

Senate Committee on Foreign Affairs and International Trade

February 24, 2016

Witness: John M. Curtis

Chairman, Honourable Members,

While international trade and related investment have been, and remain as the Committee has heard from earlier witnesses, key elements of Canada's economic structure and of our economic performance since the arrival of Europeans on our eastern shores – and perhaps even earlier on our west coast – circumstances recently have changed both in fact and in public perception. The relationship of trade to gross national product (GDP) – what we economists call trade elasticity – appears to have declined in recent years both here in Canada and around the world. Some are calling this the “end of globalization” – or at least a secular or long-term slowing down of global integration for the first time since the end of the Second World War. Further, climate change, not trade, appears now to be the public's number one international economic concern and priority.

As a consequence, we thus see fewer international trade courses being offered in our colleges and universities, less concerted and high-profile business interest in pressing governments to get on with an activist trade agenda, and more focus by politicians, government officials, commercial interests, and the media on domestic economic, social, and cultural concerns and issues. This is not to say that this refocusing of attention is necessarily wrong or bad. But it is a reality of our contemporary society and thus the context of where trade fits into the policy firmament.

The trend, therefore, is for governments and others to focus more on national than on coordinated, cooperative international initiatives to deal with international economic problems as they arise. This is worrying. Issues arising in the trade system, the international financial system, the macro-economic world of growth and jobs, innovation, and migration, amongst others, are increasingly being addressed nationally – and sometimes regionally – but rarely multilaterally. Health, happily, seems to be a notable exception as does international crime, but I can see few others in the economics-related world. The World Trade Organization (WTO), the G-20, the International Monetary Fund (IMF), the World Bank and the regional banks are seen to be less and less effective or relevant, notwithstanding the rhetoric. And the vacuum is starting to be filled by others, especially by the Chinese with, for example, their recently-announced Asian Infrastructure Investment Bank and their Belt and Road initiatives.

Canada, with our long and generally strong tradition of punching above our weight on these and other matters, could now, I suggest, make a timely and worth-while contribution to moving some of these international matters forward with a more focussed, cooperative and as appropriate multilateral approach in this global context of ever-accelerating change. This Committee might consider recommending, amongst other things, that:

- the Government of Canada complete and implement as quickly as possible, after due

consultation, the many regional and bilateral trade and investment agreements that are outstanding and to which we are a party. While there are without question problems with several provisions in each of the trade agreements recently negotiated, the perfect should not be the enemy of the good. These existing and negotiated agreements collectively will provide a predictable framework of rules, regulations, practices and behaviour in which we can chart our way forward cooperatively with others.

- the Government of Canada get the broader Canada-US economic relationship right as a priority, including importantly the further liberalization of services, the new trade “frontier”, and work on an economic cooperation framework with China that serves both countries' interests and as well contributes even in a small way to improving US-China relations, the most important foreign policy issue of this century.
- governments here and abroad work actively to ensure effective and on-going mutually-beneficial partnerships between the public and private sector to advance innovation in areas of global public policy priority such as health, education, climate change, energy efficiency, clean water, and waste disposal, amongst others, Canada could be an innovative first-mover in many of these areas – Canada and the world would be better for it.
- and finally, and perhaps in the long-term most importantly, the Government of Canada announce and launch at an early date a major, arms-length public policy research initiative – a Commission of Inquiry; perhaps a Macdonald Commission 2.0 – centred on the economic union and its future within the rapidly-evolving world economy. There are a number of issues in this changed world – technology, how business is organized, the Asian renaissance – that command dispassionate, focussed, analytic, and comprehensive attention as we seek to lay the ground-work for new policies and approaches to ensure prosperity in this country and abroad in the decades to come. Key to this, in this country’s case, will be challenging our overall complacency and ensuring increased competition within this country and between countries; it is extraordinary that we are now granting third parties – the European Union and our fellow Trans-Pacific Partnership countries, for example, – access conditions to our internal Canadian market that might well exceed those available to our own, home-based players!

Thank you.