

STATEMENT DISCOURS

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Speech by the
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Secretary of State for
External Affairs

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I want tonight to indicate to you ten reasons why the trade agreement, initialled between Canada and the United States makes very good sense for Canada.

First, we have in this country a system of social programs and distinctive national institutions of which we are very proud. But pride isn't the whole question. Those are also expensive institutions. You can't run some of these institutions without an economy that is working. We have to have growth in our economy if we are going to be able to maintain the social programmes and the distinctive institutions that this country wants. And the only way you get growth in a country as exposed to the world as we are, is by having better trade.

Yet, the cloud that is hanging over the future of this country and of others that depend upon trade, is that there has been an evident and vigorous growth of protectionism, everywhere in the world. Certainly you find it in Europe, but most markably recently, in the United States of America and that sector of protectionism was not something theoretical to any Canadian who happened to be in the lumber industry or to any Canadian who happened to be in the steel industry, to any Canadian who happened to be raising hogs, to any Canadian who happened to be in one of a range of questions that had been the subject in fact or in threat of countervail actions or some other actions taken by the United States.

Protectionism, because we are the largest trading partner of the United States, was obviously focussing upon us. And one of the things this trade arrangement means is that despite the odds, despite the strength of protectionism in the United States as they enter an election year, we were able to get an agreement that is important, not only in terms of relations between Canada and the United States, but also in terms of the tide of protectionism internationally.

You will remember that the agreement was signed very close to midnight on a Saturday night, close to the deadline. The Sunday afterwards, I happened to be welcoming to Ottawa the Foreign Minister of Saudi Arabia. As Prince Saud came down the stairway from his aircraft, what he said to me was, the first thing he said was Thank you. I said, thank you for what? you just got here. And he said thank you for signing that trade agreement. Because we in Saudi Arabia are threatened by American protectionism just as you are. The world is threatened by American protectionism. And if a country like Canada was not able to sign a trade agreement with the United States, then there wouldn't have been much freer reign to those forces of protectionism which threaten the whole of the world.

So one of the advantages that has occurred, one of the accomplishments of this agreement, is that there has been a turning in the tide of protectionism in the world.

A second reason is that whether we like it or not, we now live in a world with an interdependent, global economy. And no two economies are more interdependent than Canada and the United States. This agreement did not create that reality. That has been the reality for years and indeed former governments have regularly tried to change that reality and failed.

I remember the Right Honourable John Diefenbaker, in 1957-58, travelling the country and promising that one of the first things he would do, would be to try to divert 25 percent of Canada's trade from the U.S. to the United Kingdom. He meant that, he tried it, he couldn't do it.

I remember in the 60's, Prime Minister Trudeau introducing the so-called Third Option, in which there was a deliberate effort made to divert trade from the United States to Europe. They tried it, they were serious about it, they couldn't do it.

Indeed, what happened after Mr. Diefenbaker's initiative, our trade with the United States increased proportionally. What happened after Mr. Trudeau's initiative, the proportion of our trade with the United States increased as it had regularly.

There are simple realities of geography that are inescapable, they are there. And we have to come to terms with them again. Those are something we can't wish away.

So the agreement didn't create that interrelation, that reality was there before the agreement. What the agreement can do is recognize that it is in the interest of Canada and it is in the interest of the United States to have this major economic relationship - the challenge for us is to recognize that that kind of interdependence, which is simply an inescapable part of Canadian life, that sort of interdependence requires cooperation, rather than confrontation, if we are going to avoid acts and developments which wound both countries.

Third, as the smaller partner in the Canada/U.S. relationship, I mean smaller in terms of population, we know that we will usually lose in any dispute that is based simply upon power politics. It is therefore in our interest as a country to ensure that trade disputes between our two nations are resolved on the basis of facts, not on the basis of politics and are resolved in accordance with the rule of law. This agreement not only restores the rule of law; we will be devising - after five years or seven years - better rules and better laws to govern cross-border commerce in the future.

There are a lot of accusations, a healthy number of them emanating from politicians in the province of Ontario, that the dispute resolution mechanism that is in place in this agreement, is in fact not a step forward. Let me tell you just briefly about that agreement and why it is a step forward.

