NAFTA, both necessary for the case at hand. There is not a lot of literature on the topic yet because the renegotiations have only been occurring for a few months. Although there are news articles and various sources explaining what is happening, the topic is subject to frequent changes.
Shyla Stokes graduated from Bridgewater State University in May 2018 with a Bachelor’s degree in Accounting and Finance, with a concentration in Accounting and minors in Management and Sociology. She is currently continuing her education at Bridgewater, working toward a Master of Science of Accountancy.

References


Magoci, J. 2017. “What are the main traits that make a good trucking company?” Retrieved from https://www.fueloyal.com/what-are-the-main-traits-that-make-a-good-trucking-company


Renegotiating the Realm of Influence: The Shifting Priorities of President Trump during NAFTA Renegotiations
SANFORD JONES

The politics of the President of the United States, Donald Trump, has oscillated between the outward expression of promoting United States (US) economic prosperity and an antagonistic populism that seeks to isolate him and his followers from established political norms. This has recently manifested in the interrelations between domestic influence and foreign policy. Acting upon a campaign promise to enter into a renegotiation with Canada and Mexico of the 1994 North American Free Trade Agreement (NAFTA), driven by a perception that this could improve economic outcomes for the US, the Trump Administration began to establish strategic objectives to bring to the negotiating table. While the priorities stated by the Administration displayed a moderate and sound strategy in line with contemporary economists, a shift in policy preference occurred once the renegotiation of the agreement began. The Trump negotiating team moved toward a decidedly more nationalist posture.

This article examines the factors that caused that drastic shift in international trade policy. First, it addresses the corporate interests that established significant influence on the White House. Second, it assesses the moderating influence on trade policy that followed from this corporate access. Third, it analyzes the rationale behind the imbedded corporate interests in trade policy and the importance of NAFTA to influential American businesses. A contextual analysis follows concerning the President’s comments about the 2017 Charlottesville, Virginia protests and how they affected corporate influence in the White House. Next, this essay examines the effects of the dissolution of access first granted to corporate interests, followed by an analysis of populist nationalism and its impact on the Administration’s trade negotiations. Finally, the implications of these findings on US foreign policy and international relations is considered.

Upon entering the Oval Office, President Trump established economic advisory councils replete with private-sector expertise. One such council, the Strategic and Policy Forum, contained a multitude of CEOs with the objective of advising the President “on how government policy impacts economic growth, job creation, and productivity” (Blackstone 2016). Similarly, the President instituted a Manufacturing Jobs Initiative, which sought input from CEOs on government policy and regulations with the objective to “promote job growth and get Americans back to work again” (White House 2017b). Upon being appointed chairman of the manufacturing council, Dow Chemical CEO Andrew Liveris was optimistic that the Trump Administration was “not going to do anything to harm competitiveness” (quoted in Meyersohn 2017). While ostensibly the councils were established to ensure that economic policy aligned with the interests of American businesses, their ability to increase job growth and competitiveness hinged on access to the White House. During preparations for the renegotiation of NAFTA, the influence of business interests within the councils seemed to deliver a moderating effect on the policy of
the Trump Administration, which began by seeking trade reforms consistent with internationalist economic perspectives.

Before the Trump Administration began the process of renegotiations with Canadian and Mexican officials, it developed strategic approaches and objectives for the international meetings. As NAFTA had not been updated in the more than two decades, its provisions were in need of adjustment, according to many economists and scholars. The original negotiating points set out by the Trump Administration seemed to reflect this. There was a reluctance to simply reject the agreement, as had been done with the Trans-Pacific Partnership (TPP) (Irwin 2017, 45). In his report to Congress, Robert Lighthizer (2017), the United States Trade Representative (USTR) for the NAFTA renegotiations, outlined a modernization strategy to address digital trade, intellectual property, labor, and environmental standards. These renegotiation policy objectives were not a significant departure from those that economic commentators had articulated over the course of the agreement’s implementation; indeed, the approach taken was notably similar to provisions within the proposed TPP (Palmer, Behsudi, and Cassella 2017). This suggests that the business interests invited to advise the White House on economic policy initially established a significant influence on international trade issues (Neal and Pascrell 2017). The congruence between the initial renegotiation provisions, concerns of previous US administrations and various expert opinions suggests that Trump’s populist campaign rhetoric was initially influenced by corporate interests. These interests were afforded access to decision-makers through the Strategic and Policy Forum and Manufacturing Jobs Initiative advisory councils, which gave them an ability to impact policy formulation.

The two advisory councils consisted primarily of CEOs from the most profitable and influential corporations in the US, and while their interests differed on many policy issues, a significant number of their members benefit from and support the notion of a North American free-trade zone. Members of the Strategic and Policy Forum involved with manufacturing, such as General Motors (GM) and General Electric (GE), have a preference for free-trade policies, especially within the North American market. With a former CEO on the Strategic and Policy Forum and the current CEO on the Manufacturing Jobs Initiative council, GE has been a supportive voice for NAFTA renegotiations as a modernization attempt (Graham 2017). The position held by GE was likely influential; its public positions on NAFTA were consistent with the renegotiation objectives presented in Lighthizer’s letter to Congress, which highlighted the need for reforms in digital trade and intellectual

---

1 For recommended reforms to NAFTA see, for example, Hufbauer and Schott (2005), Leblond and Fabian (2017), Schoen (1999), or Smillie (2017).

2 Among the members of the economic advisory councils are financial and manufacturing firms that are involved in transnational production in North America and have made statements in support of NAFTA; others which neither benefit nor are disadvantaged by international trade have mostly remained silent on the issue. The major exception is labor. The AFL-CIO and the Alliance for American Manufacturing, both represented on the Manufacturing Jobs Initiative, have voiced concerns about lower wages and working standards in Mexico and insufficient rules of origin to promote US manufacturing, respectively (Trumka 2017; Paul 2017).
property (General Electric Company 2017; Lighthizer 2017). Similarly, GM CEO and Strategic and Policy Forum member Mary Barra was critical of intentions to impose tariffs on continental trade (Gardner 2017). Several investment and consulting firms involved in the councils had produced reports noting the disruption an abandonment of NAFTA would cause, while also inferring the need to modernize the agreement (EY 2017; Wien 2017; Boston Consulting Group 2017). During interviews in April of 2017, CEOs on the Strategic and Policy Forum reported that the President was actively listening to the councils and taking industry advice into consideration when formulating policy (Kelly 2017b). The diminished rhetoric threatening to nullify NAFTA can be attributed to these corporate interests (Kelly 2017a). However, as Hopkins (2007) points out, the US experienced increasing stress between the discourse of nationalist conservatism and assertive corporate globalism, with an economy that has expanded globally and a politics that remains decidedly local. The “fear of foreign invaders, stirred up in the aftermath of 9/11, called for the rebuilding of fortress America” (Hopkins 2007, 109). This is the conflict within the Trump strategy: at one end an economic need of global integration and, at another, the local fear of losing a moral and cultural identity.

Despite their initial influence in shaping renegotiation objectives, the access afforded to members of the advisory councils was eventually eliminated. The decision to disband the councils was precipitated by a majority of the councils’ members deciding to step down after inflammatory remarks were made by the President about the Charlottesville ‘Unite the Right’ protest, in which Trump “appeared to confer legitimacy on white supremacists” (Olorunnipa, McCormick, and Niquette 2017). As the NAFTA negotiations began just days after these events, an increasing shift was apparent within the Administration, and it began to talk about ending the agreement between the US, Canada and Mexico. Lighthizer’s opening remarks at the first round of negotiations in Washington indicated that the more moderate tone in strategic objectives had been abandoned: “[w]e believe that Nafta [sic] has fundamentally failed many Americans and needs major improvements” (quoted in Mauldin and Vieira 2017). The increase in protectionist nationalism within the White House created a chaotic point of uncertainty. Trump repeatedly threatened to initiate the NAFTA withdrawal mechanism through an executive order. The Trump Administration moved farther from the goal of modernizing the agreement, favored by the business interests of the advisory councils, toward populist propositions that were clearly unacceptable to others at the negotiating table (Swanson 2017a). This was especially evident in the novel suggestion by Lighthizer that the renewed agreement should include a US-specific content provision for manufactured goods

3 It is unclear whether opposition to the President’s remarks about the Charlottesville protests, and the resignations that followed, represent a moral issue or merely a cost-benefit analysis among businesses anxious to distance themselves from the White House.

4 Whether the disbandment of the advisory councils was by order from the President or by way of a consensus within the council is an issue unrelated to the one discussed here; the distinction between the two possibilities does not address the rationale behind the action (Tracer, Williams, and Son 2017). To contend that Trump had orchestrated the councils’ dissolution would be to confirm a continuation of his populist rhetoric, while alleging that the councils disbanded on their own accord would imply that the extent of the damage caused by the President’s previous populist rhetoric was enough to dissuade collaboration with more moderate business interests.
rather than the current one that applied to regional content in general (Donnan, Nicolaou, and Webber 2017). Not only was this new negotiating position a misrepresentation of the stated goals within the Summary of Objectives for the NAFTA Renegotiation (USTR 2017), it rejected the once-influential advisory councils’ view that such a qualification “would greatly complicate the ability of companies, particularly small- and medium-size enterprises, to take advantage of the benefits of Nafta [sic]” (Matt Blunt quoted in Wall Street Journal 2017). Now following nationalist objectives, the President increased threats to withdraw if demands were not agreed to by Canadian and Mexican counterparts (Swanson 2017b).

In the face of an increasingly nationalistic policy standpoint, the moderating influence of the advisory councils was eliminated and the White House returned to the principles on which Trump began his electoral campaign. For him, trade was decidedly a zero-sum game and disagreement among partners was cause enough for an abandonment of alliances. This shift away from the influence of business interests resonated in other spheres. For example, Trump arrested plans to establish economic councils on infrastructure (Beech and Burns 2017). The new protectionist approach focused only on US production and reflected the limited effects of business influence after the disbanding of the councils. This seems to support a theory of opportunity in policy-making and influence: corporate influences could have an impact on American foreign policy only insofar as they have immediate access to the White House. Business influence can be more strongly expressed when institutions exist to support its advisory capacity. This fits within Dahl’s (1998) plurality framework, which sees these interests as part of a plurality that influences policy through government access structures. When these avenues of access break down, pluralism also dwindles. While historically influential on government policy, business interests have recently become limited in their access to the Executive after the disbanding of the advisory councils and thus have suffered diminishing input in foreign economic policy (Pastor 1980, 45). This diminished capacity to influence on the part of corporate interest groups has resulted in a more radical nationalist position taken by the Trump Administration toward the renegotiation of the trade agreement.

This shift constitutes an exceptional circumstance in American politics and the President’s populist foundation for these actions is clear. The creation of the Strategic and Policy Forum and the Manufacturing Jobs Initiative was an ideological expression of free-market liberalism, one generally embraced by the Republican Party. But their destruction was the product of radical populist nationalism. The electoral campaign and subsequent presidency of Donald Trump took its direction from a tradition of “Americans who have a natural tendency… to take up positions of fear, hostility, militancy, intransigence, and self-righteousness: in other words nationalist positions” (Lieven 2012, 83). The removal of business influence after Trump’s apparent sympathizing with white supremacists exacerbated the populist rhetoric of the White House, which now has few moderating influences on its policy development. The belligerent isolationism taken up by the

---

5 The implications of a NAFTA abandonment have been the subject of increasing study and have been an area of analysis by various firms and scholars. Influential reports include Cheney et al. (2017), Gertz (2017), Globerman and Sands (2017), Johnson (2017), Mosquet, Handschuh, and Wilson (2017), Murphy (2017), Parilla and Muro (2017), and the U.S. Chamber of Commerce (2017).
Administration’s NAFTA negotiating team, which has employed a strategy of repeatedly threatening to end the Agreement, is the expression of a nationalist populism free from the influence of economic elites. The formal power structures within the Executive once contained a regulated *agonism* between populist nationalism and the interests of corporate elites; what Mouffe (2000) would call the democratic paradox. But Trump’s demonization of Washington elites has nullified that possibility. Trump’s rise to power deployed the distinction between an ‘us’ and ‘them’ struggling for hegemonic control; in this case, a ‘people’s’ antagonism fighting for control against a liberal globalist conspiracy. The nature of his rise to power, therefore, made the continued existence of an institutional agonism impossible (Žižek 2009, 277-81). The rhetoric the President employed, the disbanding of the advisory councils, and the resulting shift in renegotiation strategy have each been in line with the populist hegemonic struggle for which Trump was elected. A white, middle-class, nativist fear of cultural loss, dispossession, or alien occupation has led to the conspiratorial idea of a liberal dictatorship and a hatred for its embodiment in economic elites as well as ethnic and religious minorities (Lieven 2012, 85).

While the abandonment of the advisory councils may have been a sign of return to original principles for some of Trump’s radical nationalist supporters, it has severely damaged the capacity of the NAFTA renegotiations to obtain originally stated objectives, or real economic advancement in the United States.

Abandoning NAFTA would be incredibly damaging to the US economy, though analysts differ as to the immediacy of the impact and the degree to which corporations in various sectors would be affected by this scenario. It is clear, however, that the foreign policy strategy of the Trump Administration, left unmoderated by critical influences, is harmful for American national interests internationally. The official policy of the Administration is demonstrably lacking in substance on key international issues, with no mention of alliances or global challenges save its aim to destroy “ISIS and other radical Islamic terror groups” (White House 2017a). Within the Trump policy frame, economic logic is abandoned for nationalist rhetoric. Although the withdrawal from NAFTA is explicitly offered as a solution within the *America First Foreign Policy* (White House 2017a), it is seen in the frame of benefiting manufacturers and American jobs which are predominantly the beneficiaries of NAFTA and would be likely much worse off within a nationalist economic policy (Irwin 2017). The *America First Foreign Policy* strategy in general, and the NAFTA renegotiations in particular, have been negligent on the realities of American interests and have simplified economic problems to the point of illogical conclusions. Rather than isolation from the international economy, job growth in the US depends on stimulated domestic demand and improving competitiveness in business. While redressing ongoing trade disputes should be a US foreign-policy objective, sacrificing international relations with key allies by using belligerent rhetoric and policy positions does nothing to improve economic conditions and instead exemplifies a contempt for

---

6 Mearsheimer and Walt (2007) exemplify this inequality of influence in the case study *The Israel Lobby and U.S. Foreign Policy*. Moreover, Lindblom (1977) demonstrates the effect of wealth on the degree of interest group influence on democratic government in politics and markets.
the American liberal-democratic principles that have historically increased economic prosperity (Leffler 2017).

US foreign policy has traditionally accepted a balanced approach to decision-making with an acknowledged role in it for economic interests. This has been undermined severely during the presidency of Donald Trump. While it is clear that corporate interests can exert significant influence on White House policy, pluralism within the Executive can exist only insofar as competing interests are given access to decision-makers. The logic of this influence rests in the benefits of democratic agonism within policymaking. Given the Trump Administration’s goals of economic advancement, these corporate interests represented a source of business expertise, stakeholder consultation, and moderation within the White House policymaking mechanism. However, the populist antagonism displayed by President Trump has eliminated the possibility of moderation and endangered the renegotiation of the trade agreement. In the absence of corporate influence on the negotiations, a belligerent nationalist strategy has developed in the US Administration that has exacerbated the inherent difficulties of renegotiating NAFTA. The policy shift made by the Trump Administration is damaging not only to international relations but also to national economic growth. There appears to be a significant sacrifice of national interest for populist tenets and it remains to be seen what further repercussions this populist shift will have on both domestic and international policy formation.

Sanford Jones is from Halifax, Nova Scotia and is a fourth-year student at the University of Ottawa pursuing a Joint Honours degree in Political Science and Public Administration. He is also a Killam Fellowship alumnus who studied for one semester in 2017 at Bridgewater State University. Sanford is currently working for the Government of Canada within Immigration, Refugees and Citizenship Canada and is looking forward to continuing his studies as a Master’s student.
References


Mosquet, Xavier, Steve Handschuh, and Ann Wilson.


