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CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 72/2

CANADA IN THE WORLD COMMUNITY

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Women's Canadian Club, Toronto, January 14, 1972.

I am going to talk to you today about Canadian foreign policy and I am going to begin by posing a series of questions that as Foreign Minister I face every day.

How much independence can we have? How much should we have? How do we keep it? How do we use it? Why is it important to us? Let me begin with a bit of history in capsule form.

Canada came out of the Second World War in a favourable position -- economically successful, confident in itself, looking to a better world order to be hammered out at the United Nations. Soviet aggressiveness, particularly in Central Europe, and the onset of the Cold War brought rapid disillusionment. By the end of the Forties Canada had entered what might be called its "alliance" period. The cornerstones of our foreign policy were the Commonwealth, the United Nations, NATO and later NORAD, and our special relation with the United States. These were sensible relations, in a world divided into two power blocs, armed to the teeth and trapped in sterile confrontation.

The Fifties and early Sixties was a period of centralization, of coming together. Perhaps polarization is a better word. The so-called "free" nations clustered around the United States; the hegemony of the Soviet Union brought about a power cluster in Eastern Europe. China, though never a satellite, was more or less in the Soviet camp. At home, Canadian unity was not in question, although the more perceptive observers were beginning to warn of coming strains. In the last ten years or so we have lived in a period of decentralization. The "quiet revolution" of Quebec, in itself a positive and welcome development, has been distorted by the phenomenon of separatism and the aberration of violence. China has repudiated Soviet leadership and the nations of Eastern Europe are showing their individuality in small but significant ways.

In the Western World, the Commonwealth has become attenuated to the point where it can no longer be a cornerstone of policy although it remains a useful institution, particularly for its smaller members. The Third World is

no longer divided into spheres of influence by the white nations. In no sense a power bloc, it is nevertheless a force to be reckoned with.

The NATO alliance maintains its strength and solidarity but, as evidenced by the slow but encouraging progress toward an East-West conference on co-operation and security in Europe, it has changed direction from confrontation to negotiation.

In Europe, The Six making up the Common Market will soon be The Ten -- L'Europe des dix. British entry into the Common Market is a development of the greatest significance for world trade, for world power relations and, not least from our point of view, for Canada.

The United Nations is well along the road to universality, with the seating of Peking in the China seat in the Assembly and on the Security Council -- a development in which Canada had a useful part to play. Already, as a result, we are seeing a rejuvenation of interest in the organization, which had receded as a political force although continuing its essential work in the development of international law and the whole spectrum of social and economic relations.

This capsule history, this catalogue of change, cannot be comprehensive. It cannot, however, omit some reference to the astounding growth of Japan, now a major economic and political power with the capacity to become a major military power. The implications of this for Canada are far-reaching.

Key to all these changes is the slow but steady unfreezing of the Cold War. No longer huddled together in fear of catastrophe while the super-powers exchanged threats, the Eastern and Western nations are looking around and extending their contacts within their groupings and across the divide.

Last years' visits by the Prime Minister to the U.S.S.R. and by Premier Kosygin to Canada and the Protocol on Consultations signed in Moscow are the most dramatic evidence of Canada's contribution to the easing of East-West tensions. The *Ostpolitik* of Chancellor Willy Brandt of the Federal German Republic has enabled him, with the support of his NATO allies, to move dramatically toward a settlement of the status of Berlin, for a generation a stumbling-block in the search for East-West *détente*. It is now possible to envisage arrangements between the Federal German Republic and the German Democratic Republic that could enable both to join the United Nations, removing yet another cause of continuing tension.

The nations of the Third World -- the world of the former colonies and the developing countries -- no longer feel excluded by the fixations of the power blocs and are playing a larger part in world affairs. China, though publicly rejecting the super-power role, seems to be assuming a position of leadership of the Third World. The new Europe is destined to be an economic power comparable in strength to the United States or the U.S.S.R.

