STATEMENT
DISCOURS

SECRETARY
OF STATE
FOR EXTERNAL
AFFAIRS.

SECRÉTAIRE
D'ÉTAT AUX
AFFAIRES
EXTÉRIEURES.

NOTES FOR A SPEECH BY THE
RIGHT HONOURABLE JOE CLARK,
SECRETARY OF STATE FOR
EXTERNAL AFFAIRS,
TO THE
STRATEGIC PLANNING FORUM.

OCTOBER 25, 1984
OTTAWA

I want to begin the serious part of my remarks this morning with a reference to the Great Sioux Indian Chief Sitting Bull, because he said once - no doubt in response to a question from the Toronto Star, in their new series on relations between Canada and the United States: "The Buffalo meat tastes the same on both sides of the border."

That quotation reflects one part of the Canadian reality - we are part of this continent. The treatment of Sitting Bull, when he fled over "our border" in 1877, after dispensing with General Custer, reflects another part of our reality. When he and his warriors went back, from their temporary haven in our territory, they were escorted to the 49th parallel by two members of the then North West Mounted Police, and met there by literally hundreds of members of the United States Cavalry. As a Prairie Canadian, I was raised to believe that the difference in the size of the Force denoted a difference in the respect for authority in the societies that came after the Sioux. I still believe that, and believe the larger lesson that our two communities responded to the North American challenge with different principles and at a different pace.

This morning I want to talk about the pace of the progress, and offer the view that we Canadians, after decades of uncertainty about ourselves, have come gradually to a sense of self-confidence that will let us be equal partners in the developments of this Continent.

Much of the discussion in North America on the policies of the new Government has singled out particular programmes - changes in the National Energy Program or in FIRA. There will be changes in those programmes - the details will come after the Speech from the Throne in November and after we have completed consultations with Canadian Governments and other Canadian groups that are affected. This morning - rather than speculate on what we will do - I want to discuss why we will do it. I want to open a debate, not close it. I want to indicate some of the assumptions on which I, as a senior Minister in the new Government am acting, and to invite you and other Canadians to propose practical alternative ideas that would allow Canada to excel - not just to survive and certainly not to dimish, but to excel - in a changed and in a changing world.

Let me digress to two precisions (as we call them in High River). First, the NEP and FIRA. Without wanting to scoop the announcements of my colleagues, I want to make the point that if you live in the small towns of the Pembina Oil Field of Western Alberta, you tend to judge the success of the National Energy Program less by the television commercials of

Petro-Canada and more by the Canadian drilling jobs and the Canadian service jobs that were lost in your own community. If you are a Development Officer in Scarborough or Longueuil, you tend to see foreign investment in terms of jobs, not sovereignty. The people in the Pembina field or in Longueuil or in Scarborough may be mistaken, although on September 4 they were pretty emphatic. They think that the programmes that I have mentioned are wrong for Canadian reasons. Not for foreign reasons, but Canadian reasons. They don't work effectively as Canadian policy, and our Government has a domestic mandate - and in our view a domestic obligation - to change programmes that haven't worked. Often those changes will influence our relations with other countries, but that is a secondary consequence.

The second precision has to do with the world beyond North America. One risk in giving such early priority to our relations with our largest trading partner is that the suspicion can grow that we are ignoring our other opportunities and our other obligations in the world. Our actions will demonstrate that this priority is neither exclusive nor excessive. We have a commitment to the wide world, to the GATT, to the Non-Proliferation Treaty, to markets in Asia and Europe and the Middle East that require, and will receive, active Canadian attention. Part of the job the Prime Minister gave me is to ensure that Canada continues to see the world whole, and I will do that.

Now let me come back to the question of Canadian self-confidence, and the world in which a self confident Canada has to operate.