The Klan Issue: How French Canadians Combatted Nativism through 1920 Maine Local Politics

ERIC BEST

In America’s Age of Trump, we must all consider the long history of white nationalism. The 2016 presidential election paved the way for a resurgence and more public appearance of this type of bigotry. Often falling under the general use of the “Alt-Right,” white nationalism became associated with Donald Trump and his presidency through multiple avenues and occasions. David Duke, a former Grand Wizard of the Ku Klux Klan, endorsed Trump for president and, later, his actions while in office, forcing the American public to question Trump’s stance on racism and white nationalism. Trump’s reluctance to denounce immediately Duke’s support fired up the Alt-Right base, while simultaneously inciting anger from many Americans.¹ The tipping point for most Americans occurred with the Unite the Right rally, where both white supremacists and white nationalists gathered in Charlottesville, Virginia on August 11 and 12, 2017, to protest the removal of a statue of Robert E. Lee. Counter-protesters met the white nationalists, then violence erupted and multiple injuries occurred. The clash resulted in one woman’s death.² On the day of the rally, Trump did not condemn the white nationalists or supremacist groups. Instead, he waited two days and blamed both sides for the violence that had occurred.³

The Alt-Right did not take Trump’s comments seriously, as the New York Times shows in their article, “Trump Condemns Racists but Creates Fresh Uproar.”⁴ The President’s ability to allow white nationalists to feel comfortable and powerful in politics and society mirrors a time in the United States’ history when organizations such as the Ku Klux Klan felt that same level of comfort.

The 1920s offer a unique opportunity for historians to explore the sources and influences of organized race hatred. The 1920s represent a peak in nativist rhetoric and policy in the United States and the Ku Klux Klan reemerged as a key influencing factor in this resurgence of hate. Unlike the Klan that held power during the Reconstruction Era, the “New Klan” targeted more than just African Americans; it also targeted immigrants and Catholics, and anyone who did not reflect what the Klan defined as “100 percent American,” which it narrowly defined as Anglo-Saxon and Protestant. While the core of the Klan’s base remained in the Old South, it also gathered a large presence in the Midwest and parts of the Southwest, in states such as


Indiana and Oklahoma. The Klan also drifted north and attempted to assert itself in New England politics during the 1920s. In New England, its members publicly opposed Irish Americans and Franco-Americans because of their religious identities as Catholics. Specifically, in Maine, the 1924 gubernatorial election brought the issue to the forefront, particularly on matters of legislation and denouncing the Klan. Within the context of local politics, the Ku Klux Klan in Maine emerged as a largely Anglo-Saxon, Protestant movement that sought to limit the culture and lives of Franco-Americans, but the ability of Franco-Americans to resist the attacks shows the power of collective and mobilized opposition to hatred.

The 1920s symbolize the height of nativism in the United States. After World War I, the United States took on an isolationist agenda and sought to limit the influx of immigrants into the country. Native-born Americans, filled with racist ideologies, feared that radical ideas, such as socialism and anarchism, would enter the country via immigration. Nativism in the 1920s occupied only a minority of native-born American ideology, but it effectively contributed to legislative change. The 1924 quota system was a major legislative victory for the nativist movement. An extension of the 1922 temporary war-time bill, the law set a cap on the total number of immigrants entering the United States, and specifically targeted “undesirable” immigrants from southern and eastern Europe. The quota system utilized percentages, based on the 1890 census, mainly because that census utilized fewer ethnic categories, which limited the number of immigrants entering the country. In 1890, a majority of immigrants entering the United States came from northern and western Europe, while a smaller number entered from eastern and southern Europe. By using the 1890 “standard,” the United States could encourage more immigration from the regions they preferred. Immigration historians often note that the quota system did not set a cap on North American immigrants entering the country, but recognize that this did not stop discrimination towards Canadians or Mexicans. Yet, French Canadians still faced discrimination when they migrated south. In Maine, the Klan opposed Franco-Americans because they did not represent its Anglo-Saxon, Protestant ideals.

Starting in the mid-nineteenth century, hundreds of thousands of French Canadians migrated south to the United States, more specifically to New England. They emigrated out of Quebec due to lack of employment opportunities, poor wages, and the crushing burden of debt. Most French Canadians intended only to move south temporarily. New England offered opportunities for economic success, but when a recession hit the American economy, these immigrants faced challenges when attempting to return home. French Canadians often came from rural areas, but the industrialization of New England mills allowed them to enter the paid


workforce easily, as mills sought low-skilled employees. By the twentieth century, unable to return home due to lack of finances, French Canadians settled all around New England, with a high concentration of them in Maine. Franco-Americans found success in the textile industry and often sent their children to parochial schools where they learned and practiced Catholicism, which caused resentment among native-born Americans. Throughout the 1920s, the Klan in Maine publicly opposed Franco-Americans for their religious practices, seeking to limit their culture and lifestyle through legislation.

The 1924 gubernatorial election in Maine showed the clear divide between supporters of the Ku Klux Klan and those opposed to it. The Klan became a powerful faction of the Republican Party in Maine because of the party’s unwillingness to comment on the Klan. While Maine’s election seemed to focus largely on the denunciation of the Klan, the national discourse was different. William Pattangall, the Democratic nominee for the governorship of Maine, wanted the national Democratic Party to oppose the Ku Klux Klan collectively and publically to the same degree that he did. The Republican nominee, Ralph Brewster, did not publicly oppose or denounce the Klan. The 1924 New York Times article, “How Klan Figures in Maine Election” gives insight on the different goals and values that the nominees held, while attempting to determine how the Klan’s power in Maine grew. The anonymous journalist wrote, “The plan failed, for the convention, despite Mr. Pattangall’s advocacy of an anti-Klan platform declaration, refused to adopt it… The Maine delegates returned home… without the endorsement of their party.” If Pattangall had successfully secured his party’s opposition to the Klan, it would have diluted the Klan’s power not just in Maine, but across the whole nation. The national Democratic Party’s unwillingness to oppose the Klan officially shows the lack of unity with the national party because of the Klan’s appeal to Southern Democrats, while it also shows the support that the Klan gained on a national level. Pattangall based his campaign on an anti-Klan rhetoric, but he failed to secure the governorship with this alone. The Klan avoided being opposed outright by Democrats, which allowed it to gain more power through Republican Party and local government positions.

The 1924 gubernatorial election in Maine showed the true influence of the Klan in local politics. Many Maine residents aligned themselves with the Klan’s interests during the gubernatorial election because they represented an opposition to Irish Americans and Franco-Americans. These residents felt that these hyphenated Americans threatened the already struggling Maine economy. Unlike in the South, where the Klan largely allied itself with Democrats, the Klan in New England often backed Republican candidates, and the gubernatorial election in Maine did not differ from

---


this regional characteristic. Prior to the election, the Republican Party had dominated Maine public offices, which reduced the necessity of the Klan's support in obtaining votes. Some sociologists have noted that the Klan thrived in areas where it emerged as a solution to local problems, while also being a moral support for the dominant demographic. In the case of Maine, the dominant demographic tended to be white, native-born, and Republican and this is where the Klan found refuge. Even within this safe haven, the Klan’s mere presence in the state forced many people to reconsider their political allegiances, including Franco-Americans. The 1924 *New York Times* article “How Klan Figures in Maine Election” reported that “Heretofore the French-Canadians in those counties of this State in which they are most numerous have generally voted the Republican ticket, but on the anti-Klan issue raised by Mr. Pattangall they may not do so this year.”

The Franco-Americans in Maine realigned their political affiliation to the Democratic Party based on local Democratic opposition to the Klan’s rhetoric. Although the national Democratic Party did not support William Pattangall’s opposition to the Klan, his position in Maine allowed Franco-Americans to realign themselves accordingly. While on a national level this shift did not make much of an impact, Franco-Americans’ political adjustment shows one way they attempted to defend themselves from discrimination. This political realignment was manifested when politicians began debate over an amendment to the Maine constitution to prohibit public funds from being used in parochial schools.

Franco-American families often sent their children to parochial schools to foster their culture, language, and religion, but this only encouraged opposition from the Klan. During the early twentieth century, Franco-Americans felt conflict when deciding whether to send their children to public schools or to parochial schools. Public schools promised to assimilate immigrant children more easily into American society, but parochial schools allowed for these children to keep their French language and their own culture alive. In 1919, the Maine legislature passed a law that prohibited the use of the French language in public schools, which Franco-Americans deemed an attack on their identity. This law also made parochial schools a more appealing option. To draw more Franco-American families to the parochial schools, some Catholic parishes stopped charging tuition and instead covered school costs through donations and by reorganizing their finances to allow for more money to be used in their schools. When this failed, parochial schools pushed on, but politicians attempted to pass legislation limiting their ability and influence throughout the 1910s and 1920s. Republican politicians and the Klan argued that teaching foreign languages in parochial schools did not promote an American national identity. Proposed legislation appeared in all parts of New England. These laws ranged in their aims, from completely eliminating private schools to limiting the amount of time a foreign language could be taught in a parochial school. In Yves Roby’s 2004 book, *The Franco-Americans of New England: Dreams and Realities*, he argues “That was why the elite sought, by their own exemplary conduct, to convince their fellow-citizens that the attachment to the French language or to the Catholic religion in no way

10 See, for example, McVeigh, *The Rise of the Ku Klux Klan*, 199.

altered their devotion to the American Republic.” The Ku Klux Klan believed that the unwillingness of Franco-Americans to relinquish their French language came from misplaced allegiances to the Catholic Church, but in reality, their grip on their first language had more to do with retaining their heritage. The debate on whether public funds should be used in parochial schools became an important matter in Maine’s 1924 gubernatorial election.

The Klan opposed the parochial schools because it felt that they prevented immigrants from assimilating into American society and because of their Catholic affiliations. During the 1920s, the Klan wanted to promote Protestantism and “Americanism” at the expense of Catholics. The 1924 election focused on an amendment that would prohibit the use of public funds in parochial schools. The influx of Catholic immigrants to the United States caused many native-born Americans to fear the allegiances they brought and their unwillingness to assimilate. The Klan became very outspoken against parochial schools and argued that not forcing Catholic immigrants to assimilate into American society threatened the safety of the United States. Klan members believed that immigrants’ traditions, religions, and feelings of loyalty to their home countries could not be compatible with life in the United States.

Eugene Farnsworth, an organizer for the Klan, became an outspoken champion of Protestantism and promoted a “100 Percent American” national identity. In the Lewiston Daily Sun’s 1923 article “Names of Local Klan Agents Disclosed at Meeting in Auburn,” the paper quotes Farnsworth promoting Klan attitudes. Farnsworth reportedly stated, “If they are teaching Americanism in parochial schools they are false to Rome. If they don’t they are false to America.” In other words, Farnsworth claimed that a person could not be both a Catholic and an American because one would cancel out the other. He believed that Catholics would always answer to the Pope before they would answer to the United States government and based on that premise, he believed Catholicism should not be supported directly or indirectly by public funds in the United States.

Contrary to what the Klan believed, Franco-Americans saw themselves as ideal immigrants, by moving to the United States, by working in the industrial sector, and by learning English. Franco-Americans believed these principles contributed to the foundation of the United States. How the Franco-Americans in Maine responded to the Klan represents their ability to be their own agents during a time when they faced discrimination.

While the rise of the Klan seemed imminent, the mobilization of Franco-Americans and the difficulties the Klan faced in the mid-1920s tells a different story. In Maine, the Klan faced both internal divisions and financial problems. Klan organizations in cities such as Auburn and Lewiston, which had high Catholic populations, faced internal divisions, which resulted in the formation of rival factions. Furthermore, the arrival of Edward Gayer, the new King Kleagle in Maine,


14 “Names of Local Klan Agents Disclosed at Meeting in Auburn,” The Lewiston Daily Sun, April 19, 1923.

prompted many Klan members to leave and follow their former leader, Eugene Farnsworth. The Klan also faced financial problems. The organization became the target of many lawsuits and a rise in unemployment within their membership meant fewer members paid their dues regularly. To add to their financial difficulties, at the end of 1924, a massive and expensive building in Portland that the Klan had funded burned down. In addition, The Klan had asked the city of Portland to waive its property tax, claiming status as a religious and educational organization, but the city denied it.

While the Klan dealt with these hardships, Franco-Americans mobilized to defend themselves. Mark Richard’s book, Not a Catholic Nation, describes the Ku Klux Klan in New England during the 1920s and one section of it focuses on the Klan in Maine. Richard describes the awareness that Franco-Americans had about their rights and their ability to become naturalized citizens, allowing them to vote. Franco-Americans saw their ability to vote in elections as their strongest tool against the Klan. Richard describes the special election held in Maine in 1926, after the death of a senator. The Klan did not support the Republican Party’s nominee, Arthur Gould. As a response, both Ralph Brewster, the governor, and the Klan put their support behind the Democratic nominee, Fulton Redman. Franco-Americans, who formerly crossed party lines in the 1924 gubernatorial election, voting for the Democratic nominee, used their voice to vote en masse for the Republican nominee, in order to oppose the candidate backed by the Klan. Gould’s overwhelming victory over the Klan-backed nominee shows how Franco-Americans acted as their own force to combat the discrimination they faced. Although Franco-Americans may not have been the deciding vote, their ability to oppose collectively one nominee shows their desire to create a change in their government. While the Klan seemed to be an overwhelming force in Maine, the mobilization of Franco-Americans against the Klan and Klan-supported political figures shows the power that this minority faction could wield.

The Ku Klux Klan emerged in Maine as a group opposing Franco-Americans for their Catholic identities, but the ability of Franco-Americans to act as their own agents and protest the discrimination shows their ability to overpower a vocal, hate-focused minority. The Klan sought to limit the culture and use of the French language by Franco-Americans on a local level through state legislation. The Klan backed politicians in the state who had the ability to pass the type of legislation they wanted, such as the amendment prohibiting public funds from being used in parochial schools. While the Klan seemed to hold power over local politics, Franco-Americans mobilized their numbers and educated themselves on how to combat this opposition. Franco-Americans in Maine became naturalized citizens, enabling them to act and vote for the politicians who best represented them. Often, in the 1920s, that meant the politician not supported by the Klan. Their ability to mobilize and vote to help enable change in local politics can be used as an example today. In the divided Age of Trump, where the Alt-Right and white nationalist groups feel comfortable enough to publicly display their own bigotry in mainstream politics, Franco-American resistance to the power of hate through their political action can be used as proof of the power of popular politics to mitigate the power of hate in current politics.

16 Richard, Not a Catholic Nation, 52.
Erin Best is a senior at Bridgewater State University majoring in History with a minor in Canadian Studies. She has a research interest in twentieth-century U.S. social and political history, focusing on hate movements.

Bibliography

Lewiston Daily Sun, 1923.


Liquefied natural gas is quickly emerging as a dominant player in the global energy trade. As more and more production terminals are built, the potential for its use in replacing more harmful fossil fuels grows. It has not only been touted as an important step in the stalling of global climate change, but also as a viable energy source for developing economies in Asia and Africa. Increasing production could effectively reduce the need for coal as an energy source in several regions of the world. The United States is at the forefront of the trade in this cryogenically stored fuel, but there are restrictions to the material’s economic prosperity. The U.S. imposes limits on those countries with which it can trade liquefied natural gas, and requires permitting and petitioning to allow countries that do not meet their requirements to receive LNG shipments. Still, the United States is in a better position than its counterparts to the north and south when it comes to the export of LNG. Its comparative advantage rests in high volumes of surplus, a well-established infrastructure and a fairly compliant regulation system. However, with continental, cross-border trading flows dictating the crux of LNG trade for the three North American partners, freezing each other out may result in severe harm to U.S. export markets. The North American Free Trade Agreement (NAFTA), which has been in effect for more than 20 years, has come under fire. A main trade policy of the Trump Administration has been to renegotiate the trilateral deal so that it better benefits Americans. For the past several months, the trade ministers from Canada, the United States and Mexico have sat down to draft a new agreement, but the United States has stated it will walk away from the table if its demands are not met. This could spell disaster for the U.S., which would no longer be able to send gas to its primary importer, Mexico. The United States has the possibility to expand its market, exporting gas to Europe, Latin America and Southeast Asia. Unfortunately, American regulatory statutes stand in the way of the promotion of better opportunities for energy trade. The U.S. should look to reduce these regulations not only to benefit the economy, but to act as a failsafe should negotiations fall through.

**Liquefied Natural Gas Production**

While most of the trade in natural gas occurs through pipeline transport, liquefied natural gas (LNG) is used to transport energy to and from regions that are not suitable for pipelines to traverse. In order to convert natural gas to its liquid form, it first must be extracted.

---

1 Editors’ note: This essay was written in early Spring 2018, months before the October 2018 conclusion of negotiations resulting in the United States-Mexico-Canada Trade Agreement (USMCA), the successor to the North American Free Trade Agreement (NAFTA). This scholarship provides scholarly insight into the subject that was available at that moment.
from the ground. This is done through a process known as hydraulic fracturing, or fracking.\(^2\) Gas is naturally found in pockets that are encased in large deposits of shale deep underground. To remove the gas, a well is drilled into the ground, and a mixture of sand, water and chemicals are injected into a layer of shale. The rock subsequently splits, releasing the gas and remaining fluids, which are pumped to the surface. The blend is then piped to a terminal, where it is purified. Carbon dioxide, hydrogen sulfate and mercury, among other impurities are removed from the product, and it is cooled down to approximately -260°F. When condensed, the gas is 1/600\(^\text{th}\) the size of its original volume, allowing greater quantities to be moved. LNG is then piped from the terminal to a transport truck or vessel and shipped to an import terminal where it is then stored, converted back into its gaseous state, and distributed to consumers.

