

*Government Orders*

Equally doubtful is the notion that Canada can aim to be part of hemispheric political arrangements along the lines of the European Community. The crucial difference of course between Europe and North America is that the former is multipolar. At present the European Community is comprised of 12 members, none of which can dominate the community as a whole. A united Germany, although clearly pre-eminent, represents less than one-quarter of the population and less than one-third of the community's total Gross Domestic Product.

• (1200)

In contrast, the United States' dominance of the North American continent is unparalleled. Its population and Gross Domestic Product are more than 10 times that of Canada. Even the addition of Mexico with one-twentieth of the United States Gross Domestic Product would do little to correct this imbalance. In contemplating supranational structures for North America or the western hemisphere however limited, Canada would implicitly be surrendering aspects of its sovereignty to the United States.

Even assuming for the moment that greater political and institutional integration is politically saleable in Canada, a likely assumption given the continuing nationalist concerns of the majority of Canadians, the United States is in no mood at present to contemplate any significant international restrictions on its authority, let alone the kind of supranationalism embraced by Europe both for ideological and national reasons.

The government has done little to address these and other fundamental concerns of Canadians as we approach the North American free trade agreement. Despite perfunctory support from the world community for the Canada-U.S. Free Trade Agreement, Canada quite rightly has been perceived as quietly turning away from multilateral trade. A much vaunted Pacific Rim initiative has yet to progress beyond the rhetorical stage. There has been virtually no attempt, public or private, to exploit the major opportunities opening in the European Community. Nor has the government taken the initiative to pursue opportunities in eastern Europe as a possible new trade option for Canada and, perhaps more important, as a back door into the European Community. As far as Latin America is concerned the government has failed to formulate, let alone implement, a trade strategy except in reaction to U.S. and Mexican initiatives. Both

actively and passively, the government's whole approach to trade points to a fundamental drift, if not shift, toward continentalism.

It is still less than clear whether this government views NAFTA as but one step toward a global trade policy or as the last piece in an inward-looking continental bloc. Rising protectionist sentiments in the United States, together with higher North American content requirements in the North American free trade agreement only fuel concerns that Canada is drifting into a U.S. dominated continentalist form of protection.

This latter eventuality is hardly in Canada's national interest. As barriers to trade and investment fall, Canada must be prepared to compete with the world's best in Europe, in the Pacific Rim, as well as in North America, or risk watching our technology and productivity slip and our living standards steadily erode. Indeed the deteriorating competitive position of the United States together with the growing ascendancy of Europe and the Pacific Rim raise serious doubts as to whether North America is still the benchmark against which Canadian industry should measure itself. Moreover, Canada's growing trade deficits, the imbalances we must correct, are with our partners overseas, especially with Asia, and not with the United States with which we continue to enjoy a trade surplus. Lastly we cannot lose sight of the fact that trade in an interdependent world is largely about investment and that the United States, let alone Mexico and the rest of Latin America, is hardly flush with capital.

The movement toward regional economic integration can be seen as part of the broader movement toward global integration. Developments in telecommunications and transport are effectively diminishing geographic boundaries and constraints, thereby reducing the saliency of regions.

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This is especially true with regard to trade and advanced technology industries and services. It would be naive to expect that there will ever be a time when Canada is not highly dependent on the North American economy. However, it would be equally naive to ignore that the world has changed dramatically since the 1960s and that Canada has greater means at its disposal today than at any point since World War I to break out of its continental constraints and to develop relations across the Pacific and across the Atlantic.