



# Statements and Speeches

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## CANADA AND THE UNITED STATES: A DYNAMIC RELATIONSHIP

An Address by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Joint Meeting of the Royal Society of Canada and the American Academy of Arts and Sciences, Laval University, Quebec City, June 8, 1976.

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The academic community has traditionally emphasized the importance of reaching valid conclusions based on rigorous analyses, which are capable of withstanding thorough cross-examination. I am happy, therefore, to see that aspects of the Canadian and American experiences are being examined here in that tradition. I have always felt that an assumed familiarity with the realities of the Canada/United States situation, which comes all too easily in two countries as close as ours, carries with it the danger that deductions about Canadian-American affairs might be less-stringently tested than would otherwise be the case. This symposium strikes me as making a valuable contribution to a disciplined and constructive analysis of certain experiences that the United States and Canada passed through in their growth to nationhood. I expect that such an analysis will provide a useful insight into the relations between our two countries. In that spirit, then, I should this evening like to offer some observations on Canada/United States relations for your consideration.

Before doing that, however, I am reminded that it was 200 years ago yesterday that the Continental Congress, then convened in Philadelphia, passed a resolution calling for independence from England; Thomas Jefferson, we recall, was asked to draft a declaration that would articulate, and give justification for, the decision on independence. This marked the beginning of an adventure and an experiment in nationhood without rival in modern times. In separate Bicentennial celebrations across their nation, Americans are recalling and, more importantly, are reaffirming the founding principles and spiritual heritage that gave their nation its impetus and have helped sustain its strength. Canadians, who nine years ago celebrated their first centennial and reflected on its meaning, have joined with Americans in Bicentennial observances both large and small to pay tribute to their neighbour's accomplishments and to express their confidence in their neighbour's future. And I should like to add my own personal good wishes to our American friends who are with us this evening.

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The American Bicentennial reminds us how different have been our avenues of development. From its beginnings, Canada has had to adapt to or contend with the profound influence of the United States. Nevertheless, in ways both apparent and subtle, Canada remains in many respects a nation quite different from the United States, and will continue to evolve nationally along distinct lines. For Canadians, their distinct national identity remains a fundamental concern.

I have stated many times that a basic objective of Canadian foreign policy is to reduce our existing vulnerability while at the same time continuing to develop a dynamic, creative and mutually-beneficial relationship with our southern neighbour. Tonight I shall be focusing on this latter aspect of our policy.

A starting-point is to note that the relationship is not one of equals, and the fact that a lesser power and the world's strongest power can successfully share a continent is high tribute to the conception and the conduct of our bilateral relations.

Our relations can never survive inattention, however, and the generally sound state of Canada/United States relations is not the result of accident or of a preconditioned conformity of views. On the contrary, the successful interaction of two democratic and federal states, each with its own national interests and domestic constraints, is highly complex because of the open system that each country has for reconciling various domestic interests. The question of balancing the national *versus* the particular interest is always a challenge for federal governments. When I think of the enormous variety and multiplicity of what has been called the warp and woof of Canada/United States relations, I think also of the need for our two democratic governments to deal with the many domestic demands upon them and the effect this may have on the conduct of our bilateral relations. The general importance of our bilateral relations warrants the constructive and intense effort that is required to strike a reasonable balance between external and internal policy considerations.

The relative affluence of our two nations also carries with it certain responsibilities. In a world community where the contradiction between disparities of wealth and the growing interdependence among national economies persists, our respective policy initiatives and responses must take into account our international obligations in the global sense. Of course, both Canada and the United States have a natural desire to chart and control their own course. But we both must strike a balance between national consciousness and international responsibility, between self-reliance and the necessity of

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interdependence. In so doing (both as neighbours and as members of the international community), we shall have confronted fundamental issues affecting world security and prosperity. Our expanding involvement in the multilateral sphere has become an increasingly significant element of the general relationship.

Given the importance of our bilateral relationship, and the importance of our respective roles in seeking solutions to global problems, Canada/United States amity is not only a desirable condition -- it is an essential precondition for meeting the challenges of the future. We in Canada are certainly not about to underestimate the value of the genuine goodwill between our two peoples. And, I should have thought, our estimate of the value of this friendship is fully shared by our neighbour.