Investments in LNG are costly and time consuming. It is estimated that more than 30% of the cost of running an LNG terminal rests in construction alone.\(^3\) One of the projects most recently approved, the Driftwood Facility in Lake Charles, Louisiana, will cost more than $15 billion dollars to build.\(^4\) This site will be able to produce more than 27 million tons of LNG annually and will have four individual terminals.

It is expected that initial LNG production will begin in Lake Charles in 2022 and the complex will be fully operational by 2025. Shipments of LNG can be trucked across the continent, but they are more commonly transported in large vessels overseas. The tanker ships ferrying LNG are chartered five years before shipments commence, and they cost more than $200 million to build.\(^5\) Each ship is in service for approximately 35 years. These massive investments are not common and require a long-term commitment and market stability.

There are significant risks to the production of LNG. If the frozen product is leaked and comes into contact with water, it undergoes Rapid-Phase Transition.\(^6\) This creates a massive explosion as the gas expands. Additionally, LNG is extremely flammable.\(^7\) There are specific protocols in place on these transport vessels, including those prohibiting the use of electronic devices past the ship’s bridge. When wielded improperly, LNG terminals and vessels could be commandeered for acts of terrorism or coercion, causing national security concerns. For a period following the September 11, 2001 attacks, LNG vessels were not allowed to enter Boston’s Harbor for fear they would be turned into floating bombs.\(^8\)

---


The environmental benefits of LNG are also subject to criticism. The energy source has been found to burn 50-60% less carbon dioxide than coal, which is a significant improvement when put into wide-scale use.\textsuperscript{9} The methane leakage that is a byproduct of LNG production, however, is cause for concern. Its output, especially during transport, contributes to the increased levels of heat-trapping gases in the atmosphere. The use and exploitation of land that is required for fracking and the transport of natural gas has caused concern over loss of habitat, erosion, and aquatic pollution.\textsuperscript{10} The location of these terminals and pipelines can cut right through animal migratory paths, causing further confusion for seasonal nomads. Additionally, significant negative externalities arise with respect to renewable resource production. While these resources are a cleaner source of energy and therefore are more desirable in the long term, they are also more expensive to produce and do not have the same storage capacity as natural gas. Since the price of LNG per output is cheaper, it is often seen as undercutting the renewable resource market.

\textit{LNG in the United States}

The history of the trade of liquefied natural gas in America has not always been so lucrative. The United States’ first import facility was constructed in the late 1930s.\textsuperscript{11} In 1944, there was an explosion at a terminal in Cleveland, when LNG leaked and then ignited. One hundred and thirty people were killed as a result of the disaster, and the construction of additional terminals in the country was delayed for more than a decade. The first export of LNG was sent to England from the Gulf of Mexico in 1959.\textsuperscript{12} In the 1960s, there was discovery of natural gas deposits in Algeria, and terminals were constructed there to supply an energy-starved Europe. During this period, the United States began to export small amounts of LNG to Japan. By the 1970s, the U.S. had constructed four import terminals in Texas and Massachusetts. These terminals remained largely unused through the 1980s and 1990s because there was a decline in the need for natural gas. By the 2000s, the LNG trade had resumed and there was a desire for rapid increase of import facilities. As these facilities were being constructed, however, enormous amounts of natural gas deposits were discovered beneath U.S. soil. This led to an about-face, as investors began pouring money into their facilities to convert them to export terminals and scrambled to build storage facilities to store the surplus natural gas. It took time to convert these facilities, and the mass exportation of LNG did not begin until 2016.

As of December 2016, the Energy Institute of America (EIA) webpage estimates that the United States has more than 200 trillion cubic feet of known natural gas resources buried in shale deposits, and more than 600 trillion cubic feet that have yet to be proven.\textsuperscript{13}


\textsuperscript{12} Sydney Weathersby, “A Deep Dive into Liquefied Natural Gas (“LNG”): Is Lng a Clean Enough and Positive Energy Source for Globalized Trade or a Port Nuisance?,” in ValpoScholar Valparaiso University (Valparaiso University Law Review, 2016).

2016, the United States was estimated to have used 27.49 trillion cubic feet of natural gas domestically, two thirds of which was used for electricity and industrial sectors and 88 billion cubic feet of which had been imported. The United States receives LNG from chiefly Trinidad and Tobago, however small shipments also make their way into the country via Norway and some is piped in from Canada. The EIA estimates that the United States exported more than 180 billion cubic feet of LNG in 2016. Currently, the United States has only two operational export terminals. According to the U.S. Federal Energy Regulation Commission (FERC), the Cheniere/Sabine Pass terminal processes 2.1 billion cubic feet per day of liquefied natural gas. As of August 28, 2017, there were 11 project applications pending with FERC. These projects exist primarily in the Gulf of Mexico and there is one planned for Alaska. The EIA estimates the U.S. is projected to overtake Qatar as the world’s second largest producer of LNG, falling just behind Australia by the year 2023.

The United States government employs several agencies to deal with the regulation of LNG imports and exports. In 2005, the Energy Policy Act expanded FERC to make the agency responsible for the siting, permitting, construction and operation of terminals. The agency oversees 24 facilities, but many more are being proposed and in the process of being approved. There are state and local regulations that determine the existence of some terminals, however these parameters do not generally interfere with those of the federal government. Additionally, FERC is responsible for creating environmental assessments and impact statements for LNG proposals. These papers include the water and resource studies, effects on wildlife, as well as public commentary. Additionally, the Department of Energy employs the Office of Fossil Energy for the approval of any importing or exporting of natural gas.

As laid out in the Energy Policy Act of 1992:

the importation of the natural gas referred to in subsection (b), or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.

National treatment prevents discrimination favoring domestic companies when foreign competitors are allowed in, and it allows foreign enterprises to be treated like domestic companies. This also means that the Office of Fossil Energy has the authority to unilaterally

---


19 O’Neill and O’Neill.

block any trade of LNG that is not deemed to be in the public interest. It is entirely at the discretion of the Department of Energy to determine what does and does not constitute public interest. There are various other agencies that are required to oversee aspects of the industry. The Pipeline and Hazardous Materials Safety Administration, the Environmental Protection Agency and the Department of Transportation are all responsible for more specific areas of regulation. The Coast Guard is responsible for protecting offshore LNG terminals as well as the vessels that transport the gas through American waters. They require specific guidelines for ships and facilities to follow to prevent unnecessary disaster.

The expansion of LNG has been criticized by some groups, mainly the Industrial Energy Consumers of America (IECA). In August 2017, it sent a letter to the U.S. Secretary of Energy, Rick Perry, urging the government to cease all natural gas trade with countries that do not have a Free Trade Agreement with the United States. The letter claims: “The net effect is that LNG exports, specifically to [non-FTA] countries lowers our competitors’ costs and increases ours, directly and negatively impacting competitiveness and our ability to justify reshoring.”

The letter also cites an EIA report that shows the approvals for exporting LNG reached 71.2% of the natural gas demand for the United States in 2016. The letter then lays out two scenarios in which most of the natural gas reserves in the country will be consumed by 2050, using these to justify their proposed moratorium. They believe that if the demand for gas grows as the supply diminishes, then consumer prices - both domestic and abroad - will continue to grow. The industrial sector is the second biggest consumer of natural gas domestically. This also plays into the Trump Administration’s narrative, “Buy American,” and its general skepticism of foreign trade.

What the IECA fails to acknowledge is the potential for increased prices at home, should the United States restrict energy flows. If the United States offers only LNG to FTA countries, the price will initially decrease. But as more of those countries become more heavily reliant on the importation of LNG as a cheaper alternative to harmful coal and oil emissions, then demand will continue to grow and the issue of price hikes for domestic consumers will reemerge. Furthermore the U.S. is not required to grant national treatment to foreign firms entering the country or purchasing gas from nations who do not have FTA status. This means that America can purposely keep prices higher for non-FTA countries as they import to offset the cost to domestic firms.

The Trump Administration should welcome the increased export of LNG to FTA and non-FTA countries alike. The owner of a newly authorized LNG factory in Louisiana has been a high-profile campaign donor to Energy Secretary Perry as well as being his former employer. Ties like these to large petroleum companies could hasten the authorization of LNG


permits. Secretary of Commerce, Wilbur Ross, brokered a deal with the Chinese that will lead to larger amounts of LNG being exported from the United States and this is essential. Unfortunately, as the supply of natural gas has becomes greater, there is a lack of motivation to build new terminals. The capital has dried up because the price of the good is going down yet the costs of building facilities are also decreasing. If the U.S. can complete this deal, it is likely that an influx of investment from the Chinese will emerge as they look to meet their growing demand for energy. The former head of the Office of Fossil Energy, Christopher Smith refuted the idea that the Administration can accrue such an investment, claiming that it will have to be the private sector, not the government that will need to be responsible for luring in investors. Additionally, Trump has been heard touting the return of the coal and nuclear power industries. This has caused some LNG companies to feel excluded. As the CEO of Canary LLC, Dan Eberhart, put it in an *E&E News* article, “Honestly, I think it’s very narrow for them to be so focused on coal. Either energy - or political-wise, it doesn’t make a lot of sense to me. Not all of these policies seem to work in concert together. [Trump’s] trade policies step on American energy dominance.”

Other advocates of LNG expansion include the U.S. Chamber of Commerce. It argues that restrictions on the export of LNG to non-FTA countries are in direct violation of existing trade agreements. Under the General Agreement on Tariffs and Trade (GATT), special discretion is given to countries that restrict their exports of natural resources for fear of depleting their supply, however because of the consistent supply of LNG being exported to countries with which the United States engages in free trade, the exemption is no longer valid. The GATT requires that all non-military goods be freely exported to member countries. There is a similar stipulation from the World Trade Organization. There are a series of successful WTO cases that have been levied against China over its restrictions on similar materials, some of which include the United States as a complainant. Additionally, during the past several sessions of Congress, senators have put forth bills that seek to expand the market for LNG. Previous bills have received bipartisan support and were aimed primarily at allowing exports to Japan and NATO allies without modifications or delayed approval; but none were passed. Most recently, Senators Bill Cassidy (R-LA) and Marco Rubio (R-FL) introduced a bill that would allow the transactions of small shipments of LNG to all countries immediately upon receipt of application. Both Florida and Louisiana would stand to see substantial gains from the increased export of natural gas.

---


Canadian LNG

In recent years, there have been a number of LNG projects proposed in Canada, and significant investments have been made in their planning and approval. Despite this, Canada has yet to emerge as an active participant in the increasingly competitive global LNG market, but proponents are still actively working on projects on both coasts.

— Shelly Milutinovic, Chief Economist, National Energy Board

The trade in liquefied natural gas in Canada is stagnant at best. Canada has a significant surplus of the energy source, but its traditional export partner, the United States, is replacing its imports with domestic production. Canada has more than one trillion cubic feet of natural gas in shale deposits in British Columbia and Alberta alone. Currently, only one LNG plant is in operation, an import terminal located in New Brunswick. This terminal, Canaport LNG, is responsible for the production of more than 1 billion cubic feet of gas per day. As of September 2017, 23 LNG terminal projects with export licenses had been proposed, with exporting permits lasting anywhere from 20 to 40 years. Few have broken ground.

The Canadian Government’s National Energy Board is responsible for the review of applications for export permits. No countries are institutionally restricted from receiving LNG imports. The permits exist primarily to track the amount of LNG leaving the country, and to monitor the domestic supply to make sure there is enough to sustain Canada’s energy needs. Additionally, jurisdictions vary for pipelines. Pipelines that run solely within a province are regulated by that provincial government, whereas interprovincial pipelines are regulated by the Federal government. Both the Federal and provincial governments are required to do environmental assessments on proposed projects. The overlap of the two competing spheres of government can discourage investment and draw out the application process. Given that constructing a terminal is time consuming, administrative delays can destroy working deals.

In July 2017, British Columbia lost a $36 billion deal with the Malaysian energy company, Petronas, with the government citing global economic issues. In actuality, a series of governmental blunders sank the otherwise lucrative deal. The previous provincial government had sluggishly negotiated with Petronas, due to a bevy of lawsuits by activists. When the provincial election of summer 2017, soon-to-be Premier John Horgan had campaigned fiercely against the deal.

---


If elected, he promised to negotiate new terms, and potentially move the site of the project. Horgan’s government then increased its demands in a new negotiation process. It wanted additional compensation for the resources being taken from the land, as well as increased incentives for affected First Nations. The stipulations caused Petronas to walk away from the negotiating table. This was not the only proposal that was canceled. There are six deals that have fallen through, each of which is listed on the government’s website.

Complex regulatory frameworks severely reduce the ability of Canadians to install LNG terminals for exportation, which reduces their overall competitive advantage.

**LNG in Mexico**

The energy infrastructure of Mexico is crumbling. Its inefficiencies have led to production decline across several industries within the energy sector. Reforms have been slow and ineffective, causing the government to open the country to foreign companies, changing decades of precedent.

In 2013, the Mexican government amended its constitution so that private investment could take place in energy. The state-owned oil company, Petróleos Mexicanos (PEMEX), along with the Comisión Federal de Electricidad (CFE), the state-owned electric company, would no longer have a monopoly on energy in Mexico. Conditions immediately following the reforms did not incentivize investment and low prices made foreign companies’ importations unprofitable. There were internal tensions between PEMEX and CFE, which led to concerns over fair competition and stability within the region. Then, there was an uptick in investment, particularly from American companies, as surpluses of U.S. natural gas began to flow into Mexico rapidly. Mexico currently has three import terminals, receiving approximately 2.2 billion cubic feet of natural gas per day. Between February 2016 and March 2017, 90 shipments of LNG were exported by the United States, 18 of which were sent to Mexico. This makes at least 55% of Mexico’s energy supply dependent on the importation of U.S. energy.

There are concerns looking ahead to the Mexican presidential election in 2018. Frontrunner, Andrés Manuel López Obrador, has been a staunch supporter of rolling back the energy reforms that have taken place in recent years. This has been particularly worrisome to investors, who need certainty to partake in such lofty and time-sensitive investments. Existing investment commitments are also on the rise, with the Mexican Energy Secretary citing $49 billion committed to drilling and exploration since 2015, a majority of which is

33 “Canadian LNG Projects.”


36 Commission, “North American LNG Import/Export Terminals - Existing.”


American. ExxonMobil is committing $300 million to distribution to Mexico over the next 10 years. Obrador has softened his stance, but is still calling for an increase in the development of domestic energy production. He wants to focus on reviving gasoline refineries to reduce the dependence on U.S. imports, but this may be problematic as they are all more than 35 years old and not profitable. Should Obrador win the election, there will be a considerable reevaluation of the contracts signed under previous president Enrique Peña Nieto to determine if they are in the “best interest of Mexico,” which creates caution among investors in the region.

A NAFTA Withdrawal

President Trump has indicated that the United States could withdraw from NAFTA should the negotiation process fail to secure significant American benefits. The exit process would take approximately six months to go into effect. This has ramifications across the board, but specifically for liquefied natural gas. The United States would no longer have a Free Trade Agreement with Mexico, and with Canada, the U.S. would fall back on the FTA signed in 1987. This would halt LNG exports to Mexico entirely, the chief importer of U.S. natural gas. Additionally, tariff rates would rise to the levels established under the WTO. This would mean tariffs that were generally 0 percent on almost all goods traded among the three countries could hit an average of more than 7 percent in Mexico, 3 percent in the United States and 4 percent in Canada. There is no guarantee that, should the U.S. withdraw, the other two nations would be willing to return to negotiations, which could open the door for increased Canadian exports to Mexico as they build their LNG infrastructure to circumvent American isolationism. Increased tariffs could potentially reduce the demand for imported energy goods and increase the focus on self-sustainability, particularly in Mexico, reverting it back to an inefficient and archaic state-run system. It could also undercut the ability to use LNG to replace more harmful but cheaper fossil fuels, increasing the carbon dioxide output.