It is in this world of changing political, economic and military relations that Canada must find its place and hold it. It is in this world of change that one must attempt to answer the questions I posed at the beginning of these remarks: How much independence can we have? How much should we have? How do we keep it? How do we use it? Why is it important to us? In its series of papers on foreign policy, *Foreign Policy for Canadians*, the Government identified Canada's central problem as "how to live distinct from but in harmony with the greatest power on earth". On another page is to be found a truth of equal weight -- "the United States is our closest friend and ally, and will remain so". These two basic postulates of Canadian life must be the starting-point. Few nations of the world are interdependent to the extent that Canada and the United States are.

While in some ways we compete in economic terms, particularly for exports, there are underlying forces pushing us into becoming an economic unit. To agreements on automobiles and defence production and the special relations that arise out of the existence of pipelines for those essential fuels gas and oil, must be added the extent of American ownership, particularly in the resource industries. In all, trade across the border amounts to $20 billion a year. The United States absorbs nearly two-thirds of our exports; we take about a quarter of theirs.

Socially and culturally we are akin -- perhaps too much so. Canada's cultural distinctions -- the flowering of the French culture and the inherent strength of other great cultures in the Canadian mosaic -- help to give us a certain particularity of national character. But we should be deceiving ourselves if we were to underestimate the pervasive social and cultural influence of the United States on our society, in both its French-speaking and English-speaking expressions. This is most clearly seen in what we now call the youth culture, where the preoccupations and predilections of American youth cross the border without need for visa or the harassments of tariff.

Canada must also take into account the preponderant position of the United States in the world. This is true of every country, even the Soviet Union and China, but we experience it in a unique way. Taking account does not suggest that we must always agree with the United States or follow. Whenever Canada sets out to do something in the world, the attitudes and intentions of the United States are factors that must be weighed. To suggest anything else would be irresponsible and unrealistic.

It is, perhaps, paradoxical that the paramount importance of our relations with the United States heightens rather than lowers the importance of our relations with others. In recent months a great part of my time and energy has been devoted to discussions with the European Economic Commission, the six member states that make up the Community and the British, who, with Ireland, Denmark and Norway, will bring The Six up to The Ten. I have been impressing on them Canada's continuing need for Europe in political, economic and cultural terms. Understanding of our position varies depending on whom you are talking to, but in the early stages of our discussions there was a certain unanimity of advice from Europe -- you are a North American country, the United States can look after you, sort out your problems with them.

President Nixon's new economic policy announced to a stunned world last August showed once and for all the fallacy of that proposition. As I made clear at the time, Canada understood the United States' problems and sympathized with their objectives. We even acknowledged the need for shock tactics. What we did not see then and do not see now was why the United States, in its search for necessary currency realignments, had to apply its sanctions against Canada.

Our dollar had been floating for more than a year and had moved upward by about 8 per cent to a position close to parity with the American dollar. We were not discriminating in any way against American imports. Indeed, we shared with the United States the disadvantages arising from undervalued foreign currencies.

In the event, the new monetary arrangements reached in Washington last month fully justified the position we had taken when the Group of Ten, the finance ministers of the world's greatest trading nations, agreed that the Canadian dollar should continue to float.

This was an excellent example of Canada acting vigorously, independently, yet responsibly in the defence of Canada's interests in relation to its great neighbour the United States.

So, too, it has demonstrated to the Europeans in a practical fashion what my colleagues the Ministers of Industry, Trade and Commerce and of Finance have been telling them, that, while Canada values its relation with the United States, it seeks to enlarge its contacts with the Old World as a means of promoting the unity and uniqueness of Canadian society in North America.

Entry of the British to the European Common Market will help immeasurably to fill some of the gaps in the Community's technology, and add 60 million consumers to the Market. They will also bring to the Council of Ministers their unrivalled political skill and knowledge of world affairs.

This is the first great factor that we must take into account when we look at the new Europe. The second is the network of trade relations the Common Market is building up. Sweden, Austria, Switzerland and Finland, countries that for one reason or another are unable or unwilling to join in a political sense, will have some form of associate membership. The same is true now of many of the countries around the Mediterranean. Former colonies of Britain in Africa and the Caribbean will, as is now the case with those of present members, have a similar relation.

