

*Speech to the Illinois Chamber of Commerce
Chicago February 3, 2009
Premier Brad Wall*

Thank-you Mr. Rioux and thank-you ladies and gentlemen for your attendance today and for your interest in Saskatchewan and Manitoba.

Right after the stock market crash in October, credit dried up, bankruptcies skyrocketed, and thousands of Americans lost their jobs and their homes. The debate was over what to do – what kind of economic stimulus package was needed. Though controversial, many supported protectionism. Hundreds of economists and business leaders said protectionism was a bad idea.

The President of General Motors summed it up this way. He said, "The economic position of the U. S. has completely changed during the past two decades. We cannot sell unless we buy."

On the other hand, many members of Congress spoke strongly in favour of more protectionist trade policies. The Senior Senator for Indiana said, "It is my prediction today, deliberately made on the floor of the Senate that after the passage of this bill, this nation will be on the upgrade." It was this point of view that won the day, and despite the warnings. The bill – with its protectionist trade measures –was passed.

I could be talking about the "Buy American" provisions in the economic stimulus package recently passed by Congress. I'm not.

The events I just described – the quotes I just read – occurred in the wake of the stock market crash of October 1929 and the debate leading to the passage of the Smoot-Hawley Tariff Act in 1930. The first quote was General Motors President Alfred Pritchard Sloan Jr. asking President Herbert Hoover to veto the bill – with a simple but powerful argument. "We cannot sell unless we buy." The second quote was Senator James Eli Watson, predicting a swift and dramatic economic recovery within a year.

That's not quite what happened.

Almost all of America's trade partners, including Canada, retaliated with their own tariffs and trade restrictions. Overall, US imports dropped by 66 per cent, and exports fell 61 per cent. US unemployment jumped from 8 per cent in 1930 to 25 per cent in 1933. We all know the rest of the story. The lessons of history are only lessons if they are learned.

Today, the world's economies are now even more closely intertwined than they

were in 1930. Protectionism is all the more dangerous. Yet, this is not 1930. This is a much more globalized economy and as for the resources of western Canada, there are other markets. Canada's response to protectionist measures in 2009 may be tariffs in kind, but not necessarily. Rather, we may pursue determinedly other stable open and free markets for our oil and our gas and our potash. What a waste of effort and focus that would be.

The bottom line is that protectionism today as it was in 1930 will make things worse, maybe a lot worse. The good news is—it is not too late. When we hear the drum beats of protectionism get louder once again, it is time for gentle reminders between old friends of how dependent we are on