#### Some perspectives on the evolving relationship

Some observers, when looking at the aggregate of subjects under discussion between our two countries, conclude that the relationship is, to use their word, "deteriorating". The last time I suggested that such a pessimistic conclusion was invalid, one editor attributed that opinion to my innately affable nature rather than to any perspicacious judgment of the situation on my part. I should concede that, if enough people say to themselves, or accept as fact from others, that the relationship is deteriorating, then the description of the relationship will gain a life of its own and become part of the fabric of the relationship. But, as you will have gathered from what I have already said, I do not agree with pessimistic assessments of the relationship -- and I might add that I have discussed this very point with Secretary Kissinger, who shares my view.

There are, of course, some highly-visible contentious issues between our two countries with which we are all familiar. The problems are real, and no one in either government is underestimating them. But the current problems, taken separately or collectively, need not be disruptive to the foundations of the relationship. It is how we deal with them that counts. Two bordering, distinct and active nations, interacting on a wide range of complex issues, are unlikely to avoid problem areas. Indeed, problems have always been a part of Canada/United States relations. But together we have posted an excellent record for problem-solving, and our approach to dealing with the problems at hand is improving.

#### Relevance of change to the relationship

The quickened pace of change within both countries, as well as

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globally, is making relations between our two countries more active and complex. With increasing frequency, aspects of both bilateral and multilateral issues are engaging the national interest of each country as both adjust to new domestic and international imperatives.

With the growth in the variety and number of subjects at play at any given time in current Canadian/United States relations, it is not hard to see that the dynamics of the relationship are changing. But normal differences, when they arise, should not be reason to call into question the fundamental attitudes governing the relationship. The range of our differences has, in this century, always been limited, and indeed they have always been few in number when compared to the multiplicity of day-to-day, non-contentious dealings that make up the bulk of our relations and given them their character.

As Canada and the United States found themselves in new national and international circumstances in the 1970s, both governments saw matter-of-factly that a quantitative increase in our bilateral issues was predictable. The challenge for both governments therefore (and I have no doubt the challenge can be met) is to take realistic and responsible steps to safeguard our respective legitimate interests, and to accomplish this without discriminating against each other's interests.

One result of the changes affecting our relations is that, whereas, in the past, Canadians were particularly conscious of the impact which United States decisions could have on Canada, there is today a higher profile to Canadian actions and attitudes in the United States as important sectors of opinion grow more sensitized to the degree to which Canadian activities can, and do, affect United States interests. The result has been that the relationship has come under closer public scrutiny than in the past, by Americans now as well as by Canadians.

In this context, I think it is important to underline that our two countries, however they apply themselves, will not be able to reach some kind of bilateral millennium. There is a continuity to Canada/United States relations and, as I have tried to point out, the recent increase in our bilateral activity is more than a short-lived anomaly. Changes from within each country and from without, often not of our making, will continue to affect us both, sometimes creating new problems and at other times new opportunities.

#### Energy: an example of change

The area of energy is an example of how changed circumstances can create both problems and opportunities.

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In the Fifties and Sixties, as Canada's oil-and-gas industry developed, these resources were exported in increasing volumes to United States markets (to the extent permitted by American quotas), while significant imports of American coal supplied (and continue to supply) much of Ontario's industrial and energy needs. These were years of increasing prosperity in industrialized countries, accompanied by complacency about secure and seemingly inexhaustible supplies of low-cost oil and gas.

By 1972, however, easy confidence about the extent of Canadian energy resources had given way to increasing concern. The Arab oil embargo in the next year, with its large price hikes and shortages, accelerated a reassessment of Canada's energy-export trade and led to a regime that more systematically addresses two basic questions. The first is: Are the resources being exported truly surplus to reasonably foreseeable Canadian needs? Then, are they being sold at a fair price in relation to alternative fuels and in relation to the capital needs for ensuring adequate exploration and development to meet future energy requirements?

