



CANADA

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### THE IDENTITY OF CANADA IN NORTH AMERICA

An Address by the Right Honourable L.B. Pearson,  
Prime Minister of Canada, to the American Society  
of Newspaper Editors, Montreal, May 19, 1966.

... This, I understand, is the first time your association has met outside your own country. It is natural, I think, that you should have chosen Canada, and I hope you will be back next year and bring your friends with you to help us celebrate Canada's centennial and to visit Expo '67 in Montreal, the most magnificent, the most spectacular, the greatest world's fair since they opened the Hanging Gardens in Babylon. Coming to Canada has also, though natural, I think, some significance. I am sure you felt that, in coming across the border, you were not really entering a foreign country at all but one almost indistinguishable from your own - a country where you would feel as much at home, and in as friendly company, as Canadians feel when they go to the United States.

That feeling, of course, is something we can be happy about. But, paradoxically, it is also a source of some of the difficulty we experience in our relationship.

It is hard to convince you that we are determined to maintain a separate society and our own Canadian identity when we seem to you - and often to ourselves - to be so much like you - and even to insist, in so many ways, on becoming more like you so far as the material standards of living are concerned.

However, any misconception about Canada that might have been confirmed by meeting in this country should have been removed by your decision to come to Montreal. For no one is likely to mistake Montreal for just another North American city. Among other things, it is the largest French-speaking city in the world - except Paris. I have often said that, if a Canadian wants to prove to an American neighbour that he is not merely a species of American, though no doubt a superior species, but that he has an identity of his own, he need only speak to him in French, Canada's other official language. There is nothing like not being understood to make one feel different....

When I spoke (to the ASNE) in San Francisco, inevitably I discussed the relations between our two countries - but not, I hope, merely in terms of amiable platitudes. Naturally I propose to talk

about that subject tonight, about some of our difficulties. I know you have heard a lot about them this week but, if the Prime Minister of the country didn't refer to Canadian-American relations at a convention like this, we should certainly be criticized for not taking advantage of such a wonderful opportunity to expose to you how superior we are. I know you have been listening this week to many wise and unplatitudinous words on this subject, so I know you will not expect me to close your convention with a few rousing observations about the 150 years of peace, the unguarded boundary and our common devotion to Shakespeare, democracy and Casey Stengel.

Today there are two matters of special and anxious preoccupation to Canadians - and they have been mentioned already to you during the week:

One is the nature and direction of our own political society - in particular, our problems in a federation which must maintain unity in diversity.

And the other subject, of course, is our relationship with the United States and what that relationship means to our position, not only on this continent but in the world.

As to the first, there is more national soul-searching going on today in Canada than ever before in our history. But this is a research activity which we share with the people of every country in the world - or at least those countries where the people have freedom of thought and expression. After all, there is bound to be a universal ferment in this bewildering, swift-moving, nuclear period in human history - especially when young people contemplate what older people have done to the world in the last 50 years.

It is no easy task in our kind of world, on this kind of continent, blanketed as we are by the power, the wealth and the material appeal of 195 million good American neighbours, to maintain, let alone strengthen, a Canadian national identity - especially when we also are subjected to the regional strains that are bound to exist in a federation such as ours, with constitutional divisions that at times coincide with racial or language differences.

But I assure you we are going to achieve our national purpose and build and maintain a strong, distinctive North American confederation which has its own values, its own loyalties, its own destiny - and which, because about one-third of our population is French-speaking, will retain the French language, French traditions and French culture, which will be accepted by the other two-thirds of us as an important asset in our national development.

And then our second great preoccupation - our relations with our neighbours.

We are North Americans and we are not likely to forget that, but that does not mean that we are exclusively continentalists. We are closely tied to the North Atlantic European Community, but that does not make us Europeans. The fact is that we see no good

future in either exclusive North American or European continentalism. We believe that the peace and security of the world, as well as the self-interest of both continents - Europe and North America - and of the individual nations that compose them, are best served by frank recognition of the requirements of an increasing and a widening interdependence.

Naturally, it is the first responsibility of the Government of Canada, as of any government, to ensure that our national purposes are achieved, that our economic and material progress is continued, that its benefits are spread as widely and as equitably as possible among all our people, and that our economy does not fall under external (by which we mean American) control. We shall never discharge our national responsibilities by ignoring our continental and international responsibilities, by pretending that national policies alone can ensure our progress - or even our survival.

We, in Canada, acknowledge, and appreciate the important part American enterprise and American capital have played, and are playing, in the development of our country. It is neither ingratitude nor unneighbourliness that makes us worry about the outcome of your having played that part so well that, today, a greater proportion of Canada's resources and industrial production come under foreign - largely American - control than is the case with any other industrial country in the world. I am sure you have been told that non-resident interests - almost entirely in the United States - control almost 60 per cent of our manufacturing. Naturally, this - and other facts about your share in our progress - worry us because of the effect it could have on our economic and our political development as a separate, independent state - and we want to preserve that.

