

Notes for an Address

**New North American Institutions:
The Need for Creative Statecraft**

The Ties that Bind:
Closer Economic Relations between Canada and the USA

Fifth Annual JLT/CTPL Trade Law Conference

**Check against delivery*

Thursday, April 18, 2002

1:00 P.M.

Luncheon Speaker
Congress Centre
Ottawa, Ontario

Hugh Segal
President
Institute for Research on Public Policy

Before I begin prepared comments, I know I express the profound sadness of everyone here, and Canadians and Americans everywhere, at the loss of four Canadian soldiers and the serious injuries of others in Afghanistan over the last night and day. Our hearts go out to their families and loved ones; and we will all await the results of the “friendly fire” investigation underway with full American and Canadian co-operation.

This reminds us all of the risk our men and women in uniform undertake to address dangers abroad before they migrate here to our country and continent and renders all of us profoundly grateful.

It has always struck me that among the many strengths we share as Canadians – decency, compassion, moderation, tolerance – we also have a particular weakness, a weakness that combines wishful thinking, nostalgia and confusion in what I would like to call the Canadian Disease. This problem manifests itself in an often deeply felt emotionally rooted, devotion to various instruments of public policy – a devotion so deep it confuses instruments with the goals they are used to achieve.

Health care is a classic example. The *Canada Health Act*, the universal access health care system we share, are not goals in and of themselves but instruments Canadians have put into place for a purpose – namely the broadest possible access for Canadians to the best available medical, diagnostic and hospital services in the country – without regard to their individual ability to pay. The goal is better health, and longer disease- and impairment-free lives, along with reduced financial worry. The instruments involved here – some of which are nearly thirty years old have been elevated by some to Holy Grail status – a classic example of the “Canadian Disease” contagion on the loose.

The “disease” virus has, of course, gone crazy on the issue of sovereignty and I would say candidly that if there was ever a case of a conceptual pandemic of serious proportions – one that is debilitating to a society as a whole and prejudicial to its prospects – this pandemic clearly fits the bill.

Sovereignty is a vital national instrument. It is not a goal. We use it to shape domestic policy within our own borders; we share and divide sovereignty in the creation and negotiation of federal and confederal constitutions; we protect it through the patrol of our airspace, landmass, sea lanes and coastal waters with our armed forces, and we use it to make agreements with other sovereign nations duly and democratically elected Canadian governments deem to be in our national interest. Sovereignty is not hoarded, it is not locked away, it is there to be used to advance the legitimate social and economic interests of Canadians on a host of fronts.

But the “Canadian Disease” virus has produced a very strange behaviour pattern in which, beyond the trade specialists and proponents of a dynamic outreach by Canadians across normative bilateral perspectives, the traditional creativity we are known for as a country on international statecraft dimensions is, in fact very much constrained. So the same Canada that helped write the UN Charter, that created the concept of international peacekeeping, that had a key role in the creation of the Universal Declaration of Human Rights, moves with an almost paralytic lethargy on the most important challenge and opportunity that faces us – namely the creation of a North American Community.

The opportunity to create a Community that enshrines democratic principles, enhances economic growth and opportunity, deepens trade and regulatory co-operation, increases social justice and economic development and forms a basis for a Hemispheric Community of the Americas should excite and inspire. The progress made in Quebec City last year, the coupling of trade integration with important democratic and social priorities should in any healthy society inspire immense creativity and enthusiasm. And, yet we would have to admit that, beyond the civil servants, trade lawyers, scholars and business practitioners engaged in this work as part of their honourable professional service to us all, the Canada we know is reticent, angst-ridden, and extremely evasive in terms of any strong national popular commitment.

Now, there are reasons for politicians to be reticent even though there are even more public reasons for politicians to offer far more courage than they have. Laurier was defeated on a proposal for "reciprocity" far more modest than the FTA for which Mulroney won a mandate in 1988. Mackenzie King almost signed an agreement with the Americans after World War II, and then, (no doubt influenced by advice from his mother or dog from the other side) demurred, demurrage being the operative word for much of his successful career in public life.

Today's government of Canada was, when in opposition in the 80s and 90s clearly opposed to the FTA and NAFTA until a policy conference in the early 1990s in Aylmer, Quebec where they wisely decided as a party to bury the hatchet on free trade, not in it, and move on.

So today's "host" community for the Canadian disease is defined by an opposition in Parliament that is in disarray, a Liberal government under no appreciable competitive partisan pressure from any source with a hope of replacing them at the next election and a media and public ethos on the issues of reaching out that is more prone to turn inwards and market fear and insecurity as opposed to any kind of far-sighted national vision.

While all of this very Canadian pathology rambles along self contained and self-reinforcing, we face the legitimate prospect of events and circumstances being shaped by others and overtaking legitimate Canadian interests in the process.

I am very much persuaded by Mansor Olson's argument that, when it comes to the importance of institutions to facilitate trade, "without the right institutional encouragement, a country will be restricted to trades that are self enforcing"¹. And I make the case that the enlightened institution-building that created NATO, NORAD, FTA and NAFTA must not be allowed to grind to a halt because the contagion of self-doubt and insecurity are about in the land. In fact this is precisely the time, as the discussions today help illustrate, to take the case for a vibrant North American Community to the country.

Let me return for a moment to the discourse of "goals" and "instruments."