The decisions on export levels, particularly of crude oil, and the decisions on export prices flowing from these criteria, have created difficulties for Americans accustomed to importing Canadian energy. Nobody likes to pay more for such essential products, especially when availability at any price is also a potential problem. However, higher prices and concern about energy supplies have become a feature of the international energy market to which Canadians too are having to adjust.

Despite the Canadian Government's attempts to mitigate, through staging, the problems of adjustment, substantial price increases will continue as both our domestic and export oil and gas prices move towards the international levels now being paid for the nearly one million barrels of OPEC (Organization of Petroleum Exporting Countries) oil imported daily into Eastern Canada. As we must pay international prices for our substantial imports of oil, it is imperative that we obtain international prices for our exports -- in fact, we are now a net importer of oil. These are facts of energy life with which Canadians, and American users of Canadian resources, must live. Phased price increases and staged reductions in exports aside, in the short term the basic problem of increasing shortages and high cost of replacements face both our nations and our policies designed to meet the needs of our peoples are, in the circumstances, essentially the same.

Increasingly, Americans have understood the basis for Canada's decisions, and they have appreciated the Canadian Government's efforts,

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through bilateral co-operation and consultation, to avoid sharp impacts on American consumers. Although they may not unanimously accept Canada's efforts to ensure a just and reasonable return for its exports of non-renewable energy resources, Americans understand our rationale. Each government approaches the energy relationship pragmatically, ready to examine particular projects on a case-by-case basis and to work together where there is advantage for each side. As an example of this approach, I might mention the Transit Pipeline Agreement currently being considered, which would provide a regime of protection for present and future oil and gas pipelines crossing both countries.

In order to see the Canada/United States energy relationship in its proper perspective, however, one must look beyond bilateral questions. From the very outset of the awakening of the new international energy consciousness three years ago, Canada and the United States have worked closely and effectively together. In an initial period, this co-operation was characterized by intensive activity by the United States, Canada and our industrialized partners at the Washington Energy Conference, the Energy Co-ordinating Group and its successor the International Energy Program. Flowing from this industrialized co-ordination was a multilateral standby program, in which Canada and the United States both participate, to share oil should a future emergency supply shortage arise. The institutional framework established for industrialized co-operation was the International Energy Agency (IEA), of which, since its foundation, a Canadian has served as Vice-Chairman of the Governing Board. In the IEA, Canadian and American representatives have made important contributions to the establishment of a framework for international co-operative activities in energy research and development -- for example, in the nuclear and coal sectors.

We have also worked together in extending energy co-operation beyond industrialized countries to include the oil-producing and -developing countries. As you will be aware, for the past six months the Conference on International Economic Co-operation, or North-South Conference, has been meeting in Paris to discuss energy and other vital world economic questions. I have the honour to share the chairmanship of this Conference with a distinguished Venezuelan minister, and also receive valuable support in my responsibilities from the United States co-chairman of the Conference's Energy Commission, of which Canada is a member.

The point I am making is that, whatever our respective national positions may be on particular bilateral issues, there is a basic similarity of Canadian and American approaches and interests in longer-term energy matters, which finds effective expression in this close

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international co-operation.

#### Conduct of the relationship

How, then, do we deal with new issues in the context of change? It is obviously in both our interests to solve problems, and to prevent the more intractable problems from assuming unwieldy proportions. This means the constructive and perceptive management of the relationship.

The key element is the degree of consistent and rational discipline that both governments are able to exercise when translating the many competing domestic pressures upon them into policy decisions affecting the other country's interests. I should simply reaffirm the obvious -- that individual decisions taken by each government must be examined for their relevance to the general Canada/United States relationship if we are to devote the sensitive effort required to maintain a constructive relationship.

Another central element to the successful management of our relations is a disposition on both sides to consult with each other about potential issues whenever possible. Both sides have accepted this principle to the point where prior consultation and discussion are a day-to-day feature of our government-to-government relations. This provides opportunities for both sides to ensure that their concerns are given a fair hearing. This is important if there is to be a sensible accommodation of one another's interests, and if the number of surprises we spring on each other is to be kept to a minimum.

