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"The democratic community:
a view from Canada"

Notes for an address by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Trilateral Commission

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I grew up in the Western foothills of Alberta, a decade after the party called Social Credit had swept to office in our province, campaigning against the "gnomes of Zurich" and the "fifty big shots". I worked with the Farm Union Movement in that province, one of whose youth leaders had confided to me that the leader of the international Communist conspiracy in Canada, in 1960, was the then Minister of Finance in the federal Conservative government, Donald Fleming. My informant told me that Mr. Fleming was well disguised, because the Communists were devilishly clever. And it was in that sophisticated atmosphere that I first heard of the Trilateral Commission. In our lore, you ranked with the most ominous of the international conspiracies.

Today, the economy of those Western foothills depends upon coal sales to Japan, gas and lumber sales to the United States, and investment from Europe - indeed, upon trade with the Soviet Union - and the region plans its future on a growing involvement in international trade development. The point is that an internationalism that aroused the most elemental suspicions mere decades ago is now accepted as the only sensible basis of national policy and, indeed, personal or corporate plans. However, if a recognition of interdependence is more widespread now, making it work is no easier.

I am honoured to have the opportunity to speak to you today, as the Foreign Minister of a pragmatic internationalist country, about how we might make things work.

Since 1945, the nations represented here have undergone an extraordinary economic transformation. But beyond that, these nations constitute a civilization, based on shared values of liberal democracy and individual initiative. The contemporary West, in the broad sense that includes Japan, is an unprecedented experiment in democratic community-building on a great scale. The challenge now is to stay united in the pursuit of positive goals.

Few countries understand this imperative better than Canada. Through our origins and national character, by vocation, and of necessity. Canada is a community of communities, a democracy that holds together across its vast expanse a remarkably small population. Given the great diversity within Canada -- ethnic, linguistic, regional and economic diversity -- it has been absolutely critical for us to pull together as a nation.

We see a clear analogy between Canadian nation-building, where we have pulled diversity together, and the demands of democratic community-building internationally. We see the need for something very much like our own mix of will and flexibility in managing the current international agenda.

Consider the major questions on that agenda. In the Soviet Union we are seeing the beginnings -- just the beginnings -- of what may be extremely significant changes. The questions of how we deal with the Soviets, and what collective strategy we apply now to arms control, are of singular importance -- perhaps even of historic importance. In international economics, the crisis of the early 1980's has receded -- and with it, unfortunately, some of the sense of shared urgency required to address fundamental structural issues. Now we are faced with growing strains among Japan, Europe and North America - in effect with types of nationalism or regionalism that can impede cooperation. Finally, we have to work harder at the coherence and relevance of our policies towards the Third World.

How significant are the recent developments in the Soviet Union? The verdict is not yet in, but our traditional responses will not be adequate to deal with the Soviets in the years ahead. A more open relationship is not going to be easy: What opportunities occur may be modest, and they will have to be explored with caution. But they should be explored. In Canada there is a history of skepticism about whether closer cooperation with the Soviet Union works in the long term but the prospect of major changes in the USSR can be ignored only at our peril. The era of an unresponsive and lethargic Soviet Union is probably over. We should therefore anticipate the impact of a dynamic, more powerful USSR, whose ultimate goals have probably not changed. The Soviet Union is going to be more formidable, and probably more flexible, but Soviet ideology will not simply wither away.

Let me be explicit about the questions that are involved here. Do we have enough confidence in the values we stand for to remain together without rallying simply -- even simplistically -- around the presumption of an unchanging external enemy? Are we making the consultative process work, to the extent that we could exercise more flexibility on East-West questions without internal splintering? I believe the answer to these questions is 'Yes'.

I think it comes down to a matter of balance. On human rights, for example, dissidents have recently been released in the Soviet Union. We should welcome that, but we should also make it clear that continued improvement is required to break down barriers and build up confidence.

