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Notes for a speech by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Conference Board of Canada

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In the last four months, the Government of which I am a Member, has cut federal spending plans by \$4.2 billion; introduced Investment Canada to replace FIRA; managed a \$50 million fund for Africa; achieved an historic agreement with the Provinces on control of acid rain; and started to wind up CANAGREX, and the Canadian Unity Information Office, and Revenue Canada's practice of treating taxpayers as though they were guilty until they were proven innocent. Other significant changes in Canadian policy will be announced in the weeks ahead. Instead of discussing those particular actions today, I want to talk about a process which, at this stage in the life of this country, is as important as any individual policy change. That is the process of consultation, as an instrument of achieving public support for difficult changes the country must face.

Governments need not consult. For seven years, I was Leader of the Opposition in a Parliament where, for all practical purposes, the Government did not consult. That style created enduring divisions in our community - on energy, on budgetary policy, on federalism itself. What was worse, that confrontational style made us forget how important conciliation has been to Canada's success as a country. I am not talking about compromise, essential though that is. I am talking about reason and cooperation as a means of helping people move forward, and move forward together.

It is no accident that those are the qualities for which Canada is respected internationally, because they are habits we learned at home. This new Government, with a national mandate for change, intends to renew that Canadian tradition of coming together to face the future. Consultation makes change possible, and there will be a lot of consultation.

My particular responsibility is for Canada's international relations. We have promised a full public review of those relations, and that will start soon, in Parliament. There has not been a full scale Parliamentary Review of foreign policy before, and the fresh air alone will be helpful. But my more important purpose is to use this review process to make more Canadians aware of the dramatic changes in the world - changes which Canada must face if we are to regain our strength in the international community. I have some other motives, and admit them.

I think Canadian foreign policy has, for too long, been the preserve of what a bolder man would call an elite, often an inspired elite. Today, more people are interested, both because the world economy and the nuclear threat force their interest, and because they have more time and information.

That has been demonstrated dramatically in the Canadian citizen response to the famine in Africa. When I announced our Fund for Africa, our experts told me that we might collect an additional \$10 million from individual Canadians. Many doubted that much would be collected. Just three months after the programme was announced, between 400,000 and 500,000 Canadians have given money and the total contributed is approaching \$30 million. Non-governmental organizations tell us that, in normal times, their average contributions are in the range of \$30 to \$40. In response to the African famine, the average donation size has been from \$60 to \$70 - or twice the normal amount. You may argue that a famine, magnified by television, excites exceptional response. I believe that view underestimates the interest of ordinary Canadians in their world, particularly when they are provided an opportunity to make some contribution to resolve problems which worry them.

A second motive for the review is that it is healthy for Canada, after decades of worrying about our identity and our constitution, to look to the wider world, and to act in it. Indeed, we may learn more about our character from our actions abroad than we do from our introspection at home.

I have been involved recently, in a very modest way, in what may become a very significant contribution to peace in Central America. The four countries of the Contadora group - Mexico, Venezuela, Colombia and Panama - are proposing an agreement to achieve peace in Central America, and a mechanism to keep that peace, if it is achieved. Because Canada won a reputation as a peace-keeper - in Indochina, in the Middle East, in Cyprus - the Contadora countries asked our advice on making sure the peace-keeping mechanism could work. Canada, under Liberal and Progressive Conservative Governments, provided that advice. I sent experts down to Mexico to review the peace-keeping mechanism in detail, and we have given Contadora a mechanism that can work. That is not as spectacular as a bombing mission - or a peace mission - but it is a practical, solid, essential contribution, that probably no country but Canada could make. That case is not unique.

In villages throughout Asia and Africa, in committees negotiating agreements on chemical warfare or the Law of the Sea, in Canadian companies exporting innovation or building roads or railways or bridges, there is an active, often distinctive, Canadian presence around the world. Our own people should know more about that, and a Parliamentary Review can help.

But the most important purpose of the review is the Government belief that we, Canadians, will be prepared to meet our challenges at home only when we realize that the modern world does not allow Canada the luxury of isolation. We are part of the wider world, subject to its constraints, open to its opportunities. The concept of the "Global Village" does not mean simply that we can see conditions everywhere. It means that those conditions touch and change our lives, whether we want them to or not. We live in a dramatically inter-connected world. When there is war in the Gulf, or uncertainty in the Kremlin, or Washington, or a debt crisis in Mexico, none of us is unaffected, not the homeowner renewing a mortgage, not the factory worker or the small business person, not the farmer, fisherman or seal hunter, and certainly not the Corporation. The international economy is our economy. Our security is everybody's security. I want to cause Canadians to focus on the very real interdependency of foreign policy and economic policy. That will be a hallmark of the Green Paper I will introduce. Because I believe that recognizing that reality is the first essential step to responding to it.

