

A Race to the Top — America and a Commonwealth Union

James C. Bennett, 2015

My current writing project is a short book analyzing and advocating the formation of a Commonwealth Union. It is to some extent a companion to my most recent book, *America 3.0* (Encounter Books, 2013), but applying its analysis to the principal Westminster democracies — Britain, Canada, Australia, and New Zealand (the “CANZUK” nations). The Commonwealth Union concept is a loose confederation of those four nations, either in their current forms or with some or all of their constituent units holding separate membership. It would include converting Britain’s current membership in the European Union to a looser free-trade relationship (as many in Britain currently advocate), but would be compatible with continued free trade and cooperation between the USA and Canada. Indeed, it would most likely result in deepening free trade between the USA and all four nations to the levels currently enjoyed with Canada under NAFTA, if not deeper.

One logical question that arises from a proposal by an American to write a book advocating such a development is how would such a thing benefit America and Americans? It would constitute a substantial departure from American foreign policy over the past century, which has consistently supported the widening of the gap between Britain and its former Dominions, and particularly since 1945 has strongly advocated British involvement in the construction of a United Europe, in the (often vain) hope that Britain would serve to keep such a union more pro-American.

Those US policies, if they ever were right, are now clearly mistaken, and that a Commonwealth Union along the lines my book advocates would be in the interest of the USA, and most particularly of the American people, in the following ways:

1. **A More Capable Alliance Partner:** In *America 3.0*, my co-author and I advocate a more restrained but also more effective alliance structure, pruning our list of serious allies down to those who consistently share our views and retain a serious military capable of interoperating with ours. The CANZUK nations are a large part of the short list of such nations, however, a combination of the rising cost of advanced weaponry and recent austerity pressures from the global financial crisis is eroding the ability of the CANZUK militaries, individually, to maintain their capabilities. The book will demonstrate how, by complementarities, economies of scale, and synergies a Commonwealth Union military would be much more likely to maintain interoperability and useful levels of force, and would be more useful as an ally than would the four nations separately.

2. **A Freer Economic Partner:** The CANZUK nations have been viewed, over much of the preceding century, as more economically interventionist than the USA. That is not true today. All four nations rank above the USA in most indices of economic freedom, and indeed, Canada and Australia tie for third place below the small enclaves of Hong Kong and Singapore. As the book will explain, the creation of a loose confederation provides a unique opportunity for further loosening economic constraints, particularly once Britain is free of European regulation, and the Union would be highly favorable to concluding a broad free-trade agreement with the USA, possibly inheriting, as a whole, Canada’s NAFTA membership. This would, in effect, enable the

close integration of a growing, high-GDP economic area of 135 million with that of the USA. Common language and shared Common Law legal systems will result in very low transaction costs of doing business across the area,

3. Exit Options for Americans, and Competitive Pressure for Freer Society

Competition is the ultimate driver for progress, and forcible monopoly always breeds poor service and bad treatment. This is true of nations as well as corporations. Emigration of the talented, the principled and the ambitious have always spurred the liberalization of sources of emigration and enriched the destination of the emigrants. Tyrannies collapse when their better citizens leave, which is why they so often erect barriers to their departure. A more subtle barrier than a Berlin Wall is the mere lack of a better alternative. When all other destinations are terrible a merely mediocre system can survive; this is the principle that has propped up the US Government's increasingly arrogant and shabby treatment of its most productive taxpayers over the past few decades. Most Americans are reluctant to move outside the country, and particularly reluctant to adapt to foreign languages, customs, and legal systems. However, in the nineteenth century a great many American were happy to move to Canada when those barriers were minimal, and Canadian officials actively sought American immigrants. At provincehood, a quarter of the population of Alberta was American by birth. Conscious competition between the two nations kept taxes down and rules such as terms of homesteading liberal; when America required five years of residence to establish title, Canada lowered their requirement to three.

A Commonwealth Union would create a broad, prosperous economic area much of which is welcoming to immigrants, uncrowded, and with more resources than people to develop them. Its loose confederal form will likely encourage some of its jurisdictions to adopt even more strongly pro-enterprise and pro-newcomer policies than already exist. Although some corners of the CANZUK nations are more social-democratic in nature than the USA, some areas, like Alberta or Western Australia, also have strongly libertarian streaks that make liberty-loving Americans feel right at home. The availability of such exit options for Americans would, over time, help create stronger competitive pressures for reform, particularly if the destination jurisdictions were visible successes.

Socialists complain about jurisdictional competition as a "race to the bottom", as more successful societies put pressure on the less-successful ones to lower taxes, relax irrational regulation, and terminate failed state boondoggles. This is seeing things from the perspective of the state. Viewed from the perspective of the individual, jurisdictional competition is a race to the top: a competition between jurisdictions to provide the better environment for starting or expanding a business, pursuing a meaningful personal goal, or merely living free from the ability of other people to force their views of how you should conduct your life. America benefited greatly from general jurisdictional competition in previous eras, and has suffered from the lack of it more recently. Restoring a strong peer as a partner and as a friendly competitor for the talent of citizens and other productive newcomers would significantly expand national and personal options in coming decades.

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