However, in a very limited number of cases, both governments will have to be prepared to live with some differences -- as we each live with our differences with other nations -- without calling into question the state of the general relationship.

Let me cite one example. The Third United Nations Law of the Sea Conference -- where Canadian and U.S. positions reflect areas both of differences and agreement -- is a dynamic example of the interplay of relations at both the multilateral and bilateral levels. Both governments attach the highest priority to the successful conclusion of the Law of the Sea Conference, the most important and complex exercise now taking place in the development of international law.

It is not surprising that two neighbouring coastal states such as the United States and Canada, both of which have a wide range of essential interests at stake in the conference, share the same

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basic positions on many questions: both want the session that will start in New York in August to score a breakthrough on the outstanding problems of the conference, so that a fair and workable treaty, responsive to current needs and realities, will be in place in the very near future; both countries support the coastal state's sovereign rights over fisheries resources off its coasts and the special responsibility for salmon of the state in whose rivers salmon originate; and both countries support the reaffirmation of the coastal state's sovereign rights over resources to the outer edge of its continental margin.

It is also not surprising that there are important law-of-the-sea issues on which the perspectives of our two countries have differed -- for example, on some aspects of the role the coastal state should play in protecting the marine environment off its coast, and on some of the specifics of the legal regime to govern the international seabed area that is the "common heritage of mankind". What is important to note, however, is that, where there have been or still are differences in approach, our two countries have consulted at various levels in order to bridge differences in flexible and practical ways.

Many of the general issues being considered at the Law of the Sea Conference could have practical implications for a number of bilateral issues between our two countries. There is a recognition, however, that specific maritime problems between our two countries should be resolved at the bilateral level. Both governments are co-operating to ensure that maritime issues do not escalate into serious bilateral irritants. As you are no doubt aware, on June 4 I announced that the Canadian 200-mile fishing-zone would come into effect no later than January 1, 1977. Canadian and U.S. officials are consulting to pave the way for continuing harmonious and mutually-beneficial fisheries relations following the coming into effect of the proposed U.S. and Canadian 200-mile zones. On the question of deep-seabed mining, Canada is concerned about a United States proposal made during the last week of the recently-concluded conference on the law of the sea, which would have the effect of placing controls on land-based nickel production to protect seabed exploitation of this resource. Canadian officials will be discussing this matter shortly with their U.S. counterparts. I cannot, of course, guarantee that no serious bilateral problems will arise in the law-of-the-sea/fisheries field, but I can at least say that our two governments are making a concerted effort to resolve problems before they disrupt our relations.

#### Examining some future opportunities

I should like to conclude by looking to the future. The accelerating



pace of change in the world has made it essential to have much greater communication and interaction between nations. Coping with the implications of change in the international community will challenge statesmen around the world in the coming years. Many economic, social and technological developments affecting us all will need to be examined in a much broader context than the purely national, or indeed the bilateral, and in a much more compressed "time-frame" than has been required in the past. The fundamental problems of population, food, inflation, energy and the interrelated political and social consequences associated with global economic disparities are international in their scope and complexity and soluble only through international co-operation. In the perspective of Canada/United States relations, this calls for breadth of vision in our respective policy-making.

Canada and the United States are among those nations in a position to contribute to the process of finding answers to these world problems. We are both already very much involved in international organizations and conferences which have begun to seek workable solutions. In making a contribution, we sometimes work in concert, sometimes separately. The fact remains, as we both become increasingly involved in attempts to resolve multilateral problems, our general relations are given greater dimension. Multilateral problems will more and more come to demand the focused attention of both governments. Nonetheless, the strictly bilateral content of our relations will continue to be of fundamental importance. This evolution, or maturing if you will, of the Canada/U.S. relationship will thus require an appreciation of the fine balance between the bilateral and multilateral aspects of our relations. The successful management of this even more complex relationship will demand at once vigilance and imagination by Canadian and American statesmen alike. Vigilance -- in continuing to uphold our respective national interests; imagination -- in responding to the imperatives of global interdependence. I am confident that we shall measure up.

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