Obviously, that paper will also deal fully with the more traditional concentrations of Canadian foreign policy - our commitment to arms control, to international organizations, and to a role of leadership in international development. It will raise questions about where our priorities should be, in traditional foreign policy terms. It will turn attention to one of the unique assets of our country - our capacity, consistently, through different crises to be able to moderate the climate in which crucial confrontations occur. We started the idea of peace-keeping; we helped form the North Atlantic Treaty Organization; we led the expulsion of South Africa from the Commonwealth; we served constantly as a skilled defender of organizations that bring the world together; whether the United Nations or the GATT. Those, and other elements of foreign policy, need public review to ensure they reflect contemporary Canadian goals.

But we must also turn attention to the international economy.

The significance of interdependence for our own prosperity and security is clear. Healthy economic relations and development contribute greatly to stability and influence. That's the rosy picture. On the gloomier side, the potential for problems is great. Regional conflicts affect national economies, trade flows and international price structures, the East/West arms race and global military procurement affect national budgets and economic development; security considerations impact on our commercial relations with Communist countries; socio-economic unrest upsets political stability and national economies. This complex of factors determines the relative stability and policy climate of the world in which we trade.

Some of those problems are beyond our control. But what is within our control is our own competitive position. Canada's competitiveness in the world economy is vital. Nations derive their influence from their ability to advance their assets and their interests. And, the flip side of that is that nations lose influence as their ability to advance their interests wanes. As many of you know, we aren't doing well enough. Let's look at some of the statistics which serve to describe our competitiveness and our relative position in the world.

It is a sobering thought that, while in 1968 Canada exported more than the Japanese, today Japan's share is double ours. As an exporter, we have fallen from fourth to eighth place globally. The data indicates that in seventy manufacturing sectors we have gained market share only in four and have declined in twenty-one.

Analysis of productivity trends is no more encouraging. Between 1970 and 1981, Canada was among the worst performers of the major industrial countries in terms of growth of manufacturing output per person employed. Furthermore, in the manufacturing sector, the combination of relatively low output and high compensation per hour of labour has forced up our labour costs per unit of output. This is particularly evident in comparison with the United States. It is also significant the Canada's gross rates of return in manufacturing were considerably below those of the U.S., Japan, France and Germany in 1982.

These indicators are not very comforting. Nor is the broader perspective that we obtain when we look at two key areas of Canadian life directly related to present and future competitiveness: our research and development performance and our educational system.

The OECD ranks Canada as only a "medium" R & D spender compared with other Member States, even though

Canada is in general ranked as a "major" OECD economy. This means, quite simply, that our commitment to R & D is lagging behind our investment in other economic activities. It should be of concern to us that, on a per capita basis, in industrial R & D we rank still lower.

There is some evidence that the Canadian educational system may not be doing as well as it could in preparing graduates for the international marketplace. Although objective comparisons are hard to come by, international evaluations in progress suggest that Canadian students are not scoring high enough in key subjects such as mathematics. We also need to ask ourselves if the pattern of post-secondary specialization is producing the optimal mix of engineers, scientists and managers that we will need to achieve and maintain an advanced industrial structure.

Trade and education and Research and Development have not traditionally been considered part of Canadian foreign policy. From now on, we think, they must be. We propose a major change in the way we look at foreign policy.

There is one final aspect of the relation between foreign and economic policy which I want to mention. That is the TAWDRY reality that richer countries can have more material influence than poorer ones. Despite restraint, the Government of Canada has decided to maintain an active role in international development, in our defence alliances, and in our presence abroad and in international institutions. But we are not able to do all we want. That is not a reflection of our spending priorities. It is a reflection of our earning priorities as a country. To do more, we have to produce more. Our international effectiveness depends on our ability to compete and excel in a changing world economy.

Canadians respond very well to challenges, once we recognize them. We built a nation against odds far more daunting than the economic complexity or nuclear uncertainties which mark today's world. Of course, government leadership involves taking tough decisions, and we will take those decisions. But it also involves equipping Canadians to welcome or accept the changes nations have to face. We all have to prevail in this dangerous, complex world, so we had better get to know it, and put aside the illusion that there is some comfortable haven in which Canada can sit down and watch.

I have no doubt that Canadians want to embrace those economic and political challenges. In two World Wars and in Korea Canadians volunteered for wars that far away. In every country I visit in Africa and Asia, I am

overwhelmed by the small battalions of Canadian church people and teachers working to make life better in communities most of us have never heard of. The best of our business people are seeking markets and ideas around the globe. In the last three months, 500,000 Canadians gave money to fight famine in Africa, probably the largest per capita contribution in the world.

As Secretary of State for External Affairs, I am conscious of both the foreign policy traditions and the commercial imperatives which combine in my portfolio. But as someone who has spent a lot of time in our country - in Mistassini and Tiger Lily as well as Montreal and Toronto - I also believe there is a large Canadian public interested in playing an active role in the world. Our policy review is designed to help them learn what they can do - and then together - you with your specialized interest and knowledge; the Government with its resources and power; and the people ready for the world - together we can make the changes which will move Canada toward the forefront again.