It remains the case that U.S. commercial law and Canadian commercial law will continue to apply. That is to say we can't write in Canada the commercial rules that are going to apply to the United States and they can't write in the United States our commercial laws. Each countries laws will apply. Our problem has never been with the law. Our problem has been with who judges the law. What will be in place as a consequence of the free trade agreement is not a change in the law but a change in the judge. And instead of having the American law applied by the United States Commerce Department, which is subject to all sorts of domestic political influences as we well know, we will in the future, after this agreement comes into affect, have a trade law that is judged in the final analysis by an impartial bi-national panel drawn from both countries. That change in the impartiality of the judge is of fundamental importance in ensuring a return to the rule of law and providing some kind of guarantees for the smaller partner in this North American relationship.

Fourth, for years Canadians have worried about being hewers of wood and drawers of water. And one of the major reasons why we have exported our resources - rather than processed goods - is that foreign tariffs are higher on value-added products. By eliminating all tariffs, as this agreement will do, this agreement removes a major barrier to manufacturing and processing in Canada.

Fifth, free trade will encourage job-creating investment in energy projects across this country. And greater supply means greater energy security for Canada in the future.

As you know, I come from the Province of Alberta. Tucked away up in the north-eastern corner of that province is the Athabasca Oil Sands. The Athabasca Oil Sands whose current resource of potential is greater than that which exist in Saudi Arabia. Immense potentials. The potential that is hard to get at and that requires, if we are going to be able to get at it for Canadian purposes, for Canadian security, and for Canadian growth, requires some certainty in size of demand. We have that provided. And those same factors which provide that kind of incentive for development of resources in the hydrocarbon field in Alberta apply to hydro resources in Ontario and elsewhere across the country.

Sixth, more secure access to the United States market means more job-creating investment right here in Canada. It will stop the exodus of Canadian firms setting up shop behind U.S. trade barriers. It will allow us to invest in modern world-scale plants. You don't have world-scale plants without access to world-scale markets. That is the lesson the European Community drew. The arrangement we have is different in important details from the European Community arrangement. But the principle and the recognition and the reality is the same. If there were going to be an ability to compete on a world-scale, there had to be access to world-scale markets. We and Australia and New Zealand are the only modern industrialized countries, the only countries that show up at the OECD who don't have a regular access to a market of more than 100-million. We can't suddenly grow that here. Thunder Bay isn't going to grow that quickly, High River isn't going to grow that quickly, you can't grow that here. We have to do it by trading arrangements to find access to larger markets if we are going to be able to get in the world-scale kind of production that lets us become a modern job-creating nation.

And it will also make Canada, this arrangement will, a much more attractive location for foreign firms seeking to serve the North American market, but not necessarily, for a variety of reasons, wanting to serve that North American market from the United States. It all means more jobs, better jobs, for this country.

Seventh, as you know, and as I have mentioned, Canada is also pursuing global trade liberalization under the aegis of the General Agreement on Tariffs and Trade. Now, the old rules of trade used to cover trade as it was traditionally defined. For countries like Canada and the United States, there is a very real interest in having agreed rules written on the new kinds of trade. Trade in services, things of that kind. By agreeing with the United States on new rules for so-called new issues - services, procurement, standards - and for some of the old questions - agriculture, automotive trade - we can enter these global negotiations from a position of strength.

Eighth, I have to mention the Auto Pact. The Auto Pact is not just maintained, the Auto Pact is improved. And by being incorporated into a broader agreement, its future is more secure from political attacks by disgruntled Americans. Anyone who thought that the Auto Pact was going to remain uncriticized in the absence of a trade agreement over the next three years in the United States, simply shows no knowledge of current realities or indeed of Canadian history. If anybody thinks that this agreement, on the Auto side, is not good news for Canada, I wish they would go down and tell the United States' auto part producers who are saying that all the jobs are going to come to Canada under this agreement.

The ninth reason this is so good for our country; consumer prices will fall in Canada because tariffs are reduced. For example, our experts are estimating that a young family in Canada will save \$8,000 in buying and outfitting a new home when this agreement is in place.

And finally, tenth, all of these benefits will flow to Canada without compromising our ability to maintain agricultural marketing boards, regional development programs, our assistance to the cultural industry, or our wide array of social programs.

I raise those questions because during the debate before the initialling of the agreement, grave concerns were expressed in various parts of the country that we were somehow going to put at risk our ability to deal with regional development; put at risk our ability to encourage our cultural industry; put at risk those other elements of a distinctive Canadian life. Well, Mr. Chairman, Ladies and Gentlemen, none of those is at risk.