Our anxiety in these matters is perfectly natural. It is also increasing. It has been the subject of debate in our country for many years.

That debate at the present time is receiving the kind of popular interest usually reserved for commissions of inquiry, television programmes and the killing of seals. Nor is the debate unrelated to our domestic dialogue about our future as a united country.

There are those in Canada who say: "Why worry about problems of Canadian federation and unity if we are going to be swallowed up anyway by 'Uncle Jonah' - in one form or another?"

There are others who add: "Why get excited about the United States absorbing Canada when we ourselves don't know what kind of Canada is going to be absorbed, except that it will be indigestible?"

These are the views of a somewhat cynical minority.

Let's look at the problem more soberly, as most Canadians look at it.

In both our countries we share the same basic economic and political and social philosophies. We are both committed to maintain growing economies and full employment in what we still insist on calling conditions of free enterprise. We both recognize that capital - for growth and employment - will flow to places where conditions - economic and political - are most attractive. Canada is such a place, and we would not have it otherwise. We know that, if this flow has resulted in so much U.S. ownership as it has, this is not the result of any foreign "conspiracy" - or grasping, old-fashioned, great-power economic imperialism.

What may not be so well understood in the United States is that the normal working of the system, to which we both adhere, in the particular circumstances of Canada and the United States, can give, and has given, rise to very serious problems for the smaller country. We think that Washington does not always appreciate the unique nature of these bilateral problems - perhaps because it has so many bigger ones to worry about in other parts of the world. As a consequence, financial and economic protective action may at times be taken by the United States Government through measures of general application when Canada - because of its special situation - should have been exempted from such action, even in the interest of the United States itself. In any such action, the United States should remember that we are by far your largest market, that in each of the last ten years, for example, your exports of goods and services to Canada have exceeded your purchases from us by more than a billion dollars a year. Each year we run a huge current-account deficit with you, to be covered, in part, by what we borrow from you. I doubt if there is any country, year in and year out, that gives your balance of payments greater support than we do.

These are facts in our economic relations.

While we are worried about this situation, this does not mean that we think "complete" economic independence, based on narrow nationalism, is a feasible or sensible course for us - or, indeed, for any country -, especially in today's world, dominated by swift technological developments and by changing relationships, especially between the super-powers.

All Canada's postwar international policies testify to our belief in the conceptions of interdependence and internationalism - both economic and political. We have consciously preferred, and still do, multilateral to regional arrangements - especially the kind of regional arrangement with the United States in which Canada might be overwhelmed, in the most friendly and neighbourly way, of course. We need the maximum of international contact in the widest possible world.

Even when we talk about economic nationalism as we do, we are often thinking more in terms of the political and cultural preservation of our own identity than of the increase of our wealth and resources. It is national feeling, more than national income,

that impels the great majority of Canadians, for instance, to reject the notion of economic union with the United States. We think, and rightly, that political independence would not last long within any such framework.

John Foster Dulles once said (I hasten to add he was not referring to the United States or Canada, but he once said): "There are two ways of conquering a foreign nation; one is to gain control of its people by force of arms, the other to gain control of its economy by financial means."

However, I repeat, that, if we do have these worries about economic domination by the U.S.A., the remedy for us is not to fall back on inward-looking economic policies, aimed at self-sufficiency under the guise of nationalism. It is not in the creation of a parochial Canada, sheltering behind tariff walls and cultural curtains with an occasional timid peek over at Uncle Sam. We can find no salvation in that course nor any cure for the complaints we may have.

A policy of national exclusiveness, of a "little, self-contained Canada" or even "a big self-contained Canada", would be not only foolish for us - it could be fatal. So, being a sensible, practical people, we are not going to let our very real and immediate anxieties drive us into the wrong kind of economic nationalism. We are not foolish enough, I am convinced, to fly in the face of all the lessons of the last 50 years which show what can happen to a country economically, politically and culturally which turns in on itself with too much pride and prejudice.

Just as political action - even by the strongest super-power - is limited by international circumstances, so national economic action, and particularly for a country in Canada's position, is limited by a variety of things - technological developments, a need for markets, material and resource and capital requirements, which often make not only for concentration of production within countries but between countries.

We shall naturally protect ourselves to the best of our ability against economic policies which seem to threaten us; we shall continue to encourage, by positive action, greater Canadian control and ownership of Canadian production and resources. We shall ensure that our financial system and communications media remain essentially Canadian, as yours are essentially American. We shall insist that companies in Canada, subsidiaries of foreign corporations, should act as good Canadian citizens, in law and in fact. We have welcomed the establishment of such subsidiaries by United States companies. They have helped to build our country - these industrial immigrants, if I may call them that. They have engaged in a wide variety of manufacturing activities, providing employment for many hundreds of thousands of Canadians. We should, and we do, appreciate that. We merely ask that these companies, when they settle in our country, like our other immigrants become Canadian in their operations and in their outlook and otherwise govern themselves as good citizens. I am happy to say that most of them do just that.

