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EXTÉRIEURES.



87/59

Speech by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Association of Canadian
Studies in the United States

MONTREAL, October 9, 1987

OTTAWA

October 28, 1987.

Mr. President, it is a great privilege for me to be here, in particular, with such a large enthusiastic crowd. I was very much interested in your stories about how you began small and have grown. The one thing that rather surprised me was not that you had 550 people here but that, at one point in the evening, you seemed intent upon introducing each one of them.

Now this, of course, thanks to your careful planning and your collaboration with the trade negotiators on both sides, is an ideal moment to discuss Canada-U.S. relations -- the week in which the two countries announced that we had reached agreement on the principles of an historic free-trade agreement.

Debates in Canada about free trade go back to 1854, even before Canadian nationhood; later, just three years after Confederation, Sir John A. MacDonalld himself railed against free trade in the House of Commons. And, as every student of Canadian history knows, the government of Sir Wilfrid Laurier was soundly defeated in 1911 on a platform of what was then called "reciprocity". But those historical facts have to be seen as part of their place and time.

For example, it was hardly surprising that Canadians in the nineteenth century, who remembered American attempts as late as 1870 to overthrow our government, would be strongly opposed to opening up trade with a perceived enemy. And in Laurier's day, the U.S. interest in trade was viewed, with some justice, as a cover for America's expansionist goals.

However, what was a legitimate worry in 1911 is, today, simply irrelevant: a U.S. takeover of Canada ranks somewhere with flat-earth theories as a legitimate matter for concern. Canada is no longer an immature colony seeking to define itself; the United States is no longer under any misapprehension that Canadians want or need to become part of the U.S. or of any nation.

In the current negotiations, therefore, the task was to find out whether two sovereign countries, with many ties to each other, but with different history, different natures, different agendas, could forge an agreement that would work to the benefit of both.

And the agreement had to be made at perhaps the most difficult time in recent trade history. The U.S., accustomed to being the world's most successful trader, is currently running a deficit of \$170-billion dollars. Canada accounts for only a fraction of that amount -- depending on the statistics you choose, less than two and a half per cent. Moreover, unlike some other countries, we have made a point of being fair in our trade dealings with the United States. There are a few facts worth considering to put this in some perspective:

- Japan sells the United States \$57 billion in merchandise and buys only \$23.5 billion from it.
- Taiwan sells \$15 billion in merchandise to Americans but imports only a third that much from the U.S.
- South Korea sells nearly \$10 billion to the United States but buys only \$6 billion from them.
- Canada, by contrast, sells \$66 billion worth of merchandise to the United States (almost as much as Japan and Taiwan together) and buys \$46.5 billion from the U.S. -- more than Japan, South Korea and Taiwan combined.

Moreover, the U.S. sells more to Canada's 25 million people than it does to the 280 million Europeans in the European Common Market. And it exports more than twice as much to Canada as it does to Japan. Despite our status as the most important market for American goods and services -- we buy 20 percent of all U.S. exports -- last year the United States bought ten percent more from Japan than from Canada.

Despite these facts, American legislators, in their anger at various countries' trading practices, have often struck out blindly too at Canada.

That does not create an easy climate, and we will all have to ensure that the American Congress judges this agreement on its merits. That debate will be doubly interesting for Canada because it may well have the effect of broadening the knowledge in Congress about Canada.

Those of you academics who are skeptical about the value or wisdom of a trade agreement, bear this in mind - it may be more effective in achieving your goals than you are. That's just a word for modesty.

Mr. Chairman, your interest is in the wide range and future of Canada-U.S. relations and I am going to talk about more than trade tonight. I want to begin by establishing the context of how quickly conditions are changing outside North America -- changing in South Africa, in the Soviet Union, in China, elsewhere in Asia, in the European Community, in parts of eastern Europe, apparently among the five presidents of Central America, perhaps even in the Middle East. Some of the changes may not prove durable, but the point is the world is not as it was, even five years ago, so there should be no surprise at changes between and within our two countries.

In particular, for anyone who has been watching, there should be no surprises about changes in Canada. Thirty years ago, this country elected its first Prime Minister of stock other than Anglo-Saxon or French.