If I were a real expert on what is happening in Canada, I would be a Consultant, not a Foreign Minister. But I have been active in my country over the last two decades, in positions that have required me to keep my eyes open, and I believe we have moved quietly into a new maturity as a nation. We have been a young country for a long time, and, somewhere between Jean Lesage and Marc Garneau, we have become more sure of ourselves. Part of that had to do with a sense of equality in our regional communities. There has been a dramatic evolution of self-confidence in Québec and, for different reasons, in my own region of Western Canada, and that is bound to influence the people raised there. But quite apart from our geographic and cultural communities, these last few decades have seen a burst in Canadian accomplishment - in literature, science, investment, invention, painting, sport - you name the field. Even our chefs excel. So much so that the Americans are grumbling.

Confidence and accomplishment nourish one another, and I am arguing that we are better able to stand on our own than we

have ever been. The modern purpose of Canadian nationalism is to express ourselves, not to protect ourselves.

The real challenge is that the world is getting tougher. A few years ago, in world hockey, Canada learned that we can't take success for granted. That is a lesson that we have to carry out of the rink.

The reality is that we cannot stand still in an increasingly competitive world. The status quo will not be good enough. This country was built on the development of its resource base, but the terms of trade have been working against the resource sector and we have been slow to adjust.

We have seen the competition moving fast. Within our lifetime Japan has gone from toys to radios to shipbuilding to cars to high tech. The United States has shifted from the smokestack industries of the northeast to Silicon Valley and the Sunbelt. We've got to be equally quick if we are to maintain the standard of living that Canadians have come to enjoy and come to expect.

We must begin, I believe, by making much better use of the opportunities and the advantages that our geopolitical situation affords us.

Our primary foreign policy challenge is the relationship with the United States. In recent months, 78% of Canadian exports have been to the U.S. market, providing jobs for three million Canadians. The growth alone in our trade with the United States last year exceeded our total trade with Japan. The quality of our air and of our water as we all know is affected by emissions and omissions south of the border. We come under the U.S. defence umbrella. Anne Murray goes to Nashville for her reward.

Naturally, over the years, some Canadians have feared that pervasive American presence. Yet working with the United States can pay handsome dividends. Cooperation led to Canadarm and the technological spinoffs that come with it. It has provided a high level of national security, through NATO and NORAD. It produced the St. Lawrence Seaway, the Skagit Treaty, and the Autopact.

Through closer cooperation with the United States, we can play a larger role in promoting trade liberalization and the access to markets that Canada simply and inescapably needs to create jobs and prosperity at home.

A closer relationship with the United States does not of course mean an end to our problems. We have different systems and different views - including as has been made clear again on vital questions like acid rain. And we have our own priorities.

Perhaps the greatest challenge to our prosperity and to our recovery is the protectionist sentiment that is growing around the globe.

Because over 70% of our trade is now with the United States, continued access to the U.S. market must be our number one trade priority. The numbers are there. There is now a vigorous debate across Canada on just how we should pursue this objective. The fact that proposals are beginning to be received from the private sector is in my judgment a healthy sign, and I hope that there will be many more responses of that kind.

I ask you to look at our situation this way. We've just scraped through with narrow escapes from proposed United States actions to place new restrictions on imports of softwood lumber, imports of steel and copper. Imagine the consequences just for a moment, if the United States decisions in those key Canadian fields had gone the other way. We already have one and one half million Canadians out of work. How long can we continue to rely on the existing rules, on diplomatic efforts and on the balance of U.S. domestic forces to keep open the vital access the export-oriented economy of Canada needs to survive and to prosper?

The key is that this country has to be able to compete. No amount of isolation will protect the uncompetitive. We are in the midst of a global economic and technological revolution, and if we are not able to compete with the best then we will inevitably fall behind.

As a trading nation, Canada needs to promote freer trade. We have to examine the options. We have to weigh the costs, weigh the advantages. We have to strike a balance that enhances Canadian interests. Our goal is an open multilateral system. But what better place to look first than to our own backyard with our predominant trading partner.

There are important questions to be asked in this quest and I would welcome views from Canadians generally in helping us to get the right answers. To list just a few of the questions:

- What are the major obstacles or threats to market access facing Canadian exporters and to what extent can these be addressed through a bilateral agreement

or bilateral agreements on freer trade with the United States?

