



# Statements and Speeches

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## **ORGANIZATION AND MANAGEMENT OF CANADA'S RELATIONS WITH THE USA**

Notes for an Address by the Honourable Joe Clark, Secretary of State for External Affairs, to the Institute for Research on Public Policy, Ottawa, March 24, 1985.

It is unusual for us in Canada to have occasions when our academics participate in gatherings such as this and share their views with government officials on the shape and nature official policies might take in the future. I know that this is a normal activity in the United States, so much that it is difficult, at times, for outsiders to appreciate where government ends and where academe begins. I would hope that we in Canada could have a little more of that particular American practice.

In organizing conferences such as this, the Institute is making an important contribution to the quality of debate on public policy in Canada. In democratic societies there can be no higher goal than that of encouraging participation in both the political system and in policy formulation. In Canada, we have a different problem than in the United States; there, the participation in the electoral system is unusually low. The participation of all segments of society in the policy formulation process, however, is unusually high.

In Canada we have the opposite. Electoral participation is high while policy formulation tends to operate on a much more restricted basis. During the last election, one of our important promises was to broaden the consultative process. We believe that a serious source of disunity in Canada has been the sense that whole regions, cultures and economic communities, such as labour unions, have felt themselves excluded from any genuine influence on public policy. The sense of exclusion of nationalist Quebecers from centralist Ottawa is well known. In my own region, the lasting damage of the National Energy Program was not in its measures, which can be changed, but in the dramatic proof it offered that the West could not influence national policy vital to its interests. As a new and national government, we want to ensure that Canadians who felt alienated from the political process — regionally, culturally, economically, or as individuals — are given every opportunity to participate fully.

Since last September, the new Government has devoted a lot of energy to this purpose. We have entered into discussions with the regions of Canada who had felt excluded from the national process. Our policy of participation in the decision-making process has led to reconciliation and the settling of old problems.

Our working papers have been prepared to deal with different areas of government policy. In these papers, there is a framework for certain questions and options around which public debate can be centred. These papers, as well as the comments of Canadians, will be the major elements that will guide our policy in international relations, defence, immigration, health and welfare, employment, commerce, economic development and energy.

In foreign policy, I will be publishing a Green Paper which will focus upon the real interdependency

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of foreign and economic policy. The paper will, of course, deal fully with the more traditional concentrations of Canadian foreign policy: our commitment to arms control, to international organizations and our leadership in international development. But there will be an emphasis on Canada's ability to compete which is both untraditional and inescapable.

Some critics suggest that the Government is overdoing the consultative process. You may remember the death-bed scene of Gertrude Stein: her faithful companion, Alice B. Tolkas, hovered over the alert Miss Stein and, ever hopeful of one last piece of advice asked, "Gertrude, Gertrude, what is the answer?" Miss Stein, with one last twinkle in her closing eyes, responded, "Alice, Alice, what is the question?"

I believe that we know the questions. The answers may be another matter.

One area where we are bringing in a new style and searching for new answers is the organization and management of our relations with the United States. That is a subject on which Canadians are schizophrenic.

On one level, our two countries are closely integrated. We share the most intensive and extensive trading relationship in the world; we are avid partners in marching to the fads and fashions that emanate from New York, California and, now, Toronto; television programs and movies are as likely to be produced in Montreal and Alberta as they are in Hollywood; the same books and other vehicles of creativity and excellence sell as well in Vancouver and St. John's as they do in Dallas and Minneapolis; and in medical transplants, the donors and recipients are as likely to come from opposite sides of the 49th parallel as they are from within the same country.

In one sense, we are all more North American than we are either American or Canadian. Many of the forces that make countries and peoples unique operate on a continental basis in North America. I believe most Canadians and Americans accept that and have little difficulty in dealing with the consequences.

There is, however, one significant caveat. Canadians appreciate the unique and distinctive life that we have created for ourselves on the top half of North America. We do not and will not accept policies and programs that alter the fundamental nature of the Canadian community. Most of the serious continuing problems in managing the relationship between Canada and the United States can be traced to that issue.

Most Canadians, in most cases, are pleased to take advantage of the very good neighbourhood we share with the United States. A whole series of bargains have been struck, and will continue to be. As long as these are seen to offer no profound damage to the distinctive Canadian community, they will find firm support. But that is a moving line and the challenge for a new government is to understand and define where the continent ends and the country begins. That this challenge is becoming more difficult is a mark of maturity, not frailty.