Given the scope and character of General-Secretary Gorbachev's domestic economic ideas, we should be looking hard at the prospects for increased economic relations with the USSR. This is a major area, after all, of overwhelming Western strength. It would be of profound significance, and in our own interest, if we could begin drawing the USSR further into the global economy. Soviet leadership may, by degrees, accept the reality that economic dynamism requires real openness. We should be looking at joint ventures and increased trade prospects, though it would be clearly understood that enhanced trade must be conducted within the bounds of Western security interests and on a basis of true mutual benefit. It must also be understood that results will be quite constrained in the near term, given the current limitations on Soviet production and on Soviet foreign exchange. It must be realized, too, that the Soviet bureaucracy can probably resist economic reform more effectively than it can stop diplomatic initiatives.

My own country's interest in East-West issues is direct and urgent, and I do not believe this is fully understood abroad. In the United States, we still see a tendency to regard relations with the Soviets as almost a domain for American management. In Europe, the psychology of being on the front line is justifiably strong -- but there is more than one front line. A strategic nuclear exchange between the United States and the Soviet Union would take place over Canada. Canadian air space, particularly in the Arctic, will assume greater significance with the increased threat from manned bombers and cruise missiles. That is why we treat a reduction of tension very seriously.

Changes in military technology and strategic thinking are compelling us to rethink our own defence priorities. We are acutely aware of the growing strategic importance of the Arctic, particularly for submarines. We are factoring that reality into plans for defence upgrading. But it is our very intense hope, for the best of geopolitical, budgetary, and moral reasons, that real progress can be made -- and soon -- in reducing tensions and bringing about verifiable arms control.

The Soviet Union appears genuinely interested in obtaining an agreement on arms control. They want such an agreement for their own reasons, for self-interest, and clearly their detailed agenda will not be the same as our own. But in any reasonable interpretation of recent events, a parallel in East-West interests is becoming more apparent.

There have been very useful talks at Geneva on strategic nuclear forces, on INF, and on space-based systems. But the issues involved in arms reduction are extraordinarily complex

particularly following Reykjavik. It is going to take great skill and a corresponding application of will to achieve real breakthroughs either on nuclear or conventional forces.

Let me make Canada's objectives clear: We want a major breakthrough, and dramatic reductions in all categories of arms. We believe our Allies want the same thing.

One particularly complex issue, not just for superpower negotiations, but also for Alliance solidarity, is SDI. The immediate issue is how the ABM Treaty is to be interpreted. The longer-term issue is that of possibly profound changes in long-standing NATO strategic doctrines.

It is going to be critically important for the United States to keep consulting fully and frankly with Western allies regarding these questions. Within NATO and with Japan, a dialogue at quite a new level of intimacy and sophistication may be required on the relationship between offensive and defensive systems. The alternative to dialogue is unilateralism and incrementalism in changing strategic doctrine. Given the implications for the rest of us, that is not acceptable. It is only on the basis of Western solidarity regarding new strategic defence systems that truly effective and broad-ranging East-West arms control agreements can be achieved.

Obviously, problems of peace and security can create considerable strain within the democratic community. But the potential for strain in economic relations within the trilateral community is even greater. Those are not the most serious international economic problems, but failure to resolve the strains within our Western community may prevent us from facing squarely the larger issues of debt and development. Problems among ourselves limit our ability to build a more realistic and open multilateral system.

Our economic relations are dictated by the proverbial bottom-line. The industrial democracies compete with one another, often very sharply under a system of agreed rules. Our economic interaction is a fluid and rather volatile mixture of competition and cooperation. It requires constant management to ensure that the resulting tensions are healthy rather than pernicious.

Fortunately, over the past several years our domestic economic policies have been fundamentally sound in coping with extraordinary changes. We have long cooperated internationally within established institutional frameworks: the OECD, IMF, and World Bank. Since the 1970s we have established some extremely

important mechanisms for macroeconomic cooperation -- such as the Economic Summit and the Trade Quadrilateral. The Summit is, potentially, one of the most useful innovations of the last dozen years.

However, despite more regular consultations, fundamental problems remain. These are basically of two kinds. First, on each of our continents, some of the deep structural imbalances that seemed so threatening in the early 1980's are still not resolved. Uncompetitive, highly protected and heavily subsidized industries inhibit the movement toward further trade liberalization. Structural adjustment is taking place but in certain key sectors it is not happening quickly enough.

