

## **CANADA/US: A Speech by Canadian Ambassador to the United States Frank McKenna at the Empire Club**

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Ladies and gentlemen, please join me in welcoming His Excellency Ambassador Frank McKenna.

Well, thank you, Mr. President. And thank you for a most elegant introduction. I am just incredibly honoured to be here and to share this small period of time with you. I know how many commitments all of you have and the fact that you would choose to spend some time here today means a great deal to me.

I should tell you that when I'm looking for wisdom — which I'm looking for frequently these days — I do, as is my wont, speak to the local fishermen in my hometown of Cap-Pelé, New Brunswick. I find that just about anything that's worth knowing, they know. So this week I was home. We had a Katrina fund-raiser. And I leaned over the back fence to talk to my neighbour. I was feeling a little bit down because there's been a lot of big issues going on these days. And I said to him, I said, "I'm working in a place that doesn't know anything about us, that's self-absorbed, inward looking, totally indifferent to the fact that I exist or we exist." He looked at me with puzzlement. "Are you still working in Toronto?" he said.

There is one piece of very good news for all of us. As a former player myself and as a big fan and even down in Washington as somebody who follows with a great deal of interest the sport, something very exciting is going to be happening and is happening this week. We're going to see a return of ferocious cross checks, high elbows, bloody noses, unsportsmanlike conduct, endless trash talk. God, it's good to have Parliament back in session.

Now the truth of the matter is, today, I just feel an extraordinary sense of gratitude and honour being here. Some of my best friends in the entire world are in this room and in this city. I love coming back to Toronto and I'm personally honoured that I would be invited. I also want to acknowledge that we have with us today a number of hardworking public servants, ambassadors, former political leaders, ministers, members and so many others. And I particularly want to thank my colleague, Ambassador David Wilkins, for being here today.

Now Ambassador Wilkins I think makes the case for the fact that the United States of America cares about us and that the president of the United States has a great deal of respect for us because he sent us a tremendous ambassador to represent the interests of the United States of America in Canada. And Ambassador Wilkins and his wife, Susan, have been crisscrossing this country from one end to the other. He's getting to know more about Canada and Canadians, getting to know the issues well and I truly applaud him for that.

I know that he's speaking here in several weeks time and he's going to have the last word on anything more I say about him today. (Laughter.) Suffice it to say that we're so close — and we are close — you could hardly get a stick of two by four between us.

So Ambassador Wilkins had a huge advantage on me and of course we have Ambassador Gotlieb here who's really the Bible. It's like going to the oracle when you talk to him. But Ambassador Wilkins had a huge advantage on me because he went through ambassador school before he took the position. I didn't have ambassador school. And so I've had to learn from the school of hard knocks and I use the term hard knocks advisedly.

Anyway, because I didn't have the advantage of ambassadorial school, I did some research to try to understand what being a diplomat and being statesmanlike was all about. And I can tell you the more research I did the more concerned I became as to whether I could do the job.

The first reference I found was the mother of the empress Catherine of Russia. She wrote to Frederick the Great advising him to choose as his ambassador to St. Petersburg a handsome young man with a good complexion. My complexion is not that good.

Now sometimes the qualifications are even more domestic than that. Monsieur de Callière in his landmark essay on diplomacy suggested that a good cook is often an excellent conciliator. I'm not that good a cook.

Now another attribute that's noted time and time again is to be quiet and deferential. Thomas Jefferson is quoted as having written a letter to his Secretary of State, "We've heard nothing from our ambassador to Spain in two years. If we do not hear from him this year, let's write him a letter." I can assure Paul Martin is not saying that about me.

And then as I delved into the research a little further I found that maybe there was hope. Henry Wadden, who was an English diplomat and poet from the middle 1600s wrote, "An ambassador is an honest man sent to lie abroad for the good of his country." I was in politics. I can do that.

And I really became confident that I could do this job when I read about the major attribute that was required of envoys to the German court. They had to be able to absorb without derangement vast quantities of intoxicating liquor.

Now I am going to do the absolute unthinkable today for any good diplomat. I've got a superb Public Affairs Department who writes speeches for me down in Washington and I decide I'm just going to rip it up and let her rip today. I recognize the issues of the day and how important they are, but I am so tired of talking about softwood lumber I just want a break for one day.

So I want to talk about the relationship, the Canada-U.S. relationship, but more specifically, because I talk about the U.S. relationship all the time, I want to talk about the Canadian side of the U.S. relationship. And I decided that, because this week for me at least, became a week of epiphany and I'll tell you why.

To start with, last night I was watching television and I saw an old clip from George Bush's speech after 9/11 in which he thanked a lot of countries in the world but omitted to thank Canada. And I remember at the time how upset we were and how concerned we were with that so-called oversight. Well, as I watched it last night I felt the same thing that I felt back when that incident happened. I felt so self-conscious and so concerned that we in Canada would care about whether we had to be mentioned in a speech by somebody thanking three or four countries out of the hundreds in the world that were there. And I said to myself, "Are we so self-conscious or so unsure of ourselves as a nation that we need that validation constantly from others as to who we are and what good neighbours we might be."