Canadians today are different from what we were 30, 20 or even 10 years ago. There is abroad in

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the country a marked confidence in who we are and where we are going. As *MacLean's* magazine put it earlier this year in summing up a national poll: "Treading water is no longer our national sport. Instead of cringing before uncertain economic indicators, shaking fists at politicians or bowing to hidebound social restraints, most Canadians at mid-decade are confident about themselves and optimistic about their country.... Instead of condemning the past, dreading the present and nervously squinting at the future, Canadians seem delighted with their lives and prospects."

Obviously, that new Canadian self-confidence gives us more latitude in our relations with the United States. While it took odd forms, many Canadians were afraid of the US. We think there is less of that now, just as we believe there is less fear of the rest of the world. And, from the Government's point-of-view, that new Canadian confidence could not have come at a better time. Because if attitudes at home allow us to venture more actively into the world, international economic developments leave us no choice.

For example, between 1970 and 1982, Canada's share of manufactured exports to other market economies declined from about 4.8 per cent in total to 3.6 per cent. In 1968, we exported about as much as Japan; today, Japan exports twice as much as we do. While previously Japan was the only competitor, whose export-led strategy caused our industries difficulties, now there are several more — among them, South Korea, Hong Kong and Singapore. In a world transformed by innovation, the percentage of our gross domestic product devoted to research and development is about where it was in 1971, while that of most other major industrialized countries has moved upward significantly. Our productivity trends raise concern. To take one example, the United States, our major trading partner, remains more productive than we do. There is evidence that Japan has drawn ahead of Canada in absolute manufacturing productivity. Those reflect international developments we cannot ignore.

Canadians understand, in general terms, the need to become more competitive. The sense that a change was needed was part of the reason our new Government won such a dramatically national mandate. As I mentioned earlier, we are still seeking the views of Canadians about the most effective ways to achieve change, including the possibility of fundamental changes in the structure of our relations with the United States.

That, however, is only one element in managing the complex web of interchanges that characterizes the Canada-United States relationship. Independent of the structural issue has been the profound change in attitude that the new Government has brought to the management of our relations. There has to be understanding, a measure of trust and a firm acceptance that mutual interests must be accommodated and supported.

The meeting in Quebec City last week was the outcome of a process that was proposed to Canadians throughout the summer, and supported on election day. It is based on the full knowledge that there will always be significant differences between our two countries, and some difficult problems. But we believe that, in the words of President Ford, we can "disagree without being disagreeable".

The most urgent international issues today are economic and the first on the time-table concern trade.

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There is an OECD meeting in early April, an Economic Summit in early May, and an active continuing discussion about options in Canada-US trade. I am particularly pleased with the results that were achieved at Quebec. The Summit Declaration on Trade reflects the strong personal commitment of the Prime Minister and the President to create a more secure, predictable environment. Both leaders specifically committed themselves to halt protectionism on cross-border trade in goods and services. As well, both countries agreed to adopt measures to enhance access to each other's market. A program has been launched to explore means to facilitate and increase not only trade but also investment.

Of equal importance was the strong and clear commitment on the part of both countries to work together to make the open, multilateral trading system work better, and to strengthen and extend the disciplines governing international commerce. Canada was one of the principal architects of the multilateral economic system, and it remains one of the cornerstones of our foreign policy.

There are evident tensions among and between the Summit partners as to the sources of continuing international economic malaise. Exchange rates, macro-economic policies and the proposal for a new round of multilateral trade negotiations, are major issues, and Canada will be working to achieve a policy consensus at Bonn.

A major Canadian objective will be to obtain a commitment to launch a new round of multilateral trade negotiations in early 1986. That will help provide the focus to keep at bay the protectionist pressures that are welling up in many countries. Equally, those negotiations could lead to new disciplines and initiatives to protect and strengthen the multilateral trading system. Our immediate objective is to ensure that there will be a meeting of senior officials in GATT this summer, which will launch the formal preparatory process. The importance of an open trading system is among the many questions in which Canada and the United States have a similar interest.

Naturally, there are others. And, in a sense, it is unfortunate that Canadian commentators are so preoccupied with the United States. That blinds us to the fact that the same forces which draw Canada into a closer relation with the United States also draw Canada into a closer relation with the rest of the world. The Global Village, which everyone talks about, will not leave us alone. If involvement in the wider world were a matter of choice before, it is an irresistible necessity now. Canada was once a country of Vancouver, Toronto, Montreal and Halifax. Today, our emotions are engaged by starvation in Africa; our survival is at stake in negotiations at Geneva; and our economy depends on being better than the Koreans, the Germans and the Saudis in producing tiny computers and heavy equipment and crude oil.