The second problem is parochialism. It is true that we talk more. But, as we say of the Soviet Union, the test is not what we say, but what we do. There is in Europe, in Japan, and in North America a strong and growing tendency towards self-absorption, insularity and distorted representations of other countries. At the level where social and cultural attitudes get translated into politics, the shallowness of relations among the industrial democracies holds real dangers. In democracies like ours, the only way to achieve structural adjustment or fight protectionism, is by real political will in the community. Convincing leaders is not enough. Broad publics may not start changes, but they can stop them, particularly if they are nurtured by a go-it-alone nationalism or regionalism that sees other competitive nations only in negative terms.

Three weeks ago in our Parliament buildings, I came across a group of Canadian high school students. One young woman endeared herself to me by saying, "Mr. Clark - you don't look at all like your cartoons". We all communicate too much by caricature, and we will not manage our common economic challenges adequately if we nurture false images of our partners - or of ourselves.

In managing our economies, we have to exercise certain types of restraint, even when it hurts. What this means now, above all, is the cooperation required to help correct the unprecedented trade imbalances that currently loom so large. This requires further market opening and policy convergence, and in some cases requires further stimulation of domestic demand.

On a broader level, however, we are all going to have to do more to deal with one another not only as markets or military allies but as whole nations and whole cultures. Failure to do that will fuel the kind of nationalism that is reactive and negative rather than positive and affirming. We can do without

the kind of Eurocentrism, Japanism, Fortress America, and Canadian fear that sometimes get in the way of effective trilateral relations. I want to focus deliberately on problems for a few minutes, rather than on our very real successes, because I believe we can do better. And there are problems on every side of the triangle.

The Europe-Japan relation worries me. A reflex of consultation has yet to be developed across a broad spectrum of European-Japanese issues. And it is an unfortunate but inescapable fact that an impetus toward European unity on trade questions since 1982 has moved in parallel with increased friction with Japan. There is too much caricature on both sides. The point is that friction and recalcitrance in Europe-Japan economic relations hurts us all and has a negative effect on the multilateral climate.

By contrast, the United States and Japan have a much denser, more multi-stranded relationship. But there the issue of the U.S. trade deficit stares us all in the face. We all understand that the basic causes are complex, involving currency misalignments and the effects of the huge budgetary deficit. We all understand that trade in invisibles offsets to some extent the U.S. merchandise account deficit. Nevertheless, there is a real danger that Congress may yet pass draconian protectionist measures, in part because of the deficit problem with Japan. If that happens, the effects on all trading partners will be extremely destructive.

Even in some areas where the U.S.-Japan relationship is being managed in a way that satisfies both sides, the implications for other economic partners can be disturbing. Japanese-American cooperation in some high-technology sectors, for example, is assuming a worrisome exclusivity.

But it has been in the U.S.-Europe relationship -- in one particular sector -- where friction has produced the most unfortunate distortions. Agricultural production in Europe is subsidized to an extent that defies all economic common sense. The United States finally responded to this structural distortion with equally absurd export subsidies of its own. The resulting subsidy war in agricultural products has devastated the livelihood of a great many farmers in Canada, and elsewhere in the world.

I will not pretend that Canada has been innocent of subsidy in agriculture, or protection elsewhere. But we are trying genuinely to reduce these barriers, and that is not easy when our farmers are bankrupted because of European and American

and Japanese policy. Trilateralists should remember Pogo, the North American philosopher, who said, "we have seen the enemy and he is us."

As a nation dependent on exports for almost 30 percent of our Gross Domestic Product -- which translates into about a quarter of our total workforce -- Canada has a critical stake in the maintenance of an open world trading system. As world traders, we must also continually respond to change in the global marketplace. Canada is now the only industrialized Western nation without secure access to a market of more than 100 million people. Clearly, our future as a vigorous and respected member of the community we call the West, requires that we meet the rapidly shifting challenges of global competition and global protectionism.

