

## Institutions of Public Diplomacy

Given the increasing complexity of the relationship and the prospect of even closer association in future, it would make sense to provide a focus for Public Diplomacy — that is to say, a recognized public forum in which the relationship could be brought under regular scrutiny and current issues thoroughly explored. Canada might very well propose to the United States, as part of a new association, the creation of a two-level forum. At the first stage, the two Cabinets would discuss in private the state of the relationship and the outstanding problems at an annual joint meeting. Preparation for each meeting would compel both governments to concentrate attention on the relationship at least once a year, and the Cabinet summit would draw media and public attention to the reality of interdependence. The second level would be legislative. A joint committee of Parliament and Congress would meet in public for several days every year to hear evidence on outstanding problems, debate solutions, and review the work of the IJC and the other bilateral agencies and commissions. But this committee would not have legislative or decision-making power; its function would be to advise the two governments and to inform public opinion.

Having sketched the outline of a new and closer relationship, it is possible now to consider what the costs, if that is the word, might be in terms of Canadian independence and identity.

## Independence

Let us recognize at the outset that every form of association limits in some degree the freedom of the participants. This is true in private life — in marriage, in business, in politics when individuals join a party and accept its discipline, and in relations between countries. Canada surrendered some of its freedom of action, for example, when it joined NATO and committed itself to support a collective security policy; when it accepted the General Agreement on Tariffs and Trade and agreed to abide by certain rules of trade; and when it entered into countless other international associations. Canada and other sovereign countries accept the costs of such associations because they are outweighed by the benefits. The advantages of collective security through NATO outweigh the loss of military independence; the benefits of orderly world trade through GATT outweigh the loss of some control over trade policy; and so on. The number of international organizations and arrangements has grown enormously over the past half-century, and most require some surrender of freedom of action by participating countries, providing in return a greater collective benefit.

In recent years, Canada and other countries have been coming to realize that their freedom of action is limited not only by formal agreements, but also by informal associations. They are tied into an international economy by the expansion of trade, the movement of capital and the multinational organization of business activities. Participants have discovered to their cost that, as the Royal Commission on Conditions of Foreign Service put it, economic diseases are contagious. For example, if the US government follows inflationary policies, the prices of US goods imported by Canada will rise, creating inflationary pressures in Canada and probably forcing the Canadian government eventually

to introduce anti-inflationary policies. Or if the Bank of Canada puts up interest rates, Europeans will notice that investment funds are flowing out of their countries and across the Atlantic to earn the higher rate of return, and to attract the money back they will have to raise their own rates. Most democratic countries have tried at one time or another to escape from this awkward interdependence by imposing controls and regulations, but such schemes are never fully effective, and the costs of economic insulation can prove to be higher than the supposed benefits of independence.

The alternative policy for the democracies has been to try to coordinate their national economic policies with those of their major economic partners. Various organizations have been created for this purpose. Heads of governments, finance ministers, central bankers, government economists and other key policy-makers meet fairly regularly in international forums to review problems and seek common solutions. They do not always succeed because, as Alvin Toffler has written in *The Third Wave*, "At the transnational level we are as politically primitive and underdeveloped today as we were at the national level when the industrial revolution began 300 years ago." In other words, the nations are still trying to reconcile independence with interdependence. They recognize that interdependence limits their national freedom of action, but they have not yet fully accepted the need for international decision-making.

## Integration inevitable

Canada's national independence is undoubtedly limited by its economic and military dependence on the United States. To a much lesser extent, the freedom of action of the United States is limited by its public and private relations with Canada. This is a fact of life, and the attempt to reduce Canadian dependence by means of the Third Option strategy has failed. The process of economic integration seems likely to continue, whatever policies Canadian governments may pursue, because the initiative is in the hands of private business. By entering a common market or a free trade arrangement, Canada would not be agreeing to a new surrender of independence, but recognizing and formalizing a process of integration already underway. Formalizing the process in a treaty with the United States would give Canada the opportunity to reserve sensitive areas of the economy, create institutions for solving bilateral problems, and organize programs of transitional assistance to industry — to manage the process rather than to be swept along by it. A treaty also would give Canada a greater influence in the United States on the direction of the continental economy.

Closer economic and military association with the United States would not necessarily inhibit Canada's ability to make its own social policies or to continue to place a high priority on the enhancement of the quality of life as a matter of public policy. Canadians must, however, be willing to accept that there is a trade-off between public services and private affluence. The United States is inclined to spend less on public services in order to leave more money in private hands. For Canada to provide better public services while also trying to match the US standard of private incomes, would result in economic resources being