Conclusion

The United States has an opportunity to be an even bigger player in the trade of liquefied natural gas. As the world looks to develop, it must also be sustainable. That means pushing aside more old-fashioned forms of energy and focusing on those that are more affordable and widely accessible. Latin America, the Caribbean, and other developing regions of the world are increasing their demand for natural gas and the U.S. has the comparative advantage. With the largest shale gas deposit on the continent, the supply is enormous. The United States has significant infrastructure in LNG production already in place. This means stability to investors and companies looking to support projects. It also means the potential expansion of existing facilities to meet demands necessary for global output. Conversely, Canada lacks significant infrastructure to be a leading global exporter of LNG, but it has a significant surplus to export. While there is little restriction on shipping to

---

40 Editors’ note: indeed, Obrador did win the 2018 election in Mexico. He assumed office on December 1.
most countries by the Government of Canada, the lack of facilities to support exportation means the United States has the ability to tap the market first, provided it can reduce its regulatory obstacles. The potential investment deal the United States has struck with China all but guarantees an inflow of capital for growing LNG exports, which Canada does not have. Mexico has no competitive advantage with either country. Its exportation infrastructure for LNG is non-existent and there is no known surplus of natural gas to export. If Mexico can tap into its reserves, the best it can do is convert energy production to domestic consumption and decrease its reliance on foreign imports of LNG. North America, through NAFTA and the rise of American natural gas production, is on track to become energy independent by 2020. This will allow the three countries to rely less on producers like the unstable Persian Gulf states and Venezuela. It drives costs down and creates a consistent supply of sustainable energy.

Whether or not the United States withdraws from NAFTA, it needs to relax the standards of trade in LNG. Barring grave concerns over national security, trade with non-FTA countries should be a priority for the Office of Fossil Energy. Not only is it a fail-safe against the potential loss of large export markets should the U.S. renege on trade deals, but it also provides sustainable development to countries who need energy infrastructure to progress. It incentivizes nations to ditch coal-burning energy production in the developing world, which should lead to cleaner development. The fears of large energy consumers can be curbed partially by ensuring a consistent domestic supply no matter what the desired output may be, similar to the way the trade is handled in Canada. Additionally, those nations that lack free trade agreements with the U.S., once granted LNG exportation and importation privileges, would not necessarily have access to national treatment. This means the United States has the ability to inflate prices abroad to ensure there is no advantage given to foreign firms, promoting competition across various sectors. The United States has the capacity to be a sustainable energy provider to a larger section of the world. For the U.S. to ascend to the position of world’s leading producer of liquefied natural gas, it is necessary to invest more heavily and publically in the infrastructure allowing exportation of the product on mass scales, and to expand the scope of export markets. This is vital to the stability and prosperity of the energy sector the economy.
Sean Cunningham has a Bachelor’s Degree in Political Science and International Trade from the State University of New York at Buffalo. He is currently a master’s student in the shared Canadian-American Studies program at Brock University and SUNY Buffalo.

Bibliography


The End of NAFTA and a Future for Companies in the Medical Device Industry

MELISSA GUIMOND and JENNIFER KROUSE, with KYLE BEAUREGARD

In 1994, the North American Free Trade Agreement (NAFTA) created one of the world’s largest free trade zones and established the foundation for economic growth and increased prosperity for Canada, the United States, and Mexico. This essay sets out to examine how proposed changes to NAFTA could affect the Medical Device Industry.¹ In recent weeks, U.S. President Donald Trump has threatened to scrap NAFTA or limit the number of economic sectors that “free trade” with Canada and Mexico could encompass. Were this to happen, the medical device industry could be impacted in both positive and negative ways. These possible changes create positive impacts for both Canada and Mexico. Most of the possibly negative changes directly impact the United States. Our research analyzes external environmental factors and the industry as a whole. We look at how the proposed changes could affect three major companies operating in the NAFTA region: GE Healthcare, Johnson & Johnson, and Medtronic. Through our research, we are able to generate potential strategies for each of these companies should the possible changes to NAFTA occur.

While studying the impact of the potential changes of NAFTA in regard to the Medical Device Industry, we first need to learn about how the industry is currently doing and how potential changes proposed could affect the industry. Our research of the Medical Device Industry uses a strategic audit approach to analyze and make recommendations to the top three companies in the NAFTA region. Were NAFTA to be scrapped or severely limited, there are a number of likely impacts on the Medical Device Industry in the United States. First, Mexico and Canada could retaliate by imposing restrictions on United States products that currently have favorable trade terms and high sales volume. Second, there is the potential for a lower trade deficit between Mexico and Canada. Third, scrapping NAFTA might bring about an end to the Value-added Tax (VAT). The VAT is a type of general consumption tax that is added incrementally throughout each stage of production or distribution. This would increase profit margins for many companies, including those in medical device production. Lastly, there could be more complications involved when American-owned factories stationed in Mexico are moved back to the United States (Varney, 2017).

Context

Our research includes an assessment of the industry as a whole within the NAFTA countries, its top sectors, top trends, and the current performance of GE Healthcare, Johnson & Johnson and Medtronic. We also use Porter’s Five Forces, a tool to analyze the competition of businesses, to assess the Medical Device Industry. It

¹ Editors’ note. This essay was written in early Spring 2018, months before the October 2018 conclusion of negotiations resulting in the United States-Mexico-Canada Trade Agreement (USMCA), the successor to the North American Free Trade Agreement (NAFTA). This scholarship provides scholarly insight into the subject that was available at that moment.
Figure 1: Basic Facts about Healthcare in NAFTA’s Three Countries

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>Mexico</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>35,099,836</td>
<td>121,736,809</td>
<td>321,368,864</td>
</tr>
<tr>
<td>Total Healthcare Spending</td>
<td>$186 Billion</td>
<td>$82 Billion</td>
<td>$3 Trillion</td>
</tr>
<tr>
<td>Healthcare expenditures total (% of GDP)</td>
<td>10.4%</td>
<td>6.3%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Healthcare expenditures per capita</td>
<td>$5,292 USD</td>
<td>$677 USD</td>
<td>$9,403 USD</td>
</tr>
<tr>
<td>Expenditures on healthcare</td>
<td>Gov’t 71%, Private 29%</td>
<td>Gov’t 52%, Private 48%</td>
<td>Gov’t 48%, Private 52%</td>
</tr>
<tr>
<td>Size of medical device market</td>
<td>$6.2 Billion USD</td>
<td>$5 Billion USD</td>
<td>$147.7 Billion USD</td>
</tr>
</tbody>
</table>

is a five-force model that determines the competitive intensity or attractiveness of a company in regard to its profitability. Figure 1 details some basic facts about the medical device industry within Canada, Mexico and the United States. The US dollar is very strong and constitutes one of the reasons why the medical device market is on the rise. However, the strong dollar creates challenges for American device manufacturers exporting to markets with weaker currencies (Corpart, 2018). Comparing the NAFTA countries gives a deeper understanding of how each country values healthcare and the medical device industry.

The Frost & Sullivan website provides a complete 2017 snapshot of the Medical Device Industry. According to it, the top five sectors of 2017 were: structural heart, robotics and robot assistance, neuro-devices, integrated patient monitoring devices, and diabetes care. Some of the top technology trends relate directly to the top sectors, such as the revolution of diabetes care, surgical robots, and devices that connect cars and trucks with health sensors. Health sensors placed on the steering wheels of cars can detect heart attacks, seizures and other health conditions that could happen while driving (though this device is still in the early development stage). With innovation in medical devices, though, there are always some unexpected issues that occur. In 2017, some of the concerns raised by innovation in the medical device industry included those concerning a restrictive regulatory environment, the speed of technology, the ability to raise capital to fund innovations and the changes in customer behavior and demands. The medical industry is constantly changing and it is extremely difficult to make sure that products and devices are reliable. In 2017, there was also a transformation in the medical device industry ecosystem. Companies in this sector developed a connected
ecosystem of sensors and devices that are readily available to individuals and that serve the functions of identifying, capturing and measuring health data, stratifying risks, informing patients of conditions, and helping them and their physicians to make decisions and take action. These sensors and devices can be placed on an individual’s body, in their homes, in community centers, in clinics and, of course, in hospitals (Frost & Sullivan, 2017). These sensors are extremely important for innovation for consumers, such as those with diabetes, who use them multiple times a day to check blood sugar levels. The medical device industry is constantly changing and evolving with new technologies. These changes can be seen in the current performances of the companies Medtronic, Johnson & Johnson, and GE Healthcare.

Medtronic

Medtronic is a Global Healthcare and Medical Device company located in Mansfield, Massachusetts. Medtronic’s mission statement claims that its first priority is “to contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life” (Medtronic). Medtronic is growing innovation in the area of biomedical engineering. In 2017, it invested more than $2 Billion in research and development, which represented 7.4% of the company’s net sales that year. Medtronic also launched labs to bring about new initiatives to deliver financially sustainable businesses that expand access and reduce health inequality in emerging countries (Vivanco, 2017). Medtronic was a very charitable company in 2017. It donated more than $101 million to charitable causes in corporate cash contributions given through the Medtronic Foundation, in product donations and through employee volunteering. The four main product and service focuses of Medtronic are cardiac and vascular afflictions, restorative therapies, diabetes, and minimally invasive therapies.

Johnson & Johnson

Johnson & Johnson is the world’s largest independent biotech company with a market cap of $343.8 Billion. A manufacturer of medical devices, pharmaceutical and consumer packaged goods, it is an American multinational company that was founded in 1886, with its headquarters in New Brunswick, New Jersey. In the third quarter of 2017, Johnson & Johnson’s revenue in its medical device section was a little more than $19,650 Million. In Johnson & Johnson’s medical device section, the main products they focus on involve general surgery, energy science, endocutters, biosurgery, infection prevention and wound closure. Medical device sales account for 35% of the company’s value. As a company that has been around for more than 100 years, Johnson & Johnson has been and will continue to be a leader of innovation in the medical field. By 2024, the company’s forecasting predicts that its revenue will be around $29 Billion. (Johnson & Johnson - Medical Device). Johnson & Johnson’s future growth concerns include changing healthcare needs for an aging population, changing dynamics in the women’s health market, price regulation, and developing minimally invasive surgery procedures to reduce infections. Johnson & Johnson continues to be the world’s leader of innovation among biotech companies.

GE Healthcare

GE Healthcare is a sector of GE Capital, whose parent company is General Electric (GE). GE Healthcare offers transformational medical technologies and services that
are shaping a new age of patient care (GE Healthcare). In the third quarter of 2017, GE Healthcare had revenue of $4.724 Million, with the medical device segment recording a profit of $820 Million. The operation profit of the third quarter of 2017 was 17.4%. GE Healthcare’s main product categories include accessories and supplies, the GE Health Cloud, bone and metabolic health, advanced visualization, computed tomography, clinical consumables, applied intelligence and anesthesia delivery. The GE Health Cloud is “designed to be a scalable, secure, connected and interoperable platform, delivering the largest application ecosystem for the healthcare industry” (GE Health Cloud). It is capable of being connected to more than 500,000 GE medical imaging machines and more than 1.5 million imaging machines worldwide. GE Healthcare is making strides in cloud technology to make the healthcare and medical world more interconnected.

Porter’s Five Forces

The health of the medical device industry can be gauged using Porter’s Five Forces, a common methodology that guides analysis of an industry and the competitors within it. Porter’s Five Forces are the threat of new entrants, rivalry among existing firms, the availability of substitutes, bargaining power among buyers, and bargaining power among suppliers. Under the first force, threat of new entrants, we find that it is extremely difficult for new companies to enter this industry due to high barriers from strict government regulations. The industry is also dominated by a few large and top companies who have strong brand images and long-term reputations. Barriers to entry include strict regulations by the U.S. Food and Drug Administration (FDA), such as approvals, requirements, and registrations, as well as copyrights and patents. One scholar explains the barriers of entry: “There are strict medical device regulations for product approval by the FDA, which include establishment registration, medical device listing, PMA (501) K or premarket approval, investigational device exemption (IDE) for clinical studies, quality system regulation, labeling requirements and medical device reporting (MDR). Couple this with the need for copyrights and patents and the barrier rises even higher to enter this industry” (UKEssays, 2017).

In regard to the second force, rivalry amongst existing firms, there are eight major competitors in this industry. They are Medtronic, Abbott Laboratories, Johnson & Johnson, GE Healthcare, Tyco International, Boston Scientific, Welch Allyn, and Siemens. The medical device industry is rapidly growing and constantly changing as a result of new innovations in healthcare and technology. Products in this industry are typically items found in hospitals, doctors’ offices, emergency rooms, and other healthcare facilities. These include items such as X-Ray machines, MRI machines, beds, monitors, cardiac devices such as pacemakers, internal cameras, IV bags, and more. These products also have high fixed costs associated with them. The third force is substitute products. There are no substitutes for these products as they are very specific and cannot conceivably be replaced. The threat of new substitutes, as a result, is very low.

The fourth and fifth forces are the bargaining power of buyers and suppliers, respectively. First, buyers: quite simply, they do not have the ability to force down prices. Hospitals and doctors’ offices may be able to get deals or discounts when making bulk/large or frequent purchases. Alternative suppliers exist in competitors outside of the United States in Mexico and Canada. The importance of these products to the
buyers is evident: these medical devices save and improve lives. The bargaining power of suppliers is different; they can affect the industry with their ability to raise prices. They can also contribute to making healthcare more expensive. As stated before, the industry is dominated by a few companies. Of the eight competitors, the top ones are GE Healthcare, Johnson & Johnson, Medtronic, Siemens, and Boston Scientific. Their products have unique characteristics and are unique themselves. Some examples of these products are artificial joints and limbs, stents, orthopedic appliances, surgical dressings, disposable surgical drapes, hydrotherapy appliances, surgical kits, rubber medical and surgical gloves, wheelchairs, anesthesia apparatus, orthopedic instruments, optical diagnostic apparatus, blood transfusion devices, syringes, hypodermic needles, and catheters.

**Methodology**

Data on how these companies and products might fare with the end of NAFTA can be organized into two tables. The first of these is our External Factors Analysis Summary (EFAS) table. The second table is our Industry Matrix Analysis. These two tables are crucial for planning strategies for the three companies we focus on here: GE Healthcare, Johnson & Johnson and Medtronic. By utilization of these tables, we can come to some useful conclusions.

The External Factors Analysis table acts as a means to track the external factors within an industry. Prospective changes to NAFTA pose many possible risks and opportunities for the healthcare industry. The EFAS table helps clarify these opportunities and threats. Our research relied on news of the current renegotiations of NAFTA through news sites and online newspapers (Harwood, 2017). During this research, it was difficult to indicate which possible outcomes could occur because the negotiations changed pace so quickly and often (Heath). The EFAS table lists the opportunities and threats that came with each possible change, and how it would affect the healthcare and medical device industry as a whole.

Opportunities refer to the advantages that would come with specific changes within NAFTA. Here, we found five important advantages that would directly impact the healthcare and medical device industry. Opportunities included lowering the trade deficit between the US and Mexico and getting rid of the VAT (Harwood, 2017). Threats act as negative effects that would hurt the current environment of the healthcare and medical device industry. Here, we found five threats, including the end of the Maquiladora program and the end of resolution panels (Harwood, 2017). These two direct elements could affect the medical device industry, causing devices sold outside the United States to be much more expensive. Given that a large amount of manufacturing for medical devices is done in Mexico, these two threats would increase the cost of manufacturing these products and in turn cause them to be more expensive for leading healthcare companies.

The second table is the industry matrix table, which allows us to organize our findings but also to narrow down specifics to individual companies within the United States, namely Medtronic, Johnson & Johnson, and GE Healthcare. The industry matrix lists the key success factors needed in order for each of these companies to achieve success in the healthcare industry. However, each company takes these success factors and prioritizes them differently. By using the matrix table we are able to show how GE Healthcare, Johnson & Johnson, and Medtronic rank each of these success
**Figure 2: External Factors Analysis**

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Weights</th>
<th>Rates</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower trade deficit between US and Mexico</td>
<td>0.05</td>
<td>4</td>
<td>Lowers deficit with Mexico</td>
</tr>
<tr>
<td>Get rid of VAT Tax</td>
<td>0.05</td>
<td>3</td>
<td>Gets rid of added tax</td>
</tr>
<tr>
<td>Eliminate unfair subsidies</td>
<td>0.1</td>
<td>5</td>
<td>Eliminates extra subsidies for healthcare</td>
</tr>
<tr>
<td>Opportunity to impose tariffs without permission to congress</td>
<td>0.05</td>
<td>2</td>
<td>Allows tariffs to be added without the approval of Congress</td>
</tr>
<tr>
<td>Mexico develops internal healthcare</td>
<td>0.2</td>
<td>1.5</td>
<td>Mexico to develops their own healthcare</td>
</tr>
<tr>
<td><strong>Threats:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Maquiladora program</td>
<td>0.05</td>
<td>1</td>
<td>Ends the permit that allows Mexico to import duty free</td>
</tr>
<tr>
<td>Update rule of origin</td>
<td>0.1</td>
<td>3</td>
<td>Ends the advice and discussion between FDA and medical device sponsors</td>
</tr>
<tr>
<td>End of resolution panel</td>
<td>0.1</td>
<td>2</td>
<td>Medical devices from Mexico would become more expensive</td>
</tr>
<tr>
<td>Medical devices from Mexico more expensive</td>
<td>0.25</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Potential loss of jobs/work</td>
<td>0.05</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3: Industry Matrix Table**

<table>
<thead>
<tr>
<th>Key Success Factors</th>
<th>Weight</th>
<th>Medtronic</th>
<th>Johnson &amp; Johnson</th>
<th>GE Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight</td>
<td></td>
<td>Weighted Score</td>
<td>Rating</td>
<td>Weighted Score</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.2</td>
<td>1</td>
<td>5</td>
<td>0.8</td>
</tr>
<tr>
<td>FDA Approval</td>
<td>0.16</td>
<td>0.8</td>
<td>5</td>
<td>0.8</td>
</tr>
<tr>
<td>Product Development</td>
<td>0.1</td>
<td>0.4</td>
<td>4</td>
<td>0.3</td>
</tr>
<tr>
<td>Reliable Products</td>
<td>0.15</td>
<td>0.6</td>
<td>4</td>
<td>0.6</td>
</tr>
<tr>
<td>Top Service Maintenance</td>
<td>0.12</td>
<td>0.36</td>
<td>3</td>
<td>0.6</td>
</tr>
<tr>
<td>Sales and Marketing Effectiveness</td>
<td>0.08</td>
<td>0.4</td>
<td>5</td>
<td>0.24</td>
</tr>
<tr>
<td>Product Lifecycle Management</td>
<td>0.13</td>
<td>0.52</td>
<td>4</td>
<td>0.52</td>
</tr>
<tr>
<td>Reputation</td>
<td>0.06</td>
<td>0.3</td>
<td>5</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
factors. This allows an overview of each company and illustrates the main focuses of each leading healthcare company. For example, by looking at the first key success factor it, is clear that Medtronic and GE Healthcare list innovation higher than Johnson & Johnson does (GE Healthcare). At the same time, Johnson & Johnson ranks service maintenance higher than both Medtronic and GE Healthcare (Johnson & Johnson). This shows that each company has different focuses and relies on different key success factors in order to achieve success.