What this means in total terms is that the Common Market, together with the countries associated with it, will encompass about 45 per cent of world trade. I ask you to think about that for a moment, and about what it means for Canada, a country that must export about 50 per cent of its total production.

So far, I have been dealing with Canada's traditional areas of interest, the United States and Western Europe. When this Government came to power in 1968, one of its early decisions was to undertake a fundamental review of Canada's foreign policy.

What came out of it was not so much a fundamental change in our policy as a reorientation of our thinking about Canada's place in the world and an enlargement of our world view. Canada's angle of vision, for historical reasons, has been across the Atlantic to Western Europe and southward to the United States. We decided that in these two directions we must extend our line of sight, eastward to the nations of Eastern Europe, southward to the countries of Latin America. We decided that we must look northward to our own Arctic and across the Pole to our northern neighbour the Soviet Union, westward across the Pacific to Australasia, Japan, China and the countries of Asia.

This may all sound somewhat grandiose, but it has very real meaning. Canada no longer sees itself primarily at the apex of the North Atlantic triangle, but as an Atlantic, a Pacific, an Arctic and, above all, an American nation. This is bringing about changes of emphasis in our foreign policy. It is not a retreat into isolationism, as some observers have suggested; rather, it is a broadening of horizons. It is also a considered move toward a more independent position in terms of foreign policy.

If we look to the United States for everything we cannot find in our economy we shall find ourselves with nothing of our own, at least in terms of independence. So we look first to Europe for the diversification we seek. There, too, we must be realistic. Europe is facing a long period of adjustment, following a long period of negotiation. I have confidence that the enlarged and deepened Community will be outward-looking in the longer term; in the shorter term, Canada will face real problems of adjustment to the new Europe, particularly in trading matters.

Nor is there any good or adequate reason why, in our search for diversification, we should keep our sights low and confine our efforts to the areas where we have close historical, cultural and economic ties. Our economic interests alone require us to broaden our areas of activity. The United States is not a market for Canadian wheat, nor can Western Europe accept more than a share of our production. The economy of the Prairie Provinces now depends on wheat sales to China, to the Soviet Union and Eastern European nations.

What is relatively new for us in the Pacific is our recognition of the People's Republic of China and the growing importance of Japan as a political and trading force of the greatest magnitude. We established diplomatic relations with Peking to come to terms with the political reality of China, to do our part to bring China into the community of nations (and particularly the United Nations), and to overcome the fiction whereby we were doing hundreds of millions of dollars worth of business with a country whose effective government we did not recognize. We do not necessarily expect recognition to increase our trade with China, although there are indications that it will.

Our relations with Japan are now so close that we have formed a Joint Ministerial Committee to oversee our shared concerns and to deal with problems as they arise. Japan has become the third great economic centre of the non-Communist world, with the United States and the Common Market.

Nor can we continue to follow a rather passive policy towards the countries of Latin America. It is often forgotten that more people live south of the Rio Grande than do north of it, and that several countries of Latin America are fast approaching the take-off point where the growth of their economies will become self-sustaining and accelerate rapidly.

With economic growth will come political strength. Some of the Latin American countries will soon exert much more influence in the hemisphere and the world. This is of importance to us as we come to accept, increasingly, our responsibilities as an American nation.

The need for closer relations with the Latin American countries has not led us to seek full membership in the OAS at this time. As a part of our effort to increase relations on a broad front, we are seeking permanent observer status. The OAS has approved our request in principle and is now working on the modalities of the question. Whether this will lead to full membership will depend very much on what we learn from our experience as permanent observer.

The principal aim of Canadian foreign policy is to preserve for Canadians the essential independence of action and expression that will enable Canada to survive, to grow and to make its own contribution to an interdependent world.

Interdependence in today's world means, I suggest, three things:

- interdependence in terms of peace and security;
- interdependence in terms of world prosperity;
- interdependence in terms of the human condition.

I shall deal with these in turn.