The foothills west of my home town in Alberta, were once a refuge for so-called remittance men, who wanted to leave the world of civilized Europe behind. There is no refuge now. That idea is out of date — and so is the idea that Canada could somehow sit primly at the side, mediating, moderating, and choosing fastidiously where we would sell our wares, or fight our wars.

That was a peculiar notion anyway, more popular with our poets than our soldiers or our missionaries or our traders. We have always been active in the world, but anxious to pretend that we were separate

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and alone. Our soldiers died, and our missionaries proselytized, for universal causes, but our images were insular, and our great political debates were about *not* being British than *not* being American. It is ironic that we have become simultaneously more sure of our ourselves, and less able to stand apart.

Everyone who understands geography and trading statistics will know why a new Government of Canada would give priority to our relations with the United States. They are our biggest trading partner and the world's most powerful economy. Moreover, they are our friends but, for the last several years, we have not seemed to be treating them that way. That relation is the logical place for a new Canadian Government to start a recovery that is based on trade and competitiveness. Obviously, we cannot stop there and, just as obviously, we can't let our trading relations or our North-American relations dictate our international policy. But they are, legitimately, central parts of what we can do in the world. A country without growth cannot help others develop. A country that fears its best friend won't be much of a mediator.

I am, of course, aware that the speed with which we have acted to repair Canada-US relations can create questions about our interests elsewhere. Let me answer that this way: Canada would be crazy to lock ourselves into North America. Our interests, including our markets, are international, not continental. In the next few years, our greatest new growth will come in trade across the Pacific. Our ties with Europe are deep, economic, cultural, permanent and part of our nature.

March was more than the month of the Quebec Summit. In that sixth month of our term, we increased our obligations to NATO in Europe by 1 200 personnel and set up the National Committee in Canada for Pacific Economic Co-operation to ensure private and public sector co-operation in building our markets and our contacts in Asia and the Pacific Rim. It is a month in which the Prime Minister has been, and I will be, in the Soviet Union. My visit will be the first by a Canadian foreign minister in more than a decade and, in addition to meetings in Moscow, I am deliberately taking the time to go into the resource and frontier areas of Siberia, where Canada and the Soviet Union have so much to learn from one another. On all these matters, and others, we intend to maintain Canada's constructive presence internationally, sharpening our interests in economic realities, bringing new energy to relations where, under the old regime, Canada might have become complacent. The proper description of our orientation is not that we are looking southward, but that we are looking outward.

I also know that some commentators, who enjoy the soft luxury of commentary, have suggested that friendship with the United States inevitably limits our independence and our influence. I hope they will begin to examine their own premises as thoroughly as they pretend to examine others. I made the point in Parliament, on Tuesday, that Canada's international reputation as a respected mediator and middle power was won at a time when no one questioned our friendship with the United States. There is no evidence, now or historically, to conclude that tension with our closest neighbour increases our credibility in the world. I believe the opposite to be the case, particularly when the neighbour is the United States. The goodwill that was evident at Quebec City gives us an access to American leaders that ill-will would not. In addition, it has the simple advantage of being honest. In the last ten days, Mr. Mulroney met both Mr. Gorbachev and Mr. Reagan. Both know where Canada stands. We are part

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of the West and part of the world and prepared to meet our obligations to both. Again — to repeat my immortal observations in Parliament last Tuesday — our friendship with the United States did not stop Canada from playing a leading role in bringing relief to Ethiopia, although the regime in that country is deeply disliked by the United States. It did not stop the Prime Minister from a highly successful meeting in the Caribbean. We have demonstrated to our NATO allies that they have two strong friends in North America, not just one. We have provided our unique expertise in peacekeeping to the Contadora countries in Central America. We have been invited by all sides to help in the Sinai. We are working from within to reform the organization of UNESCO, an organization the United States has left. We are making our independent review of the appropriate policy towards South Africa, and so it goes.

Our basic challenge, in working with the United States, is to exercise our independence where we differ, and co-operate effectively when we agree. The contrary temptations are to mute our differences, or to exaggerate them. We would serve everybody badly by pretending to agree with the Americans on everything from Nicaragua to UNESCO. But we also have no need to act as a dyspeptic mother-in-law to the world, hectoring our friends to the delight of our opponents.

To my mind, the most revealing moment of the Quebec Summit occurred on Sunday evening, before the two leaders sang. It was when the orchestra struck the National Anthem deep in the heart of Quebec, and everybody sang, in French and in English, and with the sort of fervour one does not find often, singing our anthem. Some say that not everything at Quebec was spontaneous. Well, that was — spontaneous, genuine, and yet another expression of a Canadian self-confidence which, if encouraged, can enlarge our influence in North America and the world.

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