Mr. Diefenbaker promptly broke other traditions, by naming the first woman Cabinet Minister, the first Cabinet Minister of Ukrainian-Canadian origin, and by giving Canadian Indians the right to vote. Three years after his election the Quiet Revolution came to Quebec, and not quite a decade later, energy became important enough to Canada to give western provinces a taste of influence in this country. Aujourd'hui nous sommes officiellement bilingues, and we are also multicultural, in both policy and in evident reality. Most significantly, there has been a discernable growth of Canadian confidence. Neither Francophone Canadians nor western Canadians feel inferior any more -- we might still feel badly treated, but the difference is that the reaction now is assertiveness, not acceptance. At the same time, we in Canada have been a part of other profound international changes -- television, with all of the changes it brought, other changes in technology, the reach of women towards equality. Canadians who once looked inward, now reach outward -- and are making their mark in the world -- in business, in the arts, in diplomacy, in science, in sport and in other fields.

This country has become dramatically more confident in itself over the last decade and a half. Now I speak as an actor in the drama who has been privileged to play different roles, some admittedly more satisfying than others. At various times in the last 15 years, I have chaired the Cabinet Committee on Trade with the United States, I have kept my maiden name, I have led the opposition to both the National Energy Program and the Trudeau Constitutional proposal, I have been involved in extraordinary grassroots Canadian responses to famine in Africa and to the plight of refugees cast adrift from Vietnam and, perhaps most instructively, I visited, not regularly, but regularly enough, Nakusp, and Vineland, and Paspebiac, and Old Crow and Witless Bay, and other Canadian places you may never have heard of. One of the curiosities of my profession is that I am required to travel across this country often and I have the chance to see parts of it that I hadn't known before and to deal directly with Canadians and see the revolution.

If I may say so as an Albertan, a western Canadian, and this may well have been covered in debates already entered into here, there is no question that one of the profound changes that has occurred in our country has occurred in the province where you are meeting and, it has occurred with regard to the role and the place in Canada of Francophone Canadians. That has been a question with a long history and of great importance for the country. It's not the only change that has occurred in the country. There has also been, in my humble submission, a quite profound change in the sense of capacity and assertiveness and sense of wanting to change the country to respond to its view of Canada too in western Canada.

I remember in 1960 when I secured my first summer job in Toronto; I was quite proud of it and I went out and spoke to a man I respected in Alberta and I said, Mr. Watkins I just got a summer job in Toronto. He looked at me and said, Why? That expressed then a fairly common attitude in western Canada. One of not being welcome in the east, but also one of not wanting to really go forward and try to become part of the whole. I think that has changed in the last several years and I think that change while different in quality and in implication from what has happened in this province is also something very much worth understanding on the part of people who want to appreciate the common ground and the differences between two nations whose origins originally were in Europe, who settled on this continent with different traditions, and different purposes, and have evolved different societies and different senses of who we are.

What we in Canada have to overcome in the United States is more often indifference than hostility. Ironically, that is because, for the past century, Canada and the United States have usually been friends and allies. Why should you worry about the good guys up North when you are feeling threatened by more difficult or more interesting people a half-hemisphere away? Why deal with half the continent when you have an Island to worry about?

We are all prisoners of history.

But that sort of attitude makes it possible, for example, for a story in the Washington Post that was carried in the International Herald Tribune, to explain that Canadian media referred to runner Ben Johnson as a "Jamaican-Canadian". That was offered as proof that he is not fully accepted in this country. The idea that people may refer to themselves by both their original and their Canadian nationalities -- an idea that is very much a part of how we see ourselves in this country -- doesn't jibe with the American melting pot concept and, therefore, it is often simply overlooked.

But it is not only Americans who do not know Canada. Many of our own people - many of our own institutions - are out of touch with what this nation is becoming, not to mention what it can become. For every Texan who thinks we live in Igloos, there is a Torontonion who doesn't know how much St. John, New Brunswick, has been transformed in the last ten years. There is a British Columbian who has no idea that eight per cent of the people in Metropolitan Toronto speak Italian as their mother tongue, nearly five per cent speak Chinese as their mother tongue, and nearly three per cent speak Portuguese as their mother tongue.

We have out-dated images of ourselves in this country. Many Canadians would be surprised to learn that this country, the people here, are world leaders in communications -- as we have always had to be, given the realities of our geography and climate. We are investors -- investors reaching out from the perspective of somebody else -- we Canadians are foreign investors to the tune of \$54.2 billion at the end of last year.

Canada is literally remaking the face of American cities. Toronto-based Olympia and York, as well as other Canadian companies, are big investors in New York, Washington and Los Angeles, not to mention Denver, Minneapolis, Houston and Dallas. Canada is investing more equity capital in absolute terms in the United States than almost any other country is; we are also investing more money in the U.S.A. on a per capita basis than anyone but Americans themselves.