There were some near moments during the negotiations, but our negotiators were strong and were effective and none of those is at risk. Indeed, it is my view as a Minister of the Crown, whose responsibility is to exercise Canada's sovereignty internationally and on a daily basis, it is my view that this trade agreement, far from limiting the distinctive nature or the independence of Canada, will increase, as a practical matter, the independence of Canada.

It is my job, as Foreign Minister, to have Canada act following Canadian interests in the world. And I am absolutely convinced that this agreement will extend our ability to pursue our own goals in the world. And that is for two major reasons. The first, I have referred to, it is affordability. Anybody here ever hear of the Polar Sea. The icebreaker controversy a couple of summers ago. What was our problem then with the Americans. The problem wasn't one of notice, our problem was that we did not have an icebreaker that could keep up with their icebreaker. And they were going through our waters and we were trying to assert sovereignty without the means to enforce sovereignty. But we are building an icebreaker, but it is going to be expensive because sovereignty, like anything of value in this country is expensive. Icebreakers are expensive. Countries that rely on trade and are falling behind and have economies that are falling behind can't afford to buy icebreakers. Can't afford in other words to assert their sovereignty in their North.

Take another little example here in foreign affairs. One of the distinctive roles of this country, one of the things that make us rather unique in the world, is that we have a very good army, a very good armed forces. But several years ago, a predecessor of mine, Lester B. Pearson, made original decisions as a Minister. We decided that we were going to pioneer a new idea in the world, and that was that armed forces would be used for keeping peace as well as for fighting wars. And so we are very much involved in peacekeeping operations. Well peacekeeping is

not a major budget item in Canada, but peacekeeping costs money. Countries that are running up debts and running down their economy are not able to maintain the range and extent and vigour of peacekeeping operations that we would want to do.

So when you look at those things that define Canada's difference internationally; our interest in our North, our determination to assert our sovereignty, our determination to play the peacekeeping role that have been important for Canada... you don't do those things without help. You don't have money without growth. You don't have growth without trade. So one of the reason that we will be better able to assert our independence in the world, is that we will be better able to afford that kind of independence.

It doesn't just apply to social work. Take the CBC. CBC is renowned across the country for producing excellent programmes like Anne of Green Gables and He Shoots, He Scores, like so many others. You don't have the CBC unless you can pay for it. You don't have other national institutions unless you can pay for them. You can't pay for it without a strong economy. In a country that relies on trade, if you don't have a strong economy without being effective in international trade. Same thing with social projects.

There are discussions underway now in Canada with regard to Child Care Programmes. You can't have child care programmes in Canada unless you can pay for it. You can't have our other programmes unless you can pay for it. And in a country like this, dependent as we are upon trade, you don't pay for it without growth and you don't get growth without taking advantage of your international trading opportunities.

I am very interested in the concept of Sovereignty. Sovereignty isn't something you talk about, sovereignty is something you do, sovereignty is something you exercise. And you can't exercise it without the capacity, without the practical capacity to pay for the things that you want to do that make your community distinct and that is what we are talking about in this trade arrangement. You are talking about the ability to do things otherwise we could only talk about.

The second major reason that the trade agreement will increase our sovereignty is that nations assert their identity by reaching out in the world. By reaching out, not by hiding out. Nobody ever became known as a country by who they have hidden from. This country won't become known as an independent and strong nation because of the height of our wall, but we will be known by the distinctive nature of the contribution we have made internationally.

As I said I am the Minister responsible for foreign policy, and many of the fears that are raised by critics of this trade arrangement about Canada's independence have to do with how it would affect our foreign policy. Well, let me draw your attention to some of the distinctive characteristics of this country, as expressed by this Government, in the field of foreign policy. In a field that is supposed to be threatened by having a trade arrangement with the United States.

In September of this year, the Prime Minister of Canada, presided in Quebec City over an international meeting of a group called La Francophonie. That is for the forty countries that have in common the use of French. They have a lot of other things in common, but they have in common the use of French and that creates a world at one table. It has countries from different economic conditions, different colours, different traditions, gathered together because they have in common the use of French. Now, we have always spoken French in this country, ever since the country was visited by Europeans, but we haven't been a member of La Francophonie. And why is that? Because we were not able to put our own house in order in Canada in a way that allowed us to become part of the international Francophone community. We have matured enough at home, that we were able to demonstrate that distinctive Canadian quality at home, in a way that lets us play a part in that important international community. We have, through La Francophonie, through that distinctive community of countries who have in common the use of French, access to the kind of influence to those kinds of connection we didn't have before.