**Findings**

Based upon the information presented in the external factor analysis summary and industry matrix analysis, we can devise strategies for the three companies mentioned above, both generally and in relation to possible changes in NAFTA. For GE Healthcare, capitalizing on innovation is paramount in importance given the company’s goals noted in the industry matrix. It ranked innovation as one of its top success factors and therefore would be focusing on it in the future (GE Healthcare). However, due to possible changes in NAFTA, GE’s focus on innovation may prove costly. Mexico manufactures a large amount of medical devices for these three companies and if any of the threats listed in the EFAS table occur, innovative technology will not be cheap. In light of this, making operations more efficient through automation will be useful should the outsourcing of manufacturing result in increased costs. Overall, GE Healthcare should continue to pursue innovation in medical devices, especially in image archiving and cloud visualization tools. Outsourcing and operation of devices could become more expensive for factories in Mexico, and therefore the company should work on ways to make the operation process more efficient by using automated robotics.

In contrast, Medtronic should continue to focus its efforts on charity in order to improve the company’s reputation (Medtronic, 2016). By increasing its focus on charity events and building a better reputation, consumers will be more likely to trust and use Medtronic healthcare and services. This type of company strategy will bring more popular favor toward it and set it apart from its competitors. Like GE Healthcare, innovation is also important to Medtronic and, because of that, automation is also a key factor in Medtronic’s future success. Building the company’s reputation will also cultivate more trust from consumers. This will in the long run build clientele and give the company a competitive edge. Finally, Medtronic should also focus on automated manufacturing and increase research in its diabetes group, since that is its lowest profit group within the company. These key goals will allow Medtronic to continue to flourish, even after the NAFTA negotiations are complete.

Lastly, Johnson & Johnson should focus on its work in the field of minimally invasive surgery (or MIS) procedures (Johnson & Johnson). Evidence from Johnson & Johnson shows that innovation within the medical device field is not as important to the company’s focus as it is to GE Healthcare and Medtronic. Instead, Johnson & Johnson shows more interest in alternate forms of innovation, including those that aim to reduce infection rates. Emphasis on these procedures will set the company apart from its competitors. Due to possible changes from the NAFTA negotiations related to manufacturing, Johnson & Johnson’s focus on innovative procedures minimizes the need for reconfiguring its business model. These require little need for outsourcing manufacturing which may become more expensive as a result of NAFTA’s renegotiation. MIS procedures are also expected to be at a higher demand than they are.
currently, which will mean a competitive advantage for Johnson & Johnson over its leading competitors.

**Conclusion**

The goal of this research project has been to analyze the medical device industry and its ties to NAFTA. It describes the context, business focuses and prospects for three top companies in the medical device industry: GE Healthcare, Johnson & Johnson, and Medtronic, and considers how the scenario of the Trump Administration pulling the U.S. out of the trade agreement would affect each one. Our study identifies strategies that each of the companies could implement if the Trump administration were to pull the United States out of the North American Free Trade Agreement. While Medtronic’s focus on charity is a great way to improve its reputation, the company should also increase research in its diabetes group since that is its lowest profit group. GE Healthcare should continue to increase innovation in medical devices, especially in image archiving and cloud visualization tools. Outsourcing and operation of devices could become more expensive for factories in Mexico, so the company should work on ways to make the operation process more efficient with automation by using robotics. Finally, Johnson & Johnson should continue to focus its efforts on innovation in minimally invasive surgeries (MIS) as well as other Healthcare services. MIS procedures are expected to be at a higher demand than they are currently, and this strategy would give Johnson & Johnson an advantage over its competitors.
Melissa Guimond recently graduated from Bridgewater State University with two Bachelor of Science degrees in Marketing and Global Management. Currently, she is in the Integrated Marketing Communications graduate program at Stonehill College.

Jennifer Krouse graduated from Bridgewater State University in May 2018 with a Bachelor of Science in Management. She is now pursuing a career in the marketing industry.

Works Cited


“Johnson & Johnson - Medical Devices.” Johnson & Johnson Homepage.


Debunking the Narratives of Inclusion: Immigration Policy in Quebec, Canada, and the United States in the Age of Trump
OLIVIA A. KURAJIAN

Narratives of inclusion and successful immigration stories permeate Canadian popular culture. Often compared as an equally desirable destination to the United States, Canada is frequently heralded as a refuge for immigrants; specifically, those seeking asylum. Frequently exalted as a morally superior nation to its southerly neighbors, Canada represents itself in the international arena as a country that celebrates, respects, and cares for all of its members—regardless of their sometimes precarious immigration status by emphasizing the multiculturalism of Canadian society. Such stories also permeate national history and therefore leave out the voices of the “other” and ignore episodes of overt discrimination. As such, this account of the Canadian narrative as a welcoming safe harbor is not always accurate as globalization and concerns over national security threaten to uproot the hegemonic perpetuation of racial stereotypes and justifications of exclusion. Illustrating these failures of the Canadian government to uphold its revered image, are the stories of Abdoul Abdi, a Somalian refugee who faced deportation after the Canadian government neglected to apply for his citizenship while he was a minor in the foster care system; and those of Haitian refugees once living in the United States with protected status crossing into Quebec by the hundreds in 2017 to seek asylum in Canada. With the aid of the two aforementioned case studies, explored through review of academic literature and news stories, this paper seeks to dismantle the commonly believed fallacies surrounding the immigration and refugee policies in the United States, Canada, and Quebec in the Age of Trump.

Stories are integral to the remembering of the past and the shaping of the future. National narratives are created, reinforced, and bolstered to suit political motives. Sometimes, however, these narratives are dissected and examined to reveal fallacies and insidious hegemony. In the United States, Theodor Seuss Geisel, more commonly known by his penname Dr. Seuss, challenged national histories in his children's books and cartoons. Specifically concerned with environmental, social, and political problems plaguing the United States and world, Dr. Seuss is still celebrated today as an activist and beloved storyteller. A political cartoon from 1941 created by Seuss criticized America's policy on denying European Jews escaping the Holocaust entry to the United States. It read, “...and the world chewed up the children and spit out their bones. But those were foreign children and it didn’t really matter.” Additionally, the depiction of the mother figure is seen wearing a shirt that boasts the words, “America First!” This type of egocentric rhetoric mimics that of the political climate of the United States in the Age of Trump as neoliberal policies and laws restricting immigration to the country are aimed to “Make America Great Again” (Gilbert, 2017). This idealization of the role that strict immigration policies can play in society can be a tool to perpetuate discrimination. Yet, discriminatory policies are not limited within the borders of the United States.
As a result, stories told in the United States, Canada, and Quebec concerning immigration are not only inaccurate, but also dangerous. Canadian popular culture promotes multiculturalism and inclusion in line with the country’s 1988 Official Multiculturalism Act, which was passed at the federal level of government. Yet, the reality of multiculturalism often differs from the official policy as immigrant groups are often confronted by barriers following their emigration from their home countries. Instead of successful multiculturalism wherein immigrants are encouraged to retain their heritage and practice their customs, the reality is assimilationist in nature (Lambert and Taylor, 1988). Hence, an imagined collective national history minimizes the plight of those unable to fit into this vision of the typical Canadian immigrant that assimilates easily into society. Quebec, with its additional immigration policies and requirements, furthers the perpetuation of exclusion within the Canadian federation as it favors interculturalism rather than multiculturalism. The paradigm of interculturalism seeks to unite diverse groups and promote integration of newcomers into society. Multiculturalism, as imagined by the Canadian federal government, is founded upon the idea that all cultures are equal and can exist more independently of one another under the mirage of pluralism and inclusion (Meer, 2016). Thus, interculturalism and multiculturalism are tools that aid Canada and Quebec in being viewed as more inclusive and less discriminatory than their neighbors to the south, who are regarded in popular culture as a “melting pot.” Canadian exceptionalism often overshadows the crimes committed against immigrants and asylum seekers north of the United States border. The dialogue sparked through the campaign and later election of United States President Donald Trump continues to unravel the alarming racism embedded in American society and, thus, Canadians are compelled to examine their own biases and problematic immigration policies. The first case study to be examined in this paper is the story of Abdoul Abdi, a Somalian refugee who faced deportation after the Canadian government neglected to apply for his citizenship while he was a minor in the foster care system. The second case study focuses on the plight of Haitian refugees once living in the United States with protected status crossing into Quebec by the hundreds in 2017 to seek asylum in Canada. These two examples encapsulate the way in which the North American continent is rife with racism and exclusion, specifically in regard to immigration policy and unofficial practice.

The official stories that these North American nations promote are shockingly different, as the narratives of “Land of the Free and The Home of the Brave” and “The True North Strong and Free” contrast with the reality of racism and exclusion. With the aid of the two aforementioned case studies, explored through a review of academic literature and news stories, this paper seeks to dismantle the commonly believed fallacies surrounding inclusivity of immigration and refugee policies in the United States, Canada, and Quebec in the Age of Trump.

Global migrants are charged with overwhelming responsibility as they leave their homes and families in search of settlement or seek asylum someplace else. Application delays, financial difficulties, linguistic challenges, unestablished or under-established ties to the new community, or barriers to access to social services are common (Aubrey, 2017). One of the most difficult and important challenges faced by refugees and immigrants is the access to healthcare...
both in their countries of origin and in their new homes (Liu, 2016). As such, language barriers, lack of information about how to access or navigate services, long wait lists, and lack of culturally suited services in the destination country contribute to the dilemma of improper or insufficient healthcare amongst immigrants to both the United States and Canada (Kalich, 2016). Canadian exceptionalism is present in the reality of public healthcare. While it is true that immigrants can be eligible for coverage under the public plan, vast inequalities exist in the care that is received and the timeline in which it is provided (Lu, Kaushal, Denier and Wang, 2017). For the very old and the very young, this reality is felt even more strongly (Yeo, 2017). Long waitlists for surgeries, difficulty in accessing family care physicians and the price of pharmaceutical drugs can be overwhelming to newcomers. Also, access to the public regime of healthcare can take months to secure as there is often a waiting period and varying criteria to be satisfied before the issue of a card. This discrepancy between real and imagined narratives can cause confusion and distress in immigrant populations and can contribute to further displacement and insecurities (Browne, Kumar, Puente-Duran, Georgiades, Leckie and Jenkins, 2017).

Furthermore, especially following the 2010 Haitian earthquake, Haitian migrants to the United States spiked in numbers. Yet, under Donald Trump’s administration, the protected status of these Haitian nationals soon ended (Campbell, 2017). Haitians living in the United States under this protected status therefore have three choices. The first would be to go into hiding in the United States and risk deportation and isolation. The second choice is to return to Haiti at their own risk, where the economic, political, and social conditions are still dire. The third option would be to attempt to cross into Canada, and most specifically Quebec, where the majority of the population speaks French. This linguistic factor is especially important as knowledge of the majority language directly corresponds to work opportunities and education (Abelson, 2017). Many Haitians that cross into Canada face a 90% rejection rate for their refugee claimant applications, filed after illegally entering the country (Campbell, 2017). Temporary shelters, being in Quebec and Ontario, place further burden on an already financially stressed and backlogged immigrant processing system (Press, 2017). Haitian refugee claimants make up a visible portion of the nearly 50,000 applications awaiting review in Canada this year (Markusoff, 2018).

Consequently, discourses surrounding Haitian asylum seekers that migrate from the United States to Canada often ignore the direct contribution of these two countries to the deplorable realities currently facing Haiti, and more generally the global South (Esses, 2017). Policies of exploitation of labor and resources have shaped Haiti both in colonial and neo-colonial times. With Canada and the United States as active participants in the problems facing Haiti, even more so following the devastating earthquake at the beginning of the decade, North America owes Haiti a substantial debt. From environmental exploitation to human displacement and dispossession, Canada and the United States have ravaged Haiti. Moreover, the United States explicitly removed its clause about America being a nation of immigrants from the U.S. Citizenship and Immigration Services mandate (Hjelmgard, 2018). The previous mission statement read: “USCIS secures America’s promise as a nation of immigrants by providing accurate and useful information to our customers, granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our
immigration system.” The current mission statement says: “U.S. Citizenship and Immigration Services administers the nation’s lawful immigration system, safeguarding its integrity and promise by efficiently and fairly adjudicating requests for immigration benefits while protecting Americans, securing the homeland, and honoring our values” (Tropp & Okamoto, 2018).

Both the current and former statements employ the word “integrity.” In the mandate put forth by Immigration, Refugees and Citizenship Canada (IRCC), there is no mention of integrity and instead, the Canadian government seeks to “maintain Canada's humanitarian tradition by protecting refugees and people in need of protection” (Citizenship Canada, 2018).

The aforementioned “tradition” of protecting refugees and the propagation of a just immigration system is misleading. The tradition of the Canadian government has been to exclude migrants from entering the country’s borders based upon race and religion. The tradition extends from Chinese Head Taxes to the rejection of Jewish migrants escaping war-torn Europe and the atrocities of the Holocaust. These policies, both official and unofficial were rife with overt discrimination. Meanwhile, around the time of Canadian Confederation, thousands of British subjects were welcomed with opened hearts. The open-door-policy was viewed as a progressive and positive endeavour but was laden with racism and exclusion (Décoste, 2014). This imagined humanitarianism is further debunked with the case study of 25-year-old, Abdoul Abdi. Abdi, who came as a child and grew up alongside Canadian citizens, never believed that he was anything but. As a minor in the foster care system for over a decade, he should have been properly cared for as a ward of the Canadian state. He recently was released from prison after serving four-and-a-half years with charges including aggravated assault.

Yet, following his release, he was immediately detained by the Canada Border Services Agency on immigration grounds. He spent months facing deportation to Somalia, a country where he had never set foot. He was born in Saudi Arabia to Somali parents and following his mother’s death, Abdi came to Canada at age six with his aunt. According a CBC article from January 2018, Abdi wants the Canadian government to do a better job with managing the foster care system countrywide. The article goes on to say that now that he is out of prison, Abdi said he is no longer a danger to society and just wants to be a father to his child. After spending his childhood in 31 placements within Nova Scotia's foster care system and with no secondary education, Abdi wishes to remain a constant figure in his child’s life (Zimonjic, 2018).

Just as Abdi’s child will grow up with the influence of Canadian norms and narratives, Abdoul Abdi was a product of the Canadian state (Williams, 2018a). Abdi’s story is not unique as religious or ethnic minorities are often not given proper resources in the foster care system. This furthers the notion that within the social, political, and economic domains of Canadian and American society there exists ongoing pervasive racism and a deeply embedded colonial story (Williams, 2018b). As such, two advocacy groups have intervened on behalf of Abdi for his judicial review. Both the Canadian Civil Liberties Association and Justice for Children and Youth groups believe that the country has failed Abdi (Canadian Press, 2018). Abdoul Abdi stands as a symbol of the inequality and racism woven into Canada’s immigration policies and further diminishes
with the looming reality that their protective status in the United States is coming to an end in 2019. Excluded from this account is Abdoul Abdi, a product of his environment within Canada, not in spite of it. These case studies are only two of the thousands each year that serve to obliterate Canadian exceptionalism. Quebec, Canada, and the United States in the Age of Trump are just as they have always been. They have been, and continue to be built on stolen land and both sustained and bettered by diverse immigration. Whether or not the national narratives will ever align with this reality is to be determined.