And then I started to realize that we need to think in terms of the relationship about the fact there are two parties to the relationship — Canada and the United States. When I'm in the United States I'm constantly confronted by what really is very visible. That is an indifference or lack of knowledge or information about Canada. Or, as Al Capone said, "Canada. What street is it on?"

But on the other hand when I thought about that a little bit more I said to myself, " Maybe, just maybe, it's not different from what that great philosopher Pogo once said, "I saw the enemy and he was me." Because how can our friends in the United States of America truly know who we are unless we truly know who we are ourselves? And how can our friends in the United States of America appreciate us unless deep down we appreciate ourselves? And how can our friends in the United States of America respect us unless we're truly convinced that we respect ourselves?

And as I thought about it, I said to myself, "We have a lot going for us in this country. Rather than simply talk in vague terms about what Canada is, we should try to define more specifically some of the attributes of this great country." I look at government and God knows in Canada we love to hate government. But, you know, I practise my art now in the United States of America. The United States of America is a wonderful creation. The Constitution is a spectacular thing. But it was anticipated that it would be established as a country in which there would be a check and balance on the exercise of power. And I can tell you categorically that what is, has been institutionalized instead as total gridlock. The government of the United States is in large measure dysfunctional. The United States is a great country. That's a different issue. But in my humble view it's a great country in spite of its government structure rather than because of it.

In the 107th Congress of the United States of America alone, 9,000 pieces of legislation were introduced. 377 were passed. In the United States of America there was so much independence of political cardy, loyalty if you like, that everybody in their own way is a freelancer going off in different directions. It would be like having 535 Carolyn Parishes in one place.

But the truth of the matter is that lack of structure makes it very difficult to develop a coherent policy and implement it. And we see it all the time in the United States of America, the government is so complex that even people who work within government need help to navigate through it. One senator has 75 staff members working for him — 75 — just to navigate through the myriad of layers of government. And try to figure out who's doing what. In Washington, D.C. there are 35,000 registered lobbyists. And those lobbyists are all there in order to navigate for people, to try to show them how to get through government. Lawyers in Washington -- Washington, D.C. has more lawyers per capita than any other place in the entire world. That's why they say it's not safe to walk on the streets at night. Poor joke. Poor joke. Sorry. You can see where this is going. It is a government that requires a huge amount of effort to try to get anything done.

In Canada, whether we like it or not — and often we don't like it — but essentially we have party discipline and if you can convince the prime minister or a minister that something should be done, invariably it can end up being done. In that sense our government — and it's a huge advantage to us — can be much more responsive.

On the fiscal side I'm living in a country that is in a very difficult financial situation in my humble view. Last year's deficit was \$430-some billion. This year with the Katrina costs it will be over \$500 billion. Until it's able to turn around, the most optimistic prognosis is \$1.4 trillion in new debt. A more pessimistic one is \$3.4 trillion in new debt. And that's not to speak of the fact

that it doesn't include unfunded liabilities for social security which some estimate could run into the 20s and 30s of trillions of dollars. So this is an extremely serious situation that I submit to you is being faced.

Canada — again, we love to hate it — but Canada is in its eighth consecutive year of surplus. It is the only country in the world, and the only country in the G-7, in the last three years that would have a surplus. Over \$50 billion has been paid down on the debt. Our debt-to-GDP ratio has almost been cut in half. Our level of foreign borrowing is the lowest in all of the G-7. We've got the highest growth rate of our economy of any country in the G-7 for the last seven years. Low inflation. Low interest rates. We've the highest employment record in the G-7 in the last seven years. Our pension plan, instead of being in deficit, is actuarially balanced for the next 75 years. We have a very strong fiscal platform in Canada. And let's face it, we are now a petro country with a petro currency. The challenge of governments in the future is not going to be just allocating scarcity as we have in the past but allocating planning and trying to decide how money will be judiciously spent. That's how strong the Canadian platform is.

And then look at our physical resources at a time when the world will be crying out for water. We probably have the largest water resource in the world. The border alone has 20 percent of the world's best water in its immediate vicinity. In terms of base metals for the building that's taking place in China and India, Canada is the capital of the world with respect to those markets.

And with respect to energy in an energy-starved world, where our neighbour to the south of us, the United States of America, relies on export markets for 60 percent of its oil, Canada is self-sufficient in every category. Canada is the biggest exporter of uranium, of electricity, of natural gas, of crude and, as of 2004 we've displaced Saudi Arabia as the biggest exporter of oil to the United States of America.

