

Subject: REPORT ON US ELECTIONS - CHCGO Meeting with Obama Advisor Austan Goolsbee
Summary:

On February 8, CHCGO had an introductory meeting with Austan Goolsbee, a senior economic advisor of Illinois Senator and Democratic Presidential Candidate Barack Obama. While it was clear the campaign and Goolsbee himself have not been focused on Canada, he showed interest and enthusiasm for what HOM/Rioux had to say about the Canada-US relationship. He was frank in saying that the primary campaign has been necessarily domestically focused, particularly in the Midwest, and that much of the rhetoric that may be perceived to be protectionist is more reflective of political maneuvering than policy. On NAFTA, Goolsbee suggested that Obama is less about fundamentally changing the agreement and more in favour of strengthening/clarifying language on labour mobility and environment and trying to establish these as more "core" principles of the agreement. Should Obama win the White House, Goolsbee figures to remain a close advisor.

Report:

2. On Friday, February 8, as part of US missions' ongoing election reporting and intelligence gathering efforts, CHCGO/Rioux and de Mora met with Austan Goolsbee PHD, a Professor of Economics at the University of Chicago's Graduate School of Business and a senior economic advisor of Senator Barack Obama. Goolsbee is also a regular columnist for the New York Times and is known to be a key member of the Obama brain trust. Goolsbee projected youthfulness, energy and a keen political acumen and was refreshingly open and candid. He admitted that the past few months have been rather extraordinary for, as he described himself, "just a professor."
3. HOM/Rioux spoke of the Canada-US economic relationship, about which Goolsbee was quick to confess he did know much. HOM got Goolsbee's attention by making the point that Canada does more trade with the Midwest than with the 27 member countries of the EU combined - and even closer to home - more trade with Illinois than with Mexico. When informed that Canada supplied as much as 50% percent of the Midwest's energy and that the percentage is expected to grow to 75% within the next decade, Goolsbee appeared genuinely surprised and impressed by the magnitude. HOM shared a copy of the penultimate draft of a study by the Brookings Institution looking at the binational economy of the Great Lakes region as a model of how economic regions can thrive in the global economy (The report should be released by the end of March. CHCGO has worked with Brookings to ensure Canadian perspective is accurately reflected.) Goolsbee seemed pleasantly surprised that we were part of a Great Lakes branding effort with Brookings.
4. Noting anxiety among many US domestic audiences about the US economic outlook, Goolsbee candidly acknowledged the protectionist sentiment that has emerged, particularly in the Midwest, during the primary campaign. Consistent with CHCGO/WSHDC's analysis, he cautioned that this messaging should not be taken out of context and should be viewed as more about political positioning than a clear articulation of policy plans. He also suggested that of the Democratic candidates, Obama has been the least protectionist (unintelligible). HOM asked whether we could expect to hear more of this as the elections progressed, Goolsbee thought not. In fact, he mentioned that going forward the Obama camp was going to be careful to send the appropriate message without coming off too protectionist.

5. Justifying the notion that the Obama campaign has not focused much on Canada, one of Goolsbee's predominant messages was that the campaign was not "stressed out" by Canada. He recognized that our economies are so interconnected that "its hard to tell where one ends and the other begins." On the subject of the border, he confirmed much of the current debate is focused on the southern border and in the context of immigration policy. Reflecting the campaign's exclusively domestic orientation, Goolsbee admitted that despite repeated attempts by national media in Canada (CBC mentioned) to speak with him, the campaign has steered him towards US media only.

6. On the Canada-US energy relationship, Goolsbee suggested that the US views Canada as an important partner in ensuring less US dependence on foreign energy. He suggested that in his view Canada is not really viewed as a foreign source in the debate. HOM raised the recent Energy Bill and provisions within it (section 526) that are being perceived by some as a threat to future US procurement of Alberta oil. Goolsbee said he was not an expert and not familiar with the language, but seemed to suggest it was unlikely the Bill was intended to discriminate against Canada as a supplier.

7. When asked about Obama's statements and position on NAFTA, Goolsbee was quick to indicate that the Senator is less interested in fundamental changes to the agreement and more looking at clarifying language on labour mobility and environmental standards. Again stating that he was not an expert on the agreement, he suggested Obama wanted to work with Canada and Mexico to make labour and environment more core to the agreement. He again cautioned that much of the current conversation in the US about the negative impact of free trade is not aimed at Canada. He said the "blood bath" is over expanding free trade to countries like Peru and Korea.

8. HOM asked about Obama's thoughts on the recently passed economic stimulus package. Goolsbee said they were reasonably happy with it. He mentioned Obama welcomed provisions made for seniors (an inclusion Obama has actively pursued) but said they were hoping for more help to states to address the housing crisis and more to help with the unemployment situation. Above all they were pleased to see some immediate action.

Comment:

The meeting was very timely. Coming off eight straight primary victories and now also enjoying a lead in the all important delegate count. Obama is carrying significant momentum. The spotlight afforded by this success is bringing closer scrutiny and greater appetite for details of his platform. This meeting was somewhat illustrative of how the campaign is faced with this challenge, providing evidence that there is more work to be done to refine messaging and positions, particularly with respect to foreign policy issues, even within North America.

As Obama continues to court the economic populist vote, particularly in upcoming contests like Ohio, we are likely to see a continuation of some of the messaging that hasn't played in Canada's favour, but this should continue to be viewed in the context in which it is delivered.

In Goolsbee, Obama has an important advisor whose intellectual prowess is made less intimidating by an approachability, curiosity and youthful enthusiasm. Goolsbee said he has always been impressed with Canada, sharing his experiences which have included trips too Montreal and Toronto as part of

the Yale debate team and visits to Vancouver with his wife. We agreed to remain in touch in the coming months and discussed follow up, including with respect to possible programming with the University of Chicago Business School. Goolsbee also helpfully put us on to a couple of other individuals who may be able shed some more light on issues of importance to Canada. CHCGO will continue to reach out to Goolsbee and others in the Obama circle and report on the results of these encounters. One name Goolsbee passed along (and that GHCGO has relayed to WSHDC) was Georgetown Professor Dan Tarullo who specializes in international economic requisition, international law, and banking law. Tarullo, a former Clinton Administration advisor, was identified as someone looking more closely at the NAFTA issues.