In return, we must treat foreign capital and foreign companies with scrupulous fairness.

To steer a course between the extremes of continental isolation and continental integration, between narrow economic nationalism and impractical economic internationalism, will require on our part wisdom and commonsense, firmness when necessary and patience when necessary. It will also require certain policies; I shall mention one or two of these briefly. It will require:

First, positive and vigorous support for all broadly-based multilateral economic initiatives, such as the "Kennedy round" in Geneva. These will help create the conditions for a stronger, more efficient Canadian economy in a world with reduced trade barriers. That, in the course of time, will reduce our dependence on foreign capital.

Secondly, domestic industrial development which seeks to exploit our wealth of resources, our natural advantages and the most modern industrial techniques.

Thirdly, there must be the encouragement of a higher rate of domestic savings and its investment in ownership of businesses in Canada through the use of appropriate taxation and other measures.

There must be the maintenance of a hospitable climate for foreign investment while bearing in mind that too much of such investment, particularly in equities, is not good for us and that Canadians themselves must generate an increasing part of the savings and investment required to maintain Canada's position.

Fourthly, without resorting to anything remotely resembling harassment, we must seek to keep and, where necessary, bring foreign-owned enterprises in Canada within the mainstream of Canadian national life. The United States Government has recently said that it expects U.S. subsidiaries abroad to behave as good corporate citizens of the country where they are located and the Canadian Government has recently issued its own "guide-lines" defining, among other things, what we consider to be the obligations of a corporate citizen in Canada. A process of gradual mutual accommodation has, therefore, begun. We intend to pursue it vigorously.

Finally, to the extent that we continue to need large quantities of U.S. capital - and this will be for a considerable time - borrowing is, for us, preferable to direct investment.

These are sensible policy objectives. They are not based on any narrow or self-centred nationalism. As I have said, there is no future for us - and even no real protection for us against United States economic pressures - in that kind of thing.

We must remain an international nation - both at home and in the world - cosmopolitan, dynamic, outward-looking, up-to-date, looking ahead. That is our best hope for a great Canadian destiny.

One Canadian student of these matters has said (and I quote what he has said): "We should be a country which, in domestic policy, actively encourages internal cultural differences, while in foreign affairs it becomes a leader in advocating and practising the freest possible exchange of capital, goods, people and ideas from every corner of the globe." ("Canada, 'The International Nation'" by Roy A. Matthews, Queen's Quarterly, Autumn 1965.)

That is the way in which we can best move forward. That is the best way to deal with the worry of U.S. pressures and any threat of U.S. economic control that we may have - not by counter-attacks but by diffusing such pressures, and the possibility of such control, in wider international arrangements and groupings, the members of which will co-operate for their own national advantage in an international climate which will make for international expansion rather than national restriction.

That is the way to our future. I admit at once, as a realist, that it is a way cluttered with obstacles, road-blocks and booby-traps. It should be the purpose of our policies - as I see it - to remove the obstacles and not, because of them, get "detoured" into blind alleys and one-way streets, even if those streets may seem to be paved with something that glitters but will not be gold.

... I have now finished my little lecture on Canadian-American relations.

If I have appeared to be giving Americans some advice, it is not because you are likely to make mistakes that we do not make; nor is it because you have faults that we do not have. It is not because of your weaknesses, which are not peculiar to you. It is because of your strength and power, which is indeed peculiar to you.

You are the most powerful people the world has ever known.

Your mistakes, therefore, can involve everybody - especially, and most quickly, your northern neighbour.

So we have the right, which we often exercise, to lecture you, to warn you, and occasionally even praise you.

We do this with all the greater confidence because, when we speak English, it is with an American accent - because we are American enough to be aware that the Dodgers are not characters out of Dickens but strange baseball players that have moved from Brooklyn to Los Angeles.

But even Canadians should really know better than to lecture or advise you. After all, it was a Canadian, Dr. Brock Chisholm, who wrote a few years back: "...Man's method of dealing with difficulties in the past has always been to tell everyone else how they should behave. We've all been doing that for centuries.

"It should be clear by now that this no longer does any good. Everybody has by now been told by everybody else how he should behave. The criticism is not effective; it never has been, and it never is going to be...."

So, with your consent, I'll no longer advise, I'll content myself with affirming my own conviction - and it's a conviction based on some experience now of life and work in both countries - that we shall be able satisfactorily to solve our current U.S.-Canadian problems as we have in the past, and that the good and close relations between our two countries, which have persisted for so long to our mutual advantage, will not weaken.

Geography has made us neighbours. Policy and necessity, desire and decision, have made us good neighbours.

We shall keep it that way.

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