The Canadian government’s detainment, deportation, and deplorable treatment of certain individuals in precarious situations of “status” within Canada is often exacerbated if one belongs to a racialized minority group. Yet, for immigrants to the United States, obtaining American citizenship was less “identity-changing” and more of a logical “next step” in the procedural trajectory of naturalization. In contrast to this bleak regard for citizenship, immigrants to Canada were more likely to respond with pride for Canadian citizenship and a feeling of inclusion within the Canadian mosaic (Aptekar, 2016). However, these responses were complicated and challenged by race and status upon arriving in the new country.

Narratives of inclusion and successful immigration stories saturate Canadian popular culture. Often considered as an equally desirable destination to the United States, Canada is frequently heralded as a refuge for immigrants seeking asylum. Frequently exalted as a morally superior nation to its southerly neighbors, Canada represents itself in the international arena as a country that celebrates, respects, and cares for all of its members—regardless of their sometimes precarious immigration status by emphasizing the multiculturalism of Canadian society.

Such stories also permeate national history and therefore leave out the voices of the “other” and ignore episodes of overt discrimination. As such, this account of the Canadian anecdote as a welcoming safe harbor is not always accurate as globalization and concerns over national security threaten to uproot the hegemonic perpetuation of racial stereotypes and justifications of exclusion. Excluded from these narratives are the Haitian nationals seeking asylum in the Canadian federation.
References


Olivia A. Kurajian is a Bachelor of Arts (Honours) candidate specializing in Canadian and Quebec Studies at McGill University. She is the founder and President of the Quebec Studies Student Association (QSSA) for 2017-2019, and the Vice-President Finance of Canadian Studies Association for Undergraduate Students (CSAUS) for 2018-2019. She is energetic, friendly, and loves to write. Her biggest inspiration is her two-year-old daughter, Evelyn Rose.


Fiat Chrysler Automobiles and NAFTA’s Rule-of-Origin Clause

CHRISTINE HOGAN-BERISHA and PARKER MERRITT

One of the most vocal opponents to the Trump Administration’s proposed changes to the North American Free Trade Agreement (NAFTA) is the automobile industry because of the impact they will have on the established rule-of-origin clause. The clause sets eligibility rules for free trade within the NAFTA region based on the percentage of a traded good’s components that derive from the NAFTA region. Our perspective on the issue is taken from the viewpoint of the Fiat Chrysler Automobiles (FCA) Corporation. President Donald Trump plans to increase the minimum required percentage of U.S. components from approximately 60% to 85%, to which the established automotive industry will not be able to adapt without sweeping and costly supply-chain and infrastructure overhauls. The Canadian Transport Minister has even begun open dialog with Michigan’s Governor to emphasize Canada’s concern over endangering the longstanding, highly integrated auto industry and supply chain connecting the two nations. This essay evaluates FCA’s current performance; it scans, assesses, and analyzes strategic factors to propose the best strategies for the company in the face of the proposed changes to the rule-of-origin clause.¹ The Trump Administration’s position on NAFTA is widely criticized and if achieved will completely disrupt the auto industry and supply chain across the NAFTA member states. It has already created uncertainty among automakers, and many had to make swift changes to their business decisions in the wake of Trump’s 2016 election. Whatever happens with President Trump’s attempts to overhaul NAFTA, it is clear that there will be winners and losers. As it stands, the majority of automakers, including FCA, would say that there are more winners under the current NAFTA than they expect to be with Trump’s plan.

In an age where globalism rules, NAFTA fits right in. NAFTA is the result of decades of slow progress away from America’s isolationist stance on trade since World War II. Its passage in 1994 created the largest free market existing at that time by opening the trade borders between Canada, the United States, and Mexico. NAFTA is a multilateral trade agreement that allows for the flow of goods and services between the three member states with minimal obstruction in terms of tariffs or excessive regulations. In its 24 years, the American economy has adapted everything from manufacturing to agriculture to commodities, and even its services, to exploit its benefits of NAFTA. It is strongly favored by entities such as the U.S. Chamber of Commerce, most conservative politicians, and virtually the entire automobile industry.

The automobile industry is extremely difficult to enter due to significant barriers such as capital requirements, supply chains, logistics, labor, and legal

¹ Editors’ note. This essay was written in early Spring 2018, months before the October 2018 conclusion of negotiations resulting in the United States-Mexico-Canada Trade Agreement (USMCA), the successor to the North American Free Trade Agreement (NAFTA). This scholarship provides scholarly insight into the subject that was available at that moment.
and regulatory issues. There are dozens of competitors across the NAFTA region and overall the industry has been growing steadily in the United States and globally. The automobile industry has tailored nearly every component of its existence to take advantage of the current NAFTA. Manufacturing, operations, sales and distribution are all strategically located and essentially the entire automobile industry supply chain is configured to maximize profits under the existing conditions (Howes, 2018). The largest potential disruption to this is the threat of change to the rule-of-origin clause.

The rule-of-origin clause sets the required percentage of a vehicle’s components that must originate in the NAFTA region in order to avoid tariffs. At present, 62.5% of the net cost of a passenger car or light truck must originate from one of the NAFTA member states. The Trump Administration’s proposal is to raise that requirement to 85% of the net cost of the vehicle (Siekerska, 2017). In addition, it is proposing to mandate that 50% of the vehicle’s content originate specifically from the United States by placing stricter regulations on individual components’ country-of-origin certificates. Presently, the country-of-origin certificates do not receive as high a level of scrutiny. What the Trump Administration proposes is a serious concern for suppliers who fear that their materials will not meet the new requirements.

Our analysis is based on a review of current and historical news articles from established news sources, government websites, and peer-reviewed scholarly articles. All sources consistently report that the automobile industry, including FCA, is not in favor of altering the rule-of-origin clause (O’Grady, 2017). Repeatedly, it is reported that the proposed changes would result in extreme disruptions to the automobile industry’s highly integrated supply chain network, producing increased automobile prices for consumers across the NAFTA region (Vieira and Shaefer Munoz, 2018). The Wall Street Journal Editorial Board stated that ultimately the changes would cause substantial damage to the United States’ trade reputation and potentially spark a trade war with its closest neighbors. In the case of FCA, no source reports that CEO Sergio Marchionne or top management are in favor of any of the proposed changes to NAFTA. However, there were numerous examples where the CEO expressed loud opposition to Trump’s NAFTA proposals and strong support for the existing NAFTA. He emphasized that changes would hurt the autoworkers and result in higher prices for consumers. This sentiment is echoed by the majority of FCA’s competitors’ executives.

A look at FCA’s recent past and present performance helps us to understand why. In 2009, failing American auto manufacturer Chrysler Group LLC filed for Chapter 11 bankruptcy and ownership of the company was split between the United Auto Workers Pension Fund, Fiat, the U.S. government, and the Canadian government. Over the next few years under the leadership of CEO Marchionne, Fiat slowly acquired the majority ownership of the company and announced that FIAT and Chrysler Group LLC would merge into a new holding Company called Fiat Chrysler Automobiles (FCA) (Vellequette, 2018). Founded in October 2014, it is comprised of several automotive brands (Arbarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, 2 Editor’s note. Since the writing of this essay, Sergio Marchionne has passed away. He died on 25 July 2018 (www.bloomberg.com, 25 July 2018).
Lancia, Maserati, Mopar, Ram, and SRT) and a few component and production brands (Comau, Magneti Marelli, and Teksid). According to its website, FCA’s most profitable brands are Jeep and Ram (“About Us”).

FCA is the seventh-largest automobile manufacturer in the world in terms of revenue, and the eight-largest automobile manufacturer in terms of production units. It has roughly 15 major global competitors: Ford, GM, BMW, VW, Mercedes, Volvo, Toyota, Nissan, Hyundai-Kai, Subaru, Honda, Mazda, Tesla, Jaguar-Land Rover, and Mitsubishi. It is not a major global supplier of automobile parts.

FCA’s current liquidity ratio - measuring its ability to satisfy its short-term debts using short-term assets - is 0.77 and slightly decreased over the three-year period ending 31 December 2017 (see Table 1). In this time, CEO Marchionne aggressively paid down massive amounts of long-term debt that was on the balance sheet using cash on hand (Vellequette, 2018). FCA’s cash over that same period decreased by $10B to satisfy those long-term debts, while their short-term debts only increased by $4B. Analysts predict that though FCA does not have as much cash on hand as its competitors such as Ford or Toyota, FCA will outperform Ford in 2018 partly because of the better financial position it has achieved under CEO Marchionne (Lawrence, 2018).

FCA’s net profit margin (the amount of after-tax profit per each dollar of revenue written as a percentage) is 3.15%, and was on the rise over the three years presented in the table. Analysts have been pleased by FCA’s performance and it is notable that its profit margins have been more stable than its competitors’ over this period (Lawrence, 2018). FCA’s net profit margin is predicted to increase rapidly again in 2018, even though CEO Marchionne has announced his retirement at the end of this year. He will be leaving the corporation in a strong financial position.

The return on equity ratio (ROE) is one of the ratios that investors care about the most. It is a profitability ratio showing how much profit a company generates with its shareholder’s money.\(^3\) FCA’s ROE for the period ending in December 2017 was 17.40%. Since its founding, FCA’s ROEs have been rapidly increasing year after year, a pattern attributable to Marchionne’s strong leadership and the success of the company’s Jeep and Ram brands.

**Industry Analysis: FCA’s Opportunities and Threats**

The External Factor Analysis Summary (EFAS) Table organizes the relevant opportunities and threats that FCA faces as the Trump Administration reconsiders NAFTA and the rule-of-origin clause. The Table allows us assess specific factors in terms of weight. An average company would receive a score of 3.0. FCA’s score (see below) is 3.81, which demonstrates that it is responding well to the factors and performing slightly above the average company in the automobile industry. Five major opportunities and six major threats are identified and analyzed below.

The first opportunity (O1) for FCA is the existing domestic and global demand for high-margin SUVs (Bartosiak, 2018). The demand for traditional passenger cars is diminishing and FCA’s present vehicle lineup matches this scenario perfectly (Lawrence, 2018). FCA’s second opportunity (O2) is the rise of global demand for its Jeep and Ram brands. Jeep is one of

\(^3\) The ROE is calculated by dividing the net income figure by the average stockholder equity.
Table 1: Financial Ratios calculated from Yahoo Finance, 2018

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>30-Dec-17</th>
<th>30-Dec-16</th>
<th>30-Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>0.77</td>
<td>0.80</td>
<td>0.93</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>3.15%</td>
<td>1.63%</td>
<td>0.34%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>17.40%</td>
<td>9.94%</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: External Factor Analysis Summary – FCA and NAFTA

<table>
<thead>
<tr>
<th>External Factor Analysis Summary (EFAS) Table</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O1 Higher Margin Vehicles - SUVs</td>
<td>0.05</td>
<td>5</td>
<td>0.25</td>
<td>Demand is high for SUVs, not for passenger cars</td>
</tr>
<tr>
<td>O2 Global demand for Jeep and Ram Brands</td>
<td>0.12</td>
<td>4.5</td>
<td>0.54</td>
<td>Jeep is one of the world's most recognized brands</td>
</tr>
<tr>
<td>O3 Cross-border Manufacturing Network</td>
<td>0.18</td>
<td>4.5</td>
<td>0.81</td>
<td>FCA has manufacturing network through out NAFTA Region</td>
</tr>
<tr>
<td>O4 Existing NAFTA</td>
<td>0.18</td>
<td>4.5</td>
<td>0.81</td>
<td>Automakers are betting that time and reality is on their side; i.e. industry has evolved to thrive under current NAFTA; it would hurt Trump's base to upset the status quo</td>
</tr>
<tr>
<td>O5 Partnership with Waymo (former Google car company)</td>
<td>0.02</td>
<td>3</td>
<td>0.06</td>
<td>Waymo will convert Chrysler Pacifica vans into self-driving cars instead of FCA trying to pursue it alone</td>
</tr>
<tr>
<td>THREATS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T1 NAFTA - Changes to Rule of Origin Clause</td>
<td>0.18</td>
<td>3</td>
<td>0.54</td>
<td>Complete NAFTA region manufacturing network and supply chain disruption; restricts auto vehicle, parts, and components trade; price hikes for consumers</td>
</tr>
<tr>
<td>T2 Rising Interest Rates &amp; Falling Used Car Prices</td>
<td>0.02</td>
<td>3</td>
<td>0.06</td>
<td>Hurts New Auto Sales</td>
</tr>
<tr>
<td>T3 Trump's New Tax Laws</td>
<td>0.05</td>
<td>5</td>
<td>0.25</td>
<td>FCA moving production back to U.S. from Mexico</td>
</tr>
<tr>
<td>T4 Trump's threats to withdraw from NAFTA</td>
<td>0.12</td>
<td>3</td>
<td>0.36</td>
<td>Massive job losses, higher costs to producers, lower returns for investors, fewer choices for consumers, less competitive U.S. auto and supplier industry</td>
</tr>
<tr>
<td>T5 Industry transition to electric and/or self-driving cars</td>
<td>0.05</td>
<td>2</td>
<td>0.1</td>
<td>FCA is smaller than its competitors and has not invested in electric or self-driving technology</td>
</tr>
<tr>
<td>T6 Federal Gov't suing FCA over diesel emissions defeat-devices</td>
<td>0.03</td>
<td>1</td>
<td>0.03</td>
<td>Marchionne has pushed back; U.S. Justice Department is willing to settle; devices allegedly installed on Ram pickups and Jeep Grand Cherokee SUVs</td>
</tr>
<tr>
<td>TOTAL SCORES</td>
<td>1.00</td>
<td></td>
<td>3.81</td>
<td></td>
</tr>
</tbody>
</table>
the world’s most recognized brands because it has been used since World War II by the United States Armed Forces in missions all over the world. Additionally, Ram trucks have a favorable reputation compared to their competitors. The third opportunity (O3) available for FCA to exploit is its extensive and established cross-border manufacturing and distribution network. FCA has a highly integrated and interdependent supply chain network throughout the NAFTA region, as well as South America, Europe, and Asia, built on longstanding trade agreements between nations, suppliers, and buyers.

The existing NAFTA is FCA’s fourth opportunity (O4), simply because the entire auto industry has evolved to thrive under this system. FCA, and automakers in general, are betting that time and reality are on their side and that the existing NAFTA will survive the Trump Administration’s threats to alter or dismantle it (Howes, 2018). It is a reasonable position to take since a disruption of the status quo would severely hurt Trump’s political voter base most of all. The last opportunity (O5) identified for FCA is its partnership with Waymo, the former Google car company. Due to its smaller size, FCA does not have the budget to allow for unlimited or significant investment in necessary R & D to develop internally electric, hybrid, or self-driving technology. Through its partnership with Waymo, FCA aims to convert its Chrysler Pacifica into a self-driving vehicle in the near future (Bomey and Lawrence, 2018).

The first, and most heavily weighted, threat (T1) to FCA is the proposed changes to NAFTA’s rule-of-origin clause. If adopted, the entire NAFTA region’s manufacturing network and supply chain would be completely disrupted. It would restrict automobile, parts, and components trade, and would result in material price increases for consumers (Meredith and LeBeau, 2018). This would significantly impact FCA, as it would be forced to hastily adapt to the modifications, which in turn would have a ripple effect on prices and bottom lines (Meredith and LeBeau, 2018).

The second threat (T2) to FCA is rising interest rates and falling used car prices. Historically, the threat of rising interest rates has hurt new car sales and caused used car prices to drop (Bartosiak, 2018). This results in consumers choosing to buy used vehicles rather than invest in new ones. It causes some consumers to forgo vehicle purchases completely, which would negatively affect FCA’s revenue.

The Trump Administration’s new tax laws are a third threat (T3) to FCA. In January 2018, CEO Marchionne announced that the new tax laws were the direct catalyst for his decision to move some production of Ram Heavy Duty trucks from Mexico back to the United States (Lawrence, 2018). Even with the tax code changes, it will still be more expensive to manufacture those trucks in the United States as opposed to Mexico. It is a costly (more than $1B) and time-consuming (projected completion in 2020) endeavor to reconfigure FCA’s existing manufacturing and supply chain infrastructure.