- What would be the impact of access to a market of 250 million on investment flows, and most importantly, on job creation here in Canada?

- What would be the effect on Canadian access to other markets? Would better access to the U.S. market improve our ability to compete in other markets or would it add complications?

- Would freer trade with the United States lead to an overall improvement in Canada's economic performance as a result of the increased market access, and the increased competition, that would be involved?

- What degree of adjustment would be required in each economic sector? Should some sectors be excluded from consideration?

- What kind of institutional machinery would we need to set up with the Americans to manage freer trade and to resolve disputes?

- What would the implications be for Canadian sovereignty? How can those implications be assessed? How can they be measured?

Closer economic relations with the United States, if played right, can enhance our voice and influence in international affairs. So long as we are held back by our economy, we will not be as effective as we should be in our international activities or in our domestic policy. A strong economy builds respect, and allows initiative. Successful nations are listened to.

Moreover--and I suspect this is something that citizens of the United States and Canada both take too much for granted--we do share deep and powerful values with the United States. We can be proud of our common traditions as new world countries with open societies, and diverse societies. These are solid and unshakable foundations for innovation, for achievement and for degrees of cooperation that other neighbours would envy.

Equally important for Canada, a cooperative approach based on our underlying community of values can provide exceptional opportunities for Canada to bring our counsel to bear at the highest levels in the United States on issues where our views may differ. We must continue of course to press our position in forums around the world and our Government has made

it clear that we intended to do that. But we should and we intend to press those same views one-to-one with our closest friend and ally.

We want to approach the United States from a new perspective, not with a pre-set and rigid collection of specific policies. Our idea is simple and direct: let us, in addressing our economic problems and in meeting our wider ambitions, get the most out of our North American context.

The Prime Minister has taken the lead in showing Americans that Canada wants to pursue constructive cooperation rather than confrontation. The President has already responded with an undertaking to meet annually.

In my meeting with Secretary Shultz, I sought to maintain that momentum. And I intend to build upon these and other early meetings to create a multi-layered bilateral dialogue characterized by trust and by confidence.

Of course, if we are to make the most of the opportunities we see in a closer relationship, we need a clear sense of our own priorities, of what it is we want to get out of the relationship. We need a coherent approach and a coherent set of policies.

I am therefore pursuing my responsibility, as the Secretary of State for External Affairs, to bring coherence to the many facets of the relationship where my Cabinet colleagues are active. I discussed this need to coordinate with Secretary Shultz. The key is to keep the issues in perspective, in their rightful place, and to ensure that leaders in both countries know clearly just where the other stands. If we can do that, we will be going a long way toward reducing the risks of misunderstanding and of misallocation of our energy. On a secure foundation, we can build.

I have spoken about why the Government is so actively taking up the challenge of refurbishing our relationship with the United States. In the last analysis, however, the success of these efforts depends not upon what the Government may start but the degree to which Canadians in all walks of our national life are prepared to cooperate and join in that effort.

My colleagues and I need your support and your ideas. We are counting on business, community leaders and labour leaders and Canadians in general to back up our efforts. We for our part pledge to stay in close touch with you.

In the Throne Speech will be announced the details of a comprehensive foreign policy review that will allow maximum possible public participation in the setting of all of our foreign policy goals. We don't intend to stop conducting or stop conceiving foreign policy during the process of the review but we do intend to open up a process that affects the expression of Canadian interests to all the people of the country.

Canadians have a lot to be proud of. We have things to say, accomplishments to boast of and experiences of our own that the world would like to hear. We have our own set of priorities, our own national purpose, our own vision of what the world should be, and our own values. Here lies the best answer to those who are concerned about our future as a distinctive nation on this continent. Our Canadianness depends not on the quality of our fences, but on our eagerness to get out and compete and participate on the world stage. I think it makes a great deal of sense to start next door.

- 30 -