Interdependence in terms of peace and security is not confined to the alliances -- NATO, NORAD, the Warsaw Pact -- that the nations of the world deem necessary to their safety. We see today an interdependence between the power blocs that arises from modern weaponry and the balance of deterrence. The United States and the Soviet Union no longer threaten each other, as they did in the days of Henry Cabot Lodge and Vishinsky at the United Nations. They rely on each other to see to it that nuclear war does not break out. China is on the way to becoming a major nuclear power. The balance of deterrence to which we have become accustomed may well be replaced, in time, by a triangle of forces. I do not expect world problems to be eased when three nuclear powers rather than two must find an equilibrium, but they can never be solved while one of the three stands aside.

Interdependence in terms of peace and security can also be seen in local conflicts like the Middle East war that involve the interests of the super-powers. The inherent difficulty of finding a solution to the conflict that will satisfy Israelis and Arabs alike is compounded by the need of the super-powers, the United States and the Soviet Union, to achieve, or appear to achieve, their own ends and justify the part they are playing.

Interdependence in terms of world prosperity is a subject I have already discussed. No country in the world today is self-sufficient. Even the United States depends on imports to supply its economy and on exports for a significant percentage of its national income. Nations must trade in order to survive, and international trade means interdependence.

Interdependence in terms of the human condition opens a subject of great importance -- international development assistance. This has become an essential element in the foreign policy of donor and recipient nations alike. The provision of assistance in large amounts is perhaps a belated acceptance that all men everywhere depend on one another. The thought itself goes back to the Old Testament and is found deep down in all religions and systems of philosophy.

As foreign minister, I have been asked, from time to time, to justify the expenditure of large sums on foreign aid. I have reached the conclusion that the essential justification is to be found in the human terms I have set out above. It is sometimes said that "tied" aid stimulates the economy of the donor nation. This is true up to a point, but undoubtedly there are cheaper and more effective ways to do this. It has also been suggested that the provision of aid to a country can open up trading opportunities. Again there is truth in this, but it is a long-term investment indeed, not one that would attract your average, prudent Canadian financier.

In the end, I suggest, the justification must be found in humanitarian ideas. I believe that the Canadian people want to provide development assistance and find satisfaction in doing so, just as they strive to remove regional inequalities here at home.

Interdependence in terms of the human condition is not limited to the giving and receiving of development aid. It involves us in disaster relief -- an earthquake in Peru one year, a Pakistan typhoon the next. It raises the problem of the role of the international community in internal conflicts such as we saw in Nigeria in 1968-69 and in Pakistan in the last few weeks. Canada has made an important contribution to the work of the International Red Cross in the development of humanitarian law, seeking international arrangements that would allow international relief agencies to operate in civil conflicts to aid the innocent bystanders -- usually women and children -- as they do in wars between nation states.

Interdependence in terms of the human condition takes in many more of the major concerns of the day: social justice, race discrimination and the whole question of the dignity of man, the environmental problems that

cannot be contained within national boundaries and the whole question of international law and the making of sensible arrangements between nations that occupies fruitfully so much of the time at the United Nations.

Against this complex of interdependence, how does Canada use the essential independence it must retain? I have already suggested that it is used in the pursuit of Canadian interests in their international dimension and I make no apology for saying this. It assures to us control of the domestic economy and the right to run our own affairs. It enables us to take a Canadian view of the world.

To sum up, our cherished independence allows us to have our voice heard and our views expressed in world councils, to make a distinctively Canadian contribution to the affairs of all men everywhere. We work very hard at this. Our delegations to the United Nations and its agencies, to the OECD, to NATO and to other international bodies, are well staffed by able professionals. We do our homework, we try to behave responsibly.

I believe it is a good thing for the world that we have a distinctively Canadian contribution to make. It is a good thing that there is an independent North American voice in world affairs. In a world that must learn how to resolve conflicts and to live in peace, despite the great differences between its peoples, the Canadian experience in building a nation with two great language groups and many cultures is relevant indeed. Perhaps our contribution is a modest one, since we must act within the limits of our capacity. We must, at the same time, act to the full extent of our capacity. I believe we do.

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