If sovereignty is an instrument to be used to expand freedom and opportunity, then surely the use by us of our own sovereignty to build a North American Community must also be seen as an

1 Olson, Mansor; Power and Property, Basic Books, New York, 2000 p. 185

instrument with which we create the larger society that reflects the values and priorities we share. What are the goals such a Community would serve?

1. Enhanced market size and trading opportunities for Canadian companies, employees and investors with less non tariff and exclusionary barriers of various forms.
2. A continent-wide commitment to economic and social development where models like our own equalisation program or the European Community Cohesion Fund could be adapted to serve economic and social development throughout the North American Community.
3. Co-operative environmental, social and military activities which magnify our individual capacities and are built to deal with opportunities, threats and challenges that are larger than any one of the three founding nations.
4. The creation of a North American Assembly, not unlike the early European Parliament which could begin to give legitimate expression to the concerns we share with our allies and partners to the south, as well as the opportunity for legitimate democratic linkage across national borders.

A North American Community is not about the victory of the right or the left in this country, the United States or Mexico. It can be about, with just a touch of statecraft and leadership, the coming together of the very best of our Canadian commitments to both economic performance and social justice in a far-sighted vision that sees Americans and Mexicans as among the very best allies in the world in pursuit of these common goals. Who in the world would we rather have as allies and fellow travelers in pursuing the twin challenges of economic performance and social justice?

What September 11 brought home to us all is that neither the Atlantic nor the Pacific Oceans insulate us from man's fabled "inhumanity to man." But September 11 also taught us that "in extremis" we get down quickly to the fundamentals of security, humanity and the key economic tools. Open and secure borders are better than those that are closed in fear and slow-moving; planning ahead is better than panic and insecurity; common ground and joint institutions built on common ground, in mutual interest and practical reality are far better than retreating into the narrow sovereignty of fear and misunderstanding.

Surely the rule that has defined our foreign policy priorities since World War II – namely that we secure our national interests best, as an open economy, small market middle power through an aggressive multilateralism has never mattered or meant more than it does today. A North American Community with institutions that were shaped in large measure by Canadians, by our ingenuity and creativity, by our sense of respect for cultural and linguistic diversity, our desire for both economic and social performance would be the ultimate trilateral and ultimately multilateral instrument, as it went hemispheric over time.

The narrow-minded focus on sovereignty as an all-encompassing self-fulfilling goal—as opposed to an instrument by which we advance our national purpose and interests is the refuge those who fear the broader context dutifully invoke.

And, that fear is completely out of keeping with the wider Canadian tradition that has been in place since the inception of Confederation in 1867.

I have already referenced Pearson; our present Prime Minister showed significant courage and leadership in terms of both the Quebec summit and the declaration that emerged therefrom; on free trade and in opposition to apartheid Brian Mulroney stood in the tradition of nation-builders like MacDonald and the anti-racism leadership in the commonwealth, of John Diefenbaker. Mr. Chrétien's efforts to more solidly unite democracy, trade flows, investment and foreign aid in Africa as we approach the G8 this August, is very much in that Canadian tradition.

Our Finance Minister's role as chair of the G20 is also reflective of Mr. Martin's very Canadian preference for both economic performance and social justice in continuation of this tradition.

While it is a truism in politics that the "urgent" always takes precedence over the "important," leaving the development of a North American community to the sands of time would give a whole new meaning to the idea of "abdication of duty."

The time is right for a Canadian White Paper on a North American Community replete with a suggested process for institutional structures for monetary, immigration, environmental, security and economic aspects of the relationship. The time is right for a white paper that discuss what a North American Assembly would look like, how its members could be elected within the three founding countries, and what initially advisory, consultative and auditing roles it might play.

The time is right for a White Paper that embraced a community that included our Caribbean neighbors and friends, and moved beyond some of the debilitating ideological disputes that even today hold this hemisphere back from its full potential.

An economic market with four hundred million participants – linked by culture and language to the English, French and Hispanic worlds across the globe, with enhanced infrastructure, defence, respect for diversity, far-reaching social opportunity, mutual commitments and obligations, fueled by reasonably unencumbered trade flows and impressive economies of scale would certainly be a compelling step ahead for a better world.

To let the contagion of the "Canadian disease," or some unjustified insecurity keep us from this – or keep our political leaders from both sides of the floor from embracing these opportunities, would be to lose all sense of priority and perspective. The challenges and issues we need to face at home need not be set aside by this common effort towards a North American Community. They would be placed in a more realistic and prospect intense context which would, I predict, assist in their resolution as would the enhanced national wealth created through broader economic integration.

We have reached the point where our national interests – economic, social, security and the rest are now best served by a North American Community engaged in the economic broadening and institutional cohesion that generates both focus and opportunity.

There will be a huge effort by the forces of reaction, the old proponents of "a little Canada" and the merchants of insecurity and polarization to systematically strip away our will to move ahead.

We must in this room, and across this country ensure that we do all that our democratic system allows not to let those forces prevail. We must take the case beyond universities, law offices and the specialized bureaucracies and trade associations and to our fellow Canadians with respect and

determination. And we should not wait until the next crisis or negotiation. We should begin the inoculation process against the Canadian disease now by advancing the prospects, issues, challenges and opportunities of a North America Community on a going-forward basis.

And we should circulate that White Paper in English, French, and Spanish to legislators, business and labour leaders throughout our three countries. We must look beyond bilateral integration to the genuine promise of a North American Community.

We owe it to our children, ourselves, and our grandchildren to do so.