And who's our competitors around the world? Well, it's countries like Venezuela, Bolivia, Nigeria, Iran and Iraq. You get the picture? We are not only the largest exporter of our energy products to the United States of America, we're the most secure exporter of our products to the United States of America.

So we are truly becoming, we truly are a very powerful nation. I know as well if you go to more social areas that people in Canada love to hate our health care system. And, as one said about democracy, it probably is the worst system in the entire world except for any other system. The fact is that in our own way we have put together a very significantly good health care system. Our neighbours to the south of the border arguably have the best medicine in

the world. I concede that. But 15 percent of their GDP is devoted towards health care costs and it's about 9 percent in Canada -- (inaudible due to garbling of audio file) -- is many tens of billions of dollars. And for our 9 percent of GDP we get better macro outcomes such as life expectancy and survival rates at birth. So those are very significant indicators of good health.

In addition, because governments end up absorbing the costs of health care through a single fee payer system, we do not have health care costs entrenched into the industrial base. It's no secret that the United States is the only industrialized country in the world where employers pay all health care costs. It's no secret as well that it costs more to produce a car from health care than it does from steel. And that creates a huge competitive challenge for the United States of America and a huge competitive advantage for our country, Canada. Should the system be better? Should it be improved? Can we do things? Obviously yes. But we have a pretty commendable system.

The tort law system is another one. \$233 billion is what the tort law system in the United States, class actions and jury trials, cost the U.S. economy — 3 percent of their GDP. We've had the good fortune in Canada where there has been far less pressure on the system, and as a result, it creates a very significant advantage for us.

And then there are the intangibles. The intangibles are issues of quality of life of a different variety altogether. One intangible is the way in my view, this country has been able to balance being a private enterprise economy with having a socially progressive conscience and a socially progressive set of programs. In our country if you want to make it to the top you have all of the incentive in the world to make it. But if for some reason not of your choosing you get left behind, in Canada there is always a helping hand to lift you up. Whether it's the regions of Canada, the poor of Canada, the handicapped, Canadians have a generosity of spirit that sees us always extending a helping hand to those who are most in need.

And there are other intangibles as well. I told you why I tore up the speech on softwood lumber. This was a week of epiphany because this week we said "goodbye" to the top position in our land, the governor general, who came to Canada as a poor refugee in 1942 and ascended to the biggest role that our country has to offer. And on the same day we said "hello" to a 48-year-old woman of colour, the descendant of slaves, coming from one of the most impoverished and violent nations on earth, who came to Canada as a refugee at 11 years old and who assumed the highest office in our land.

In the United States of America - I respect enormously all of their institutions - to be president of the United States of America you have to be born in the United States of America. The story in our province that Franklin Delano

Roosevelt's mother was pregnant on Casa Bello Island and she raced across the bridge to Lovett, Maine to deliver the child so that he could be the president of the United States of America. I love the model, the respect for the presidency. But I feel this enormous amount of pride in our model that for two consecutive terms the highest position that we have to give in our land has gone to refugee women who have come to Canada and made it on their own in this great country.

I felt so touched this week — and I think all Canadians were emotionally raw — just listening to this graceful woman talking about values that we so seldom talk about as a country, things that we take for granted but never articulate. She talked about our freedoms. We never talk about our freedoms in Canada. We have very acrimonious political debates because we can. We have very critical newspaper articles because we can. We have very raucous debates on issues in communities because we can. And every day of our life we take for granted that every other nation in the world has the same freedoms that we have and they don't. And she talked about the freedom that she came for. She talked about the generosity of Canada, which we take it for granted. But Canadians, as I pointed out earlier, are a generous nation, reaching out a helping hand to those who are most in need.

She talked about how welcoming we are. And we take it for granted. But every year we welcome into this country of ours hundreds of thousands of immigrants who are allowed to respect their own culture and their own languages and yet be part of a larger Canadian society. And as we embrace this immigrant community to our bosom in Canada we respect our two official language communities, our two founding language communities. We respect our Aboriginal communities, the original inhabitants of the land in which we live. So this is a country that's been able to get a balance — to welcome to people from far off lands to Canada, to welcome them into our country and to allow them the respect of being citizens of our country with all the rights and freedoms and traditions that go with that.

So I left listening to all of this — nothing I'm saying is original — I left listening to all of this feeling this great sense of pride and purpose about my country. And that's why perhaps it made me feel that we should never be supplicants in the relationship with the United States of America, that we should never be self-conscious about where we stand, that we should never be looking for somebody else to validate who we are, that we should be proud of our traditions which admittedly are different, our culture which is dramatically different and we should embrace at the same time the friendship and the collegiality that characterizes our relationship and has for so long.

So I've said enough but I can tell you this: when I'm in the United States of America — as I will be again soon — and people ask me questions about

Canada, I will be assertive and direct and proud in my responses in talking about what this country stands for. Thank you.