And it pays off, among other things, commercial. Let me not dwell on the point except to make the evident point. The United States of America wasn't present at the Conference of La Francophonie.

In October, speaking of the family connections of Canada, Prime Minister Mulroney presided over another family meeting in Vancouver, the meeting of the Commonwealth Convention. Now that was an organization from which the Americans had an association but they decided in 1776 that they were going to surrender their perspective rights of membership in the Commonwealth. They weren't at the Commonwealth either. But we are there in the Commonwealth and that meeting, because it is a more mature organization and an older one. It was really quite remarkable to sit at that meeting as I did at the Prime Minister's side in Vancouver, and see issues that in any other forum would divide countries being capable of being the subject of agreement because we were there together as members of a family that share common traditions. The United States is not a member of that family and indeed this country, under Mr. Mulroney's leadership, has been able to exert our influence and our leadership in that family more effectively than we have for sometime in the past. And that means that that is another distinctive characteristic of this country.

Why did the U.S. leave the Commonwealth in 1776 and what does that reason for their declaration of independence tell us about the differences between our two countries now? They left, if you were a student of American history, because they wanted to cut themselves off from the cultures of the old world and to start anew. They were a revolutionary country. That is a fundamental part of their tradition. We have always been fundamentally different. We shared, in common with the Americans, the idea of a new continent. But we took people who came from those old values, who came from those old traditions and we said we will not cut them off in a revolutionary way, we will instead plant those cultures and plant those traditions in a new continent. And that has been a difference which has persisted between our two countries, Canada and the United States, and which is evident in a multitude of ways. One of them being, of course, the fact that we are members in these family organizations like the Francophonie and the Commonwealth and they are not.

Let's take a look at other areas of the world. Let's take the argument that somehow our independence will be lost in the trade agreement. Compare our position with the United States. Let's briefly look at Central America, look at Nicaragua. The United States has imposed a trade embargo on Nicaragua. We have not. The United States assumes that the problems there are military and ideological. We assume that the problems there are social

and economic. The United States is regarding Central America as a source of a problem. We are regarded as potential peacekeepers as part of the potential solution to the problem. That is a fundamental difference. A difference that will be very clear when I go to Central America next week representing Canada. A clear marked difference between this country and the United States. A difference that has not been difficult to pursue simultaneously with our pursuing a trade agreement with the Americans.

Look at southern Africa. For years, the Government of the United States followed a policy of so-called constructive engagement; trying to work with the Government of South Africa to encourage them to end apartheid. We have taken a different course. We have decided that the only way that system can be brought to an end is to follow a program of concerted pressure. That's an initiative John Diefenbaker began over a quarter a century ago. It then became decalmed. It has now been renewed again.

Look elsewhere in Africa. Look to the question of famine relief. One of the proud times in the life of this country was when so many Canadians came together to respond to the problems of famine in Ethiopia and in the Sahel.

What was one of the distinctions between our policy and the policy south of the 49th parallel? Their policy was based, in part, upon the ideological character of the countries where the famine occurred. In other words, if crises happen to occur in a country where there is a government they don't approve of their aid might not go there. Our aid goes where there is trouble. That is a distinctive Canadian characteristic and it is a characteristic that we have been able to pursue simultaneously with the pursuit of a trade agreement with the United States.

Look at the United Nations system, a system which is essential to the effective functioning of this world. Just take one agency, UNESCO (The United Nations Educational, Scientific and Cultural Organization). First of all, everyone who knows anything about UNESCO knows that it has been run very badly. Two or three years ago, because it was run badly, the United States withdrew; Great Britain withdrew; Canada was under pressure to withdraw. Mr. Mulroney and I took that decision that we wouldn't withdraw. We said rather than walking away from a system that is not working as well as we want it to, we are going to stay in it. We are going to try to reform from within.

Now, the other day, an election was held in UNESCO and there is a new Secretary General and we believe that because of that change of the Secretary General there is a real chance for reform, a real chance to make the most of that United Nations organization. We didn't do it alone, we had an important part to play, and we played it. Again an example of real difference from our friends south of the 49th parallel - an area of distinctive policy that was pursued simultaneously with our pursuit of a freer trade agreement with the United States.