The fourth threat (T4) to FCA would arise should Trump act on his dangerously irresponsible threat to completely withdraw from NAFTA. This will result in massive job losses not only at FCA and throughout the industry, higher costs to producers lower returns for investors, and fewer choices for consumers. It would create a less competitive American auto and supplier industry as tariffs would then be applied at all levels of production and trade (Howes, 2018).
Another threat (T5) to FCA is the industry’s transition to electric and/or self-driving cars. Being smaller than its competitors has caused FCA to neglect investment in electric or self-driving technologies. FCA is not currently equipped to compete with industry leaders such as Toyota (i.e. Prius) or Tesla (i.e. Model 3) on this platform (Bomey and Lawrence, 2018). The last threat (T6) FCA is currently facing is the Federal Government’s lawsuit against it over diesel emissions-defeat devices similar to those in Volkswagens (VW) (Lawrence, 2018). CEO Marchionne has publicly pushed back even though the U.S. Justice Department is willing to settle. As of mid-March 2018, a California court had decided to allow consumers to carry on with their suit against Bosch, the manufacturer of the components that facilitated the emissions violations in the diesel Rams and Jeep Grand Cherokees. This does not bode well for FCA as it will likely end up needing to explain its side publicly in court.

Organizational Analysis: FCA’s Strengths and Weaknesses

Our examination of the internal factors of the automobile industry focuses on FCA’s specific strengths and weaknesses, especially as they concern the rule-of-origin clause. Our results are presented in an Internal Factor Analysis Summary (IFAS) Table (Table 3), which allows us to assign weight to specific factors shaping a company’s prospects. An average company would receive a score of 3.0. FCA’s score of 3.39 demonstrates that it is performing slightly above the average company in the automobile industry. Eight major strengths and seven major weaknesses are identified and analyzed below.
Table 3: Internal Factor Analysis Summary – FCA's Strengths and Weaknesses

<table>
<thead>
<tr>
<th>Internal Factor Analysis Summary (IFAS) Table</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRENGTHS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S1 New $1B investment in Warren Plant and Toledo Plant</td>
<td>0.2</td>
<td>5</td>
<td>1</td>
<td>FCA - Warren, MI Truck plant (Ram Heavy Duty trucks from Mexico); Toledo Plant (Jeep production); adds 2500 new jobs in metro Detroit; will help avoid a 25% tariff if NAFTA fails apart</td>
</tr>
<tr>
<td>S2 Commitment to U.S. Manufacturing &amp; Employees</td>
<td>0.02</td>
<td>4</td>
<td>0.08</td>
<td>Announced bonuses/profit sharing for employees; Enhances FCA's brand image internally and externally</td>
</tr>
<tr>
<td>S3 Sergio Marchionne - FCA's CEO</td>
<td>0.15</td>
<td>4</td>
<td>0.6</td>
<td>Successfully in charge since early 2000s - knows how to make money</td>
</tr>
<tr>
<td>S4 Globalization of Jeep and Ram brands</td>
<td>0.1</td>
<td>4.5</td>
<td>0.45</td>
<td>Marchionne successfully took Jeep &amp; Ram global; now sold in South America, Europe, and Asia; projected to out perform Ford in 2018</td>
</tr>
<tr>
<td>S5 Stripping of undervalued assets to return $ to shareholders</td>
<td>0.03</td>
<td>4</td>
<td>0.12</td>
<td>Marchionne sold off CNH Industrial ($20.25B) and Ferrari ($22.34B), and soon to sell off Magneti Marelli parts maker</td>
</tr>
<tr>
<td>S6 Elimination of compact and mid-sized car segments</td>
<td>0.03</td>
<td>4</td>
<td>0.12</td>
<td>Focus on expansion of more profitable SUVs and trucks</td>
</tr>
<tr>
<td>S7 Strong Segment Performance</td>
<td>0.03</td>
<td>3</td>
<td>0.09</td>
<td>In North America, Latin America, and Europe</td>
</tr>
<tr>
<td>S8 Maserati brand and components divisions</td>
<td>0.03</td>
<td>3</td>
<td>0.09</td>
<td>Key Improvements in 2017</td>
</tr>
<tr>
<td><strong>WEAKNESSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W1 New CEO is unknown</td>
<td>0.1</td>
<td>3</td>
<td>0.3</td>
<td>To be announced in June 2018 at FCA's 5-yr business plan meeting</td>
</tr>
<tr>
<td>W2 Slow pace of product renewal</td>
<td>0.1</td>
<td>2</td>
<td>0.2</td>
<td>Old lineup has yet to improve (Dodge Journey, Chrysler 300, Dodge Charger, Caravan)</td>
</tr>
<tr>
<td>W3 Unattractive Debt</td>
<td>0.03</td>
<td>4</td>
<td>0.12</td>
<td>$3B debt remaining on hand at end of 2017; Marchionne promised to have it wiped by June 1st</td>
</tr>
<tr>
<td>W4 Delayed new product launches</td>
<td>0.08</td>
<td>2</td>
<td>0.16</td>
<td>Promised luxury SUVs Jeep Wagoneer and Grand Wagoneer have been delayed</td>
</tr>
<tr>
<td>W5 Botched Fiat reintroduction into U.S.</td>
<td>0.02</td>
<td>2</td>
<td>0.04</td>
<td>Poor executive decisions on having separate Italian style showrooms for Fiat in US (should have used existing Chrysler showrooms)</td>
</tr>
<tr>
<td>W6 Refused to sell off unprofitable Alfa Romeo to VW</td>
<td>0.02</td>
<td>1</td>
<td>0.02</td>
<td>Marchionne feud with VW's Winterkorn - wouldn't unload Alfa Romeo; invested $6B in it instead and it has yet to turn a profit</td>
</tr>
<tr>
<td>W7 Does not offer electric cars or self-driving cars</td>
<td>0.06</td>
<td>2</td>
<td>0.12</td>
<td>Faces huge costs of developing and selling electric cars or self-driving cars; No electric Jeeps</td>
</tr>
</tbody>
</table>

**TOTAL SCORES**

|                | 1.00 | 3.39 |
The first strength (S1) that FCA has is its new commitment to invest $1B in its Warren (Michigan) and Toledo (Ohio) plants. FCA plans to move production of Ram Heavy Duty trucks from Mexico to Warren by 2020, and to build a new Jeep production facility in Toledo (Lawrence, 2018). These moves will add 2,500 jobs to the metro Detroit area and help FCA avoid a 25% tariff if NAFTA falls apart (Shepardson, 2018).

FCA’s commitment to U.S. manufacturing and employees is FCA’s second strength (S2). In January 2018, the company announced that employees, excluding executives, would be receiving bonuses and profit-sharing incentives due to new tax legislation (Lawrence, 2018). This has enhanced FCA’s brand image internally and externally, and it makes for good news headlines. Undoubtedly, FCA’s CEO Sergio Marchionne is a major strength (S3). He successfully ran Fiat since the early 2000s, leading it out of the 2008 financial meltdown, and was able to acquire Chrysler for pennies on the dollar. He has a reputation for knowing how to make money and is beloved by FCA’s employees (Vellequette, 2018).

Globalization of Jeep and Ram brands is the fourth strength (S4) that FCA has going in its favor. Under Marchionne’s leadership, FCA was able to take the Jeep and Ram brands to the global market (Vellequette, 2018). FCA brands are now sold in South America, Europe, and Asia, and are even projected to outperform Ford in 2018. Another strength (S5) identified is FCA’s ability to successfully strip undervalued assets to return money to its shareholders. Again, under Marchionne, FCA was able to sell off CNH Industrial ($20.25B) and Ferrari ($22.34B). In the near future, FCA is are planning to do the same with its parts maker Magneti Marelli (Vellequette, 2018).

The elimination of compact and mid-sized car segments from FCA’s line up is another huge strength (S6) because it allows FCA to focus on high margin SUVs and trucks. It was Marchionne’s decision to eliminate the Chrysler 200 and Dodge Dart, which in turn freed up working capital to invest in manufacturing capacity to expand the highly profitable Jeep and Ram lines (Vellequette, 2018). FCA’s strong segment performance is an additional strength (S7). Its North America, Latin America, and Europe segments all had outstanding 2017 performances, which contributed to FCA’s $4.4B earnings before tax (beating out their 2016 $1.9B figure). As a result, Marchionne predicted that FCA would be debt free by the end of Q2 2018. At the end of 2015, its debt was more than $10.75B, but at the end of 2017 it was down to $3B (Lawrence, 2018). The last strength (S8) recognized is FCA’s Maserati brand and its components divisions, where huge improvements were made (Vellequette, 2018). These improvements materially contributed to FCA’s strong 2017 financial results.

On the weakness side, the first and most important one (W1) is that CEO Sergio Marchionne’s replacement has not yet been announced. Marchionne will be retiring at the end of this year and FCA plans to announce his successor in June 2018 at its 5-year business plan meeting in Italy (Vellequette, 2018). Speculation states that the new CEO will come from within FCA, but losing the powerful figure of Marchionne will have an effect. Another major

---

4 Editors’ note. Michael Manley replaced the critically ill Sergio Marchionne as CFA’s CEO in July 2018. Manley had previously been the head of FCA’s Jeep Division (www.reuters.com, 20 July 2018).
weakness (W2) has been FCA’s painfully slow pace of product renewal. For the most part, the company is still running with an old lineup of vehicles, which it has yet to improve (i.e. Dodge Journey, Chrysler 300, Dodge Charger, Dodge Caravan, etc.).

A weakness (W3) that may be eliminated in the near future (if Marchionne’s efforts and promises pan out) is FCA’s unattractive debt. The company still had $3B in debt on hand at the end of 2017; however, analysts believe this is not terribly concerning because of the company’s aggressive actions taken to pay it down (Bomey and Lawrence, 2018).

The repeated delay of new product launches is the fourth weakness (W4) identified for FCA. The company has missed several release dates for promised luxury SUVs, such as the Jeep Wagoneer and Grand Wagoneer. This damages their image, and may cause consumers and investors to look elsewhere (Bomey and Lawrence, 2018). The fifth weakness (W5) for FCA is their botched reintroduction of Fiat to the U.S. Under Marchionne, FCA required U.S. dealers to make extensive capital investments in new Italian-style showrooms to segregate the Fiat lineup, instead of showing it in existing Chrysler showrooms. This made huge dents in profits from the Fiat line in the U.S (Vellequette, 2018).

Another Marchionne-related weakness (W6) for FCA was his refusal to sell off the unprofitable Alfa Romeo brand to VW. Due to a personal feud with VW CEO Martin Winterkorn, Marchionne rejected the opportunity to sell Alfa Romeo to VW opting instead to invest $6B into the brand. Unfortunately, Alfa Romeo continues to be plagued with technical issues and has yet to turn a profit (Vellequette, 2018). The last weakness (W7) identified for FCA is that it does not yet offer electric or self-driving cars. FCA potentially faces huge costs of developing, selling, and servicing these types of vehicles. Electric Jeeps are not projected to be included in FCA’s lineup until 2020 (Bomey and Lawrence, 2018).

Formulating a Strategy

When we combine FCA’s most significant opportunities, threats, strengths, and weaknesses into a matrix called the Strategic Factor Analysis Summary (SFAS), we can develop strategies that FCA can use to deal with potential changes to NAFTA’s rule-of-origin clause. The SFAS Table organizes relevant external and internal factors to enable strategic decisions to be made based on the highest-weighted factors from the EFAS and IFAS tables. These will help us predict the future success of FCA. An average company would receive a score of 3.0. FCA’s score of 3.91 demonstrates that it should perform better than the average company in the automobile industry in the near future. Using the SFAS Table, we have generated three strategies for FCA to use to prepare for any outcome related to NAFTA’s rule of origin clause.

The first strategy (Strategy 1) for FCA is to use S1 to exploit O2; that is, to use the new $1B investments in the Warren and Toledo plants to exploit the global demand for Jeep and Ram brands. This can provide insulation from any potential changes to the rule-of-origin clause and provide protection from the 25% tariffs that would go into effect if NAFTA is dissolved (Dawson and Stoll, 2018). Another bonus is the eventual tax benefits that FCA will receive by investing in domestic manufacturing facilities. The cons to this strategy are that a sudden drop in demand for Jeep or Ram brands could negate the investment in the two plants, as they are slated to produce Ram
Heavy Duty trucks and Jeeps in the U.S. where production costs are higher. If the existing NAFTA survives, this strategy will still be more expensive than manufacturing in Mexico (Meredith and LeBeau, 2018). Massive expenditures related to plant investment could contribute to an even slower pace of product renewal or the continued delay of product launches because cash flows would be diverted away from these activities.

The second strategy (Strategy 2) for FCA is to use S3 to exploit O4. FCA could encourage Sergio Marchionne to use his power as a public figure to speak out against changes to the current NAFTA even after he retires. The pros to this are that he is a well-known

Table 4: A Strategic Factor Analysis for FCA

<table>
<thead>
<tr>
<th>Strategic Factor Analysis Summary (SFAS) Matrix</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1 New $1B investment in Warren Plant and Toledo Plant</td>
<td>0.12</td>
<td>5</td>
<td>0.6</td>
<td>FCA - Warren, MI Truck plant (Ram Heavy Duty trucks from Mexico); Toledo Plant (Jeep production); adds 2500 new jobs in metro Detroit; will help avoid a 25% tariff if NAFTA falls apart</td>
</tr>
<tr>
<td>S3 Sergio Marchionne - FCA's CEO</td>
<td>0.1</td>
<td>4</td>
<td>0.4</td>
<td>Successfully in charge since early 2000s - knows how to make money</td>
</tr>
<tr>
<td>S4 Globalization of Jeep and Ram brands</td>
<td>0.08</td>
<td>4.5</td>
<td>0.36</td>
<td>Marchionne successfully took Jeep &amp; Ram global; now sold in South America, Europe, and Asia; projected to outperform Ford in 2018</td>
</tr>
<tr>
<td>W1 New CEO is unknown</td>
<td>0.06</td>
<td>3</td>
<td>0.18</td>
<td>To be announced in June 2018 at FCA's 5-yr business plan meeting</td>
</tr>
<tr>
<td>W2 Slow pace of product renewal</td>
<td>0.05</td>
<td>2</td>
<td>0.1</td>
<td>Old lineup has yet to improve (Dodge Journey, Chrysler 300, Dodge Charger, Caravan)</td>
</tr>
<tr>
<td>W4 Delayed new product launches</td>
<td>0.05</td>
<td>2</td>
<td>0.1</td>
<td>Promised luxury SUVs Jeep Wagoneer and Grand Wagoneer have been delayed</td>
</tr>
<tr>
<td>O3 Cross-border Manufacturing Network</td>
<td>0.1</td>
<td>4.5</td>
<td>0.45</td>
<td>FCA has manufacturing network through out NAFTA Region</td>
</tr>
<tr>
<td>O4 Existing NAFTA</td>
<td>0.12</td>
<td>4.5</td>
<td>0.54</td>
<td>Automakers are betting that time and reality is on their side; i.e. industry has evolved to thrive under current NAFTA; it would hurt Trump's base to upset the status quo</td>
</tr>
<tr>
<td>O2 Global demand for Jeep and Ram Brands</td>
<td>0.08</td>
<td>4.5</td>
<td>0.36</td>
<td>Jeep is one of the world's most recognized brands</td>
</tr>
<tr>
<td>T1 NAFTA - Changes to Rule of Origin Clause</td>
<td>0.12</td>
<td>3</td>
<td>0.36</td>
<td>Complete NAFTA region manufacturing network and supply chain disruption; restricts auto vehicle, parts, and components trade; price hikes for consumers</td>
</tr>
<tr>
<td>T4 Trump's threats to withdraw from NAFTA</td>
<td>0.07</td>
<td>3</td>
<td>0.21</td>
<td>Massive job losses, higher costs to producers, lower returns for investors, fewer choices for consumers, less competitive U.S. auto and supplier industry</td>
</tr>
<tr>
<td>T3 Trump's New Tax Laws</td>
<td>0.05</td>
<td>5</td>
<td>0.25</td>
<td>FCA moving production back to U.S. from Mexico</td>
</tr>
</tbody>
</table>

TOTAL SCORES | 1.00 | 3.91 |
and well-respected executive in the industry. He has a charismatic personality that grabs the public’s attention and he is beloved by the employees of FCA. He can use this status to advocate and lobby on behalf of FCA’s best interests. The cons to this strategy are that he is retiring from FCA, so he may lose some of his ability to influence policy and public opinion. His message against making changes to NAFTA could be misinterpreted by some as being against American workers. Additionally, the new CEO may not have the same vision or opinions as Marchionne.