We export, not just the art of Antonine Maillet, Anne Murray, Robert Charlebois, Robertson Davies, Le Cirque du Soleil, Margaret Atwood, Ginette Reno, but, as well, the architecture of Carlos Ott, Arthur Erickson, Barton Meyers and the Parkins. Some of our fashion designers are as famous in Paris as in Toronto and our scientists are among the world's leaders in fields as diverse as muscular dystrophy and neurology.

We are home to some of the pioneer thinkers of the twentieth century -- people whose ideas have changed us, changed the world and changed the way that people think about that world. Certainly, that is true of the works of Marshall McLuhan, Northrup Frye, and Barker Fairley.

We are involved in new concepts of relationships with indigenous peoples and, if the process is sometimes difficult or frustrating, it is because we are exploring avenues never used before. We have changed our concepts of gender equality; our family laws, federal and provincial, are breaking new ground in many areas. Two of our distinguished Supreme Court Justices are women and our Constitution assures women legal equality and justice. We are among the most vigorous champions of reform of the United Nations, including the campaign that led to the appointment for the first time (after forty-one years of establishing standards to other people), of a woman Under-Secretary-General. We take some pride in the fact that that first appointment was a Canadian, Thérèse Paquet-Sévigny, as a permanent Under-Secretary of the UN.

This country has changed in ways impossible to imagine a decade ago. I can't tell you whether reciprocity would have been a good idea in 1911. I'm not even interested now in debating whether the establishment of the Foreign Investment Review Agency was a good idea in 1973. That isn't the issue. That was then. This is another time. The issue is not Canada's past but the strength of its future.

Throughout this time, Canadians have very strong opinions about the United States. Part of the reason is historical: just as America was born of the desire not to be British, so Canada was born with the determination not to be American. In a sense our histories are mere images: American defeats in the Revolution and in the War of 1812 were Canadian victories. The name of Benedict Arnold suggests something very different to a child sitting in a classroom in Sudbury, Ontario, than it does to a child in Plattsburg, New York. Canadian anti-Americanism probably reached a high point in the late 1960's, when many Canadians were opposed to the Vietnam war and welcomed draft resisters -- and we, therefore, became the beneficiary in many ways of the cream of a generation of young talented Americans. What is interesting is that many of those Americans who came then have now matured beyond the cause of their coming to Canada and, like so many Canadians of other origins, are now directing their talents to the development of a more self-confident Canada.

That new maturity, I think, is the key to understanding what this country is and what it is becoming. This nation has grown up even though some of our peoples still have the reflex of seeking comfort in old fears and old fantasies. The trade debate will crystalize that issue and it is high time. Canada has too many challenges to meet in the future to become bogged down in quarrels about the past. There are always going to be differences between Canada and the United States - some of them serious. We are, after all, separate nations. But the days of automatic fears and automatic differences are behind us.

There is one other dimension of Canada-United States relations that this agreement brings into focus -- and that is how our nations work together. We are different societies with important disagreements on everything from acid rain to Zimbabwe. If you think about that that is everything from "A" acid rain to "Z" Zimbabwe.

We have important disagreements. Since conflict is news those disagreements become well-known, but they are only part of the story. The other part is that our two countries work together in creating international institutions and practices of quite remarkable durability, and incalculable value to the world.

This is, for example, the 75th anniversary of the establishment of the International Joint Commission, which adjudicates water and boundary disputes -- extremely sensitive questions -- and which does so with dispassion, effectiveness and, sometimes, with near-genius. Our two countries, with other allies, created the North Atlantic Treaty Organization, NATO, which has helped keep the European continent, a continent wracked by two wars in the three decades before 1945, free from war in the four decades since. An agreement signed by Franklin Roosevelt and Mackenzie King in the depths of the depression - a bilateral trade agreement - became the basis of the General Agreement on Tariffs and Trade --the GATT -- which is in turn the basis of most of the prosperity the world has known since it took effect.

That example is particularly germane today. A year ago, at Punta del Este, Uruguay, Canada and the United States were among the nations arguing for a broad new round of multilateral trade negotiations, which would include new issues like services. That round was launched, and it is our best hope of maintaining and extending world prosperity.

If Canada and the United States had failed to agree on a bilateral treaty, within the GATT, that would have sent an ominous signal to the rest of the trading world. If we couldn't agree, who in the world could?

But we did agree -- and we both believe the agreement will benefit both countries. That sends a signal too -- a signal of seriousness and hope to other nations who need to trade to grow.

So the issues are joined -- in the United States, the issue is protectionism or competition; in Canada, the issue of confidence or fear; and, in the wider world, the opportunity still to make the international system work.