Now my point here is not to demonstrate that we differ from the United States. For far too long Canadians pretended we could assert our identity by saying who we weren't. That age is over. What we want to do is assert our identity by saying who we are. We have no need any more of negative nationalism. What we need is positive, calm, assertive Canadian nationalism that says that we are a distinctive nation here in the northern half of North America. We have a different history and a different nature and we have different priorities. Those differences, far from withering with the benefits that come from free trade, are going to grow stronger because the nation will grow stronger.

I invite you to consider the real differences that exist between Canada and the United States. And if anybody is in any doubt about the differences and the natures of our two countries, I can suggest to some people that you might want to consult.

You could ask Rajiv Gandhi, the Prime Minister of India, whether there is a difference between Canada and the United States. Rajiv Gandhi could tell you about the differences.

You could ask Robert Mugabe, the Prime Minister of Zimbabwe, about the differences between Canada and the United States. Prime Minister Mugabe would tell you about the differences.

You could ask Margaret Thatcher about the differences between Canada and the United States. And Margaret Thatcher could tell you the differences.

You could ask François Mitterrand about the differences between Canada and the United States and François Mitterrand could tell you the differences.

We are a country whose distinctive nature is far better known beyond our borders than it is here at home. I think it is time for people who hold public office and public leadership in this country to stop pretending that we are not a nation in our own right. They should start to recognize that there is a distinctive characteristic to this country that is known and respected around the world and it will be far healthier if it is known and respected here at home.

May I conclude on one note and it is a note really about risk. There are risks in any trade agreement. There are risks of course in not pursuing it. But rather than compare the risks between pursuing it and not pursuing it, let me talk about risks in Canadian life.

There would not be a Canada if there had not been people who were prepared to take risks to build something new. I mentioned earlier that one of the differences in the history between Canada and the United States is being that they have consciously cut themselves off from their European and other roots to try to create a new name. I am not saying that negatively, it was very much a part of the excitement of creating a light upon the hill, a beacon to other nations as they call themselves. But we had also people who came here not to cut themselves off, but because there was a greater opportunity here for them. So

people throughout this room, certainly people throughout this community, who have in your families some ancestor who would have found it much easier, much less challenging to have stayed in Finland, to have stayed in Italy, to have stayed in Ukraine, to have stayed in wherever it is that they came from, far easier to do that, but that was the history of Canada. Canada's history was not to stay with things that were comfortable, Canada's history has always been to reach out and to try to take advantage of new opportunities. And if that has been true of the country as a whole, if I may say so it has been particularly true of communities like yours and communities like mine. The Canadian author, Bruce Hutchinson, on one of this marvelous books that he wrote on the nature of this country, spent a chapter once on the little town of High River. I recommend that you read it. He talked to a man there who, an old cowboy, dead now, lived until 103 or 104, he said to Billy Henry, what is it that make the people of this part of the country different from elsewhere. Henry stopped and he said, "they dream big, they are big dreamers". Well that is the history of this country. We are big dreamers. And we always have been historically. And we have been at our best when we have some big dreams.

One of the original foreign corporations of Canada, the Hudson Bay Company, was not called the Hudson Bay Company. In its charter, it is a different name, a more descriptive name, it is called the Company of Adventurers Trading into Hudson Bay. And in my view that name is symptomatic and symbolic of this country. We have been at our best a country of adventurers. We have been that individually. In the forebearers of all of us, who happened to leave comfortable but limited circumstances wherever they came from to start something new, to find a better future and we have been that as a country.

And now we are embarked, we have ahead of us, the prospect of another adventure. Yes, there are risks involved as there are risks involved in everything we do in every moment of our life in this modern world, but there are also great opportunities and it is the view of our Government that it is in the nature of this country and it is in the profound need of this country to respond to the opportunities that trade provides. There is not point in running away from the world.

First, because you can't, second because we don't have to. There is no one in the world, no country, no culture, no group of entrepreneurs, who are better than those we have in Canada. We can be as good as the best and better than the best in almost every field you name. We used to have a little bit of trouble in hockey, but we are getting over that and we are beating the Soviets again.

And what we can do in sports, we can do in science; we can do in culture, we can do in enterprise, we can do in investment. Who is the biggest foreign investor in the United States? Canadians are. Who is the biggest foreign investor in California? The Canadians are. We can take on the world in any field and prevail. That has been the Canadian tradition. That is the Canadian tradition in which this trade agreement was pursued. That is the Canadian tradition which we believe personifies the best about this country and makes this arrangement not just a question of commerce, inescapable though that is, but also a question of the future and the nature of this country.