The third strategy (Strategy 3) is for FCA to use S4 to exploit O3. FCA must use the successful globalization of its Jeep and Ram brands to exploit its cross-border manufacturing and supply-chain network. The pro to this strategy is that FCA gains access to new and evolving customer bases around the globe. This means that it may be somewhat insulated against changes to NAFTA because international customers will not be affected by modifications to the rule-of-origin clause. FCA already has existing manufacturing facilities in South America, Europe, and Asia that can respond to new global demands. The con to this strategy is that if the Jeep and Ram brands suffer a sudden drop in demand abroad, then FCA may be more deeply impacted within the NAFTA region if the rule-of-origin clause is altered. Political instability in other regions where those brands are manufactured or sold is always a threat to FCA’s bottom line. They must constantly monitor and evaluate global and regional demand and political situations so that they can react appropriately to fluctuations in demand. They must be able to react to changes and modify their supply chains as required or make use of existing channels. All three of the strategies outlined above would help FCA to hedge against the effects from any potential outcome of the ongoing NAFTA renegotiations.

**Conclusion**

Canada, Mexico, and the American automotive industry are not in favor of President Trump’s plans to renegotiate NAFTA and modify the rule-of-origin clause, because of the resulting disruption to the established supply-chain networks and the subsequent price increases expected for consumers (Howes, 2018). Fortunately for Fiat Chrysler Automobiles, we do not expect there will be any significant changes to NAFTA this year (O’Grady, 2017). Additionally, it is even more likely that negotiations will stall this year because of the polarized American political climate and the 2018 midterm elections. We expect that furthering the narrative against the existing NAFTA will hurt the United States’ economy and trade reputation abroad. There are already consequences to this rhetoric in that our closest trading partners, Canada and Mexico, are actively seeking new trade markets with countries like Brazil and China to insulate themselves against potential transformations to NAFTA.

We anticipate that FCA will be in a strong position to weather any potential changes to NAFTA and/or its rule-of-origin clause. We trust that that they will continue to benefit from the existing state of NAFTA in the meantime. Even with the impending retirement of CEO Marchionne, it is evident that FCA has many strengths that it can utilize to target successfully the opportunities available in the face of NAFTA’s uncertain future.

Our predictions must be qualified by some limitations, however. The situation is hard to read because of the Trump Administration’s inconsistent message. The Trump Administration rarely gives a
clear explanation of its intentions and often changes its stance. This April, the Trump Administration changed its position on NAFTA’s rule-of-origin clause, lowering its regional demand for car content to 75% from the original 85%, and has dropped its requirement that 50% of a car be made from U.S. content (Mauldin and Hughes, 2018). Its hopes are that this will get it closer to a deal with Mexico and Canada for a revised NAFTA. This uncertainty is compounded by the fact that renegotiations of NAFTA are not shaped only by America. Canada and Mexico also hold substantial power in the negotiations and there is political uncertainty surrounding NAFTA in both countries.

Christine Hogan-Berisha is a Production and Inventory Control Analyst at the Associates of Cape Cod, Inc. She has a Bachelor of Science degree in Accounting and Finance, with a Concentration in Accounting. She is currently enrolled at Bridgewater State in the Graduate Certificate in Accounting program and plans to take the Certified Public Accountant exam.

Parker Merritt graduated in spring 2018 from Bridgewater State University, where he earned a Bachelor of Science degree in Accounting and Finance, with a Concentration in Finance. He currently works in the back office of a local commercial bank.
Works Cited


price-if-nafta-unravels.html.


In today’s political climate where nationalism, protectionism and populism dominate the political discourse, democratic values are being interpreted in new ways. These interpretations give rise to fundamental democratic questions, such as: should certain aliens be allowed to have political rights when they have been living in, and contributing to, democratic countries for extended periods of time? This paper will contrast the political position and rights of Canadian citizens living abroad (expats) with those of permanent residents (aliens) living in Canada, demonstrating that the former have full democratic rights despite being geographically disassociated from domestic communities, while the latter are accorded no democratic rights despite contributing directly to the communities in which they reside. This raises the question of whether it is morally permissible to withhold democratic rights from certain aliens who contribute to their host society more than full citizens of that society who live abroad. Section one demonstrates how democracy is a tool for the institutionalization of liberal values. Section two shows how these values affect expats and aliens unequally and in a manner that is contrary to the values themselves, thus creating a statewide injustice. Lastly, section three presents an argument for eliminating the exclusion faced by aliens in order to resolve the contradiction in liberal democratic values.

There are three distinct types of aliens in Canada: visitors, convention refugees, and permanent residents. For the most part, this essay is not concerned with the first two. This is because visitors are, as the name suggests, only in the country for a short period of time. They will not be there long enough to establish the vested interest that is required to share in the collective burdens and benefits of Canadian democratic society. Convention refugees, defined by the United Nations Convention Relating to the Status of Refugees, fall into another category, with which this paper is not concerned. Aliens, in the context of this paper, are permanent residents. Applications for Permanent Resident status must be made from outside of Canada and applicants are selected according to the government’s immigration criteria. Permanent Residents can be skilled workers, entrepreneurs, investors, self-employed persons, or family members of any of the aforementioned people.

**Section I**

Liberalism values individual liberty – the liberty to form one’s own conception of the ‘good life’ – equality, and autonomy. Democracies set out to promote and protect individual liberty, equality, and autonomy. Therefore, democracy is a tool used to institutionalize liberal values. Because of this, democratic values parallel liberal values – with minor variations. Democracies promote and protect liberty by ensuring freedom of speech, freedom of the press – even when it is critical – and freedom of assembly. Another way that democracies protect individual liberty is in the form of negative rights.

Negative rights regard one’s ‘freedom from’ versus one’s ‘freedom to’ – meaning that governments cannot and should not interfere with a person’s ability to access and take advantage of those rights. Negative rights are the rights to life, water, fresh air, and so forth. In the case of Canadian democracy, all persons – citizens and aliens – living within Canada’s borders enjoy these negative rights.

Another value of liberalism institutionalized by democracy is equality. There are many examples of unequal democratic situations, but these are beyond the scope of this paper. For now, it is fair to recognize that democratic countries promote policies that, more often than not, have the intent of equality and inclusion rather than exclusion. Autonomy is another democratically institutionalized liberal value. Liberalism views the self as an autonomous individual capable of self-governance. In democracies, the tools are there for the self to pursue political participation but that self must begin this process on their own. The liberal self and the democratic self are both viewed as unencumbered and it is individuals who make up the whole. Liberalism and democracy share abstract foundational values; however, democracy also requires substantive values to promote liberalism.

An important democratic value is political participation. In order for a democracy to work effectively, there needs to be political participation from that democracy’s citizens. Politics is the preference scheduling of society, or in the words of Habermas, “the democratic process accomplishes the task of programming the government in the interest of society.”

In order for government to know the interests or preferences of society, participation needs to be realized on a scale large enough to represent an adequate sample of that society. The sample of preferences or interests is then aggregated to the whole society to determine governing policies. Another democratic value is rule by the people. The Oxford English Dictionary defines democracy as “a system of government by the whole population or all eligible members of a state.” This is a virtue because states that are governed by the people they represent are generally seen to be more legitimate and stable. This is because it is easier for the aggregate of society to accept governance by their peers rather than a foreign power. Also, this arrangement seems to encompass a certain amount of empowerment. When people vote, even if their candidates lose, they feel that they were heard and that their interests were considered.

Because democratic governments are chosen by the people of a society, and those governments are bound to make decisions that benefit the majority of the people, achieving a kind of common good, it can be argued that democracy is the best way to achieve the common good. This is interesting because it strays from the liberal ideology slightly. Liberalism is concerned with ‘the right’ (or justice). It deliberately stays away from matters of ‘the good’ (or morality). By the good, we mean the conception of the good life – the moral life – that persons choose to live. Under the liberal lens, persons are free – consistent with the liberal values mentioned earlier – to pursue whatever conception of the good life they wish. The liberal democratic state will not interfere with one’s choice of the good life unless it interferes with

---


another person’s. If someone’s conception of the good life is counting the blades of grass in their yard, the state has no right to stop them. But if someone else decides that the good life is throwing rocks at their neighbours’ children, then the state has every right to forcibly make them stop. Liberalism and democracy treat matters of the good in different ways – total freedom according to liberalism, restricted freedom according to democracy. It makes sense that if people in democratic societies are governed by their peers, democracy would be the best form of government to achieve the common good for those people – a form of governmental relativism.

Above are the substantive political values of democracy that stem from the abstract foundational values of liberalism. Additionally, from these values come certain social privileges that persons residing in democratic societies enjoy – freedom of speech, religion, movement, and association. Aliens will be subject to these privileges, with the exception of one: freedom of movement. Freedom of movement is the freedom to travel, live, and work anywhere one wishes within the borders of a state and is a democratic privilege that stems from the liberal values of liberty and autonomy. Only some aliens are eligible for this privilege, however; it is usually restricted. In this, there seems to be a contradiction between abstract liberal values and the substantive political application of these values. And this goes against the assertion that “for liberals, some rights are always grounded in a ‘higher law’ or … reason.”

How, then, do the contradictions between political and social rights and liberal democratic values affect different groups of people within the liberal democratic state? Let us explore them as they regard Canadian expats living abroad and aliens living within the Canadian state.

Section II

Canadian citizenship is acquired via the English Common Law concept of *jus soli* – right of the soil. This means that as long as a child is born within the geographic borders of Canada (unless the child is born to a diplomat of a foreign country) that child is automatically granted Canadian citizenship. This is one of the reasons why Canada is so attractive to migrants from other, less democratic, countries. Migrants know that if they choose to relocate to Canada, their children will be included in the Canadian social fabric by virtue of birthright. The concept of *jus soli* is followed in North, Central, and South American countries but it “does not exist in Europe, Asia, Oceania or most of Africa.”

Recently, the Canadian Progressive Conservative (CPC) party, at its party convention in Halifax, Nova Scotia, moved to “fully eliminate birthright [jus soli] citizenship in Canada.” This motion came from the concern of birth-tourism. Birth-tourism is when pregnant women travel to Canada for the sole purpose of having their children on Canadian soil, thus securing Canadian citizenship for the child. Suburban Vancouver British Columbia, particularly Richmond, is

---


6 Hopper.
said to be the epicenter of the birth-tourism epidemic.\(^7\) The reason to repeal *jus soli* in this case is to eliminate a “free rider” scenario, though it is “estimated that there fewer than 500 birth-tourists” exist.\(^8\) If there is a free rider concern with birth-tourists, then this same concern must be applied to Canadian expats – who make up a much larger number than the former.\(^9\)

In Canada, even ex-pat citizens who have chosen to be geographically disassociated from the country are able to enjoy the benefits of Canadian values and privileges – regardless of whether they have the intention of returning. Not only do expats enjoy many of the benefits of Canadian democracy, they also benefit from the privilege of carrying a Canadian passport. Initially, this may seem to be a non-issue, but the following example will show how this could disproportionately affect expats and aliens, further highlighting the problem of expat exploitation and free ridership.

Consider a Canadian expat who has lived in country X for five years and has no intention of returning; the expat no longer has living relatives in Canada and has built a comfortable life in country X. Now imagine a Canadian alien (Permanent Resident) who is a business executive for a major corporation and has been living in Canada for seven years with their family and is in country X on business. For various reasons the alien has chosen not to go through the process of becoming a Canadian citizen and holds a passport for country Y. While both the Canadian citizen and the Canadian alien are in country X, a civil war breaks out. People are fleeing the country in massive numbers and airports are overflowing trying to determine who can leave and where they can go. The Canadian expat, by virtue of a Canadian passport, would be placed on the first flight to Ottawa. Meanwhile, the Canadian alien is denied entry into Canada because they are not a full Canadian citizen. The alien must either stay in country X, where there is increasing danger or try to get a flight to country Y – where their passport is valid. In this scenario, the Canadian expat, who voluntarily left the country and had no intention of returning, is now safe on the ground in what is essentially a foreign country to them. Meanwhile, the alien is still in danger as they try to find a way back to a country they thought was their home. It is easy to see how this seemingly small detail – the ability to hold a Canadian passport – can disproportionally affect residents of Canada.

Not only do Canadian expats get to keep their passports, they do not pay any Canadian tax on income earned outside Canada. It would be naive not to mention that expats will surely pay into whatever taxation system their country of residence deploys. The reason for mentioning this point is twofold: first, aliens in Canada are required to pay into Canada’s taxation system; second, expats benefit from Canada while contributing little or nothing in return. Canadian expats essentially receive collective benefits of Canadian society (except, as we note below, the right to vote) while not sharing in the collective burdens. The lack of a monetary contribution to Canadian society is just the first side of this problematic coin. Canadian expats do not contribute to the localities that make up the whole

---


\(^8\) Hopper.

of Canada. These could be local economies, participation in political parties or community associations, or even simply participating in general community discourse. While this generalization cannot be extended to all Canadian expats, surely some do contribute as much as, or at least close to, citizens within the borders. The fact is, if they wanted to both completely disassociate and still benefit, the current system of citizenship allows for expats to exploit it. In other words, Canadian expats are able to become free riders of the state with minimal repercussions.

Section III

Intuitively, there seems to be a contradiction between the liberal democratic values that Canada is founded upon and access to the benefits these values create. It has been shown that democracy values participation, it has also been shown that the Canadian democracy explicitly excludes members of its society from that participation. This raises the argument that political exclusion of aliens leads to a contradiction in the abstract foundational values of the Canadian state. This political exclusion must be corrected if Canada is truly to make strides toward becoming a fully democratic and just society. In other words, for Canada to achieve a society that can be called fully ‘just,’ political rights must be extended to aliens – especially as they are extended to non-contributing, disassociated expats. Political equality for aliens needs to be realized in Canadian democracy. Democratic exclusion effectively equals democratic injustice. In the current situation, Canada is effectively using aliens, simply to benefit from them economically. They pay into all Canadian tax programs creating a steady stream of revenue for governments. Some of these programs, like Employment Insurance and the Canada Pension Plan, will bar aliens from enjoying the benefits these programs produce. The Canadian state advances liberal values while at the same time turning its back on aliens. If we are actively trying to advance certain values, while working just as hard against those values, how can progress be made? Canada needs to be a world leader in the acceptance of aliens. Our global community is becoming ever more connected and diverse, and Canada is in a position to embrace this by allowing aliens to access to its political arena.

Frédéric Mégrét, an associate professor of law at McGill, has recently penned an article entitled “Why Expatriates Should Be Able to Vote.” In the article Mégrét give three reasons in support of his titled conclusion. First, Mégrét argues that expats “have a vested interest in their country of citizenship” and that if they are unable to vote Canada is “depriving them of their only opportunity to exercise political rights.” These two points can be looked at from the point of view of Canadian aliens. Aliens also have a vested interest in the expats’ country of citizenship, maybe more so than the expats themselves. Aliens are participating in the daily life of Canadian communities, and have chosen to reside in Canada – which expats have chosen to leave – and this conscious choice shows which party was thinking more about their vested political interests. Secondly, Mégrét says that expats are “affected by the law and policies of Canada,” aliens, being fully

11 Mégrét.
12 Mégrét.
13 Mégrét.
immersed in Canadian society, are clearly affected by the laws and policies of Canada as well. Lastly, it is said that expats “do a considerable amount for Canada, directly or indirectly.”\textsuperscript{14} Again, this does not seem to be a feature exclusive of expats. Aliens may do more for Canada in the sense that they are contributing to the social fabric of Canadian society more so than expats. It can be argued that if Canada is to extend political rights to expats for the reasons highlighted by Mégret, they can also be extended to aliens for the same reasons. Habermas wrote that “members of … solitary communities become aware of their dependence on one another.”\textsuperscript{15} If this is true, then aliens could be more beneficial to Canadian society than expats by virtue of participating in that solitary community directly.

\textbf{Conclusion}

This discussion of expats vs. aliens began with a demonstration of how democracy is a tool for the institutionalization of liberal values. From there it was shown how these values affect expats and aliens disproportionately in a way that is contrary to the values themselves. It was then demonstrated how this creates statewide injustice. In conclusion, an argument was presented for eliminating the democratic exclusion faced by aliens in order to resolve the contradiction in liberal democratic values. If Canada is to be a fully just and democratic country it needs to embrace globalization and lead the way in eliminating policies that create contradictory value injustices. Joseph Carens, a political scientist at the University of Toronto, writes about the same issues under the lens of temporary workers: “democratic justice requires us to provide temporary workers with most of the rights enjoyed by citizens and residents.”\textsuperscript{16} Carens’ conclusion should be extended to all aliens who reside in Canada for extended periods of time.

\textsuperscript{14} Mégret.

\textsuperscript{15} Habermas, “Three Normative Models of Democracy.”

Father, former construction foreman, board member, and now aspiring academic, Sheldon Alderton is currently working on a Bachelor of Arts (Honours) degree, majoring in Philosophy and minoring in Political Studies at the University of Saskatchewan.

Bibliography


United Nations High Commissioner for Refugees.
