

**NOTES FOR TESTIMONY**

**BY**

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**BEFORE THE**

**UNITED STATES SENATE  
COMMITTEE ON FOREIGN RELATIONS  
HEARING**

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This story begins at the Shamrock Summit in Quebec City in March of 1985 when President Reagan and I agreed to consider the negotiation of a Comprehensive Free Trade Agreement between our two countries.

Growing protectionism in Congress then was leading to growing estrangement in Canada vis-à-vis the U.S. The situation was not an encouraging one.

After a highly successful subsequent state visit to Canada, President Regan reported to the American people in his weekend radio address: “We also discussed our current efforts to tear down barriers to commerce and establish free trade between our peoples and countries. The enthusiastic reception I received from the Canadian Parliament suggests that a free trade agreement between Canada and the United States is an idea whose time has come. I pledged to Prime Minister Mulroney and the people in Canada that we’re going all out to make this visionary proposal of the prime minister a reality. We’ll do it for the prosperity and jobs it will create in both our countries; but, just as important, it will be an example to all the world that free and fair trade, and not protectionism, is the way to progress and economic advancement.”

For my part, I had to call and win a general election in 1988 on the free trade agreement. With an economy one tenth the size of yours, opposition was ferocious – both opposition parties, interest groups, important media leadership, etc. rode a wave of anti-Americanism saying that Prime Minister Mulroney loves America so much that he wants to make Canada the 51<sup>st</sup> State – with himself as Governor, of course.

My response was that the campaign results would prove that there are not enough anti-Americans in Canada to elect a dog catcher, let alone a Prime Minister.

Results?

My government was re-elected with another overwhelming majority in Parliament and the FTA agreement was signed by President Reagan and myself on January 1, 1989.

Predictions were that Canada would get its clock cleaned and this would be a lose-lose arrangement for both countries.

So what happened?

Trade in goods and services between our two countries exploded by 300%, millions of new jobs were created in both countries and the relationship grew to be the largest such bilateral arrangement between any two nations in the history of the world – almost USD \$2 billion a day, with trade approaching USD \$635 billion per year.

Canada became the market of choice for US producers, purchasing more American goods and services than China, Japan and the UK combined.

At one point a few years ago, there was more two way trade across the Ambassador Bridge from Windsor, Ontario to Detroit, Michigan than America did with the nation of Japan. And all the while, our trade was in rough balance. In fact, in 2016 the U.S. had a USD \$7.7 billion surplus in its goods and services trade with Canada.

Moreover, Canada and the U.S. have developed one of the world's largest investment relationships totalling over USD \$840 billion.

This was powerful confirmation of the prediction of Sir Winston Churchill in a major speech 80 years ago who described the Canada-U.S. relationship in all its glory in the following golden words: "That long frontier from the Atlantic to the Pacific oceans, guarded only by neighborly respect and honorable obligations, is an example to every country and a pattern for the future of the world."

When President George H. W. Bush came in, we began negotiations to include Mexico in our trade agreement, renaming it the North American Free Trade Agreement (NAFTA). The foundational document remained the Canada –US FTA with essential changes to accommodate the specific nature of the Mexican economy and political climate at the time.

It was also unique for another reason: it marked the first time in history that a trade agreement would exist between two mature industrialized countries, the U.S. and Canada – both G7 nations – and a developing country, Mexico.

So what has happened since?

NAFTA now constitutes – with almost 500 million people – the largest, richest and most dynamic free trade area in the world with a combined GDP of almost \$21 trillion a year. With less than 7% of the world's population, NAFTA partners last year represented 28% of the world's total GDP. Tens of millions of new jobs have been created in the NAFTA countries

since the signing of the Treaty in 1994 - most of them in the U.S. with some many millions of these jobs coming from trade and investment with your NAFTA partners, and vice versa.

With an unemployment rate of 4,1% - the lowest of any industrialized country in the world – it is increasingly difficult to seriously argue that the U.S. has done poorly with its international trade agreements, that create such vast employment opportunities at home and across North America.

NAFTA did not just happen by accident. It is the result of the leadership and vision of three great American presidents: Ronald Reagan, George Bush and Bill Clinton. I was privileged to know and work closely with all three.

They knew that such instruments are much more than documents for accountants to appraise and determine which country gained a little in agriculture compared with another benefitting from automotive parts and another still from energy exports. They understood that such trade arrangements are a vital constituent part of enlightened foreign policy, not isolated variables to be picked apart and analyzed on a profit and loss basis. Such agreements succeed only when all parties benefit. And who can deny that was the case here.

Such farsighted and generous U.S. leadership gave the world, for example, the Marshall Plan in which colossal U.S. investments were made to resurrect a Europe, defeated and destroyed after World War II. Who today would argue that this was an improvident course for the U.S. inasmuch as it has ensured the creation of a united Europe – democratic, prosperous and free from national hostilities – certainly for the first time in modern history, thereby contributing greatly to the national security of the United States and its allies.

I have always believed that the United States of America is the greatest democratic republic that God has ever placed on the face of this earth. Canada is privileged to have the United States as a neighbor and friend and the U.S. should thank its lucky stars every day that it has Canada on its northern border. This is the most successful and peaceful bilateral relationship in world history and one that must be cherished and enhanced by our leadership in a manner that is thoughtful, understanding and wise.

When fear and anger fuel public debate, history teaches us that protectionist impulses can easily become a convenient hand-maiden. But history also demonstrates in Europe, North America and throughout Asia that the best antidote to protectionism is more liberalized trade

that stimulates both economic growth and stronger employment. As President Reagan said: “We should always remember, protectionism is destructionism”.

Another of your successful presidents, Bill Clinton, said: “Leadership is the capacity to look around the corner of history, just a little bit.”

Well, that is the leadership challenge confronting the NAFTA negotiators today: to conduct themselves in such a way – in an atmosphere of robust discussions leavened by a spirit of reasonable compromise – that the product of their successful efforts will be viewed by history as a powerful enhancement of Churchill’s glowing description of our great nations.

If we summon the courage to defend those values that made our countries so successful, then we will have again contributed significantly to building a world that promotes peace and prosperity for all nations, both at home and around the world.