So it is no longer surprising that comprehensive bilateral trade negotiations should be undertaken by Canada and the United States. The trading relationship of our two countries has grown to become, by far, the largest in the world -- over \$150 billion (U.S.) last year. The Canada-U.S. trading relationship is simply too large, too complex and too interdependent to be governed by existing rules. Our shared goal is the creation of a long-term framework that will see the dismantling of tariff and non-tariff barriers over time and in an orderly fashion.

A long-term binding Canada-U.S. agreement also holds the potential to set precedents and useful patterns for multilateral disciplines in such vital areas as trade in services and trade-related investment measures. From our perspective, the MTN and Canada-U.S. trade negotiations are complementary enterprises. Any agreement we reach with the U.S. will be compatible with our GATT obligations. Given the implications of interdependence, it is in the general interest that Canada and the U.S. achieve sustainable balanced growth through more resilient and competitive economies. A well-conceived bilateral trading framework -- from which both nations can benefit equitably -- should contribute to that end.

The New Round of Multilateral Trade Negotiations launched at Punta del Este will be the most comprehensive set of multilateral trade negotiations ever attempted, and we must take great care not to allow the political commitments at Punta del Este to be jeopardized. That could happen if drastic protectionist bills pass the U.S. Congress, or if progress is not maintained on market-opening in Japan, or if there are no signs of demonstrable progress toward resolving the crisis of agricultural subsidies.

Mr. Chairman, there is a parallel between Canada's geopolitical and economic circumstances. Geographically, we are situated between the superpowers. Economically, we are out in the open, directly affected by abrasive encounters among the larger trading entities. In terms of exposure, freezing northern temperatures are the least of our problems.

Let me turn to relations with the Third World. If insularity in the three trilateral areas is unacceptable in our relations together, so is collective insularity in the face of daunting Third World problems.

We must keep developing countries solvent through trade flows. We must continue to implement sensible, coordinated, and compassionate policies on Third World debt. And we must do as much as we can, to increase the efficiency and effectiveness of our official development assistance.

Another major issue in the developing world that calls for both responsibility and coherence on the part of trilateral states is regional conflict. The crisis in South Africa is not moving toward peaceful resolution: quite the contrary. The conclusion of the Eminent Persons Group of the Commonwealth remains valid today - Southern Africa holds the prospect of the greatest bloodbath since the Second World War. The response of nations represented here will be judged, inevitably, in the context of our claims to represent a system based upon democratic values.

When Prime Minister Mulroney visited Zimbabwe in January, he was the first Western Head of Government to do so since Zimbabwe's independence. Canada has played a leading role in the Commonwealth program to fight apartheid, and we believe it essential that the Front Line States not feel abandoned by the West.

We would like to see the Economic Summit look closely at the deteriorating South African situation when it meets in Venice. The Summit will be held in June shortly after the South African election, and at that time it would make sense to reconsider our options for coordinated action. Meantime, we must continue helping those black states which border South Africa, which carry the heaviest load in the fight against apartheid. They must know they are not alone.

Two other protracted regional conflicts of major concern are in Afghanistan and Kampuchea. What is required there, of the Soviets, is full disengagement. Improving East-West relations requires not only Soviet expressions of good intent, but Soviet

action. This must mean Soviet military disengagement from Asian conflicts. There is complete unanimity among trilateral partners on this issue. Let me add that Canadian foreign policy is now placing a new emphasis on liaison and consultations regarding Asia-Pacific security issues.

It is in the Central American conflict where there are obvious differences in approach by our respective nations. The Canadian view is that Third World conflicts generally have local origins, and that durable solutions must be local too. Canada opposes the further militarization of Central America by any outside power. We think economic conditions are at the root of the conflict, and therefore at the root of its solution.

I hope my comments today have given you some notion of the Canadian approach to major foreign policy issues. Canadians have been working very hard to strengthen international coordination, and a great deal of that work involves cooperating with the countries represented here today. Indeed, for a country with a relatively small population, we have evolved a remarkable number of international ties. In 1987-88 we will play host, in quick succession, to the Commonwealth, Francophone and Economic Summits. All this is part of the basic Canadian strategy: building coalitions of common cause.

Others may feel that they can afford the luxury of unilateralism, of defensive nationalism or regionalism. We cannot. And we are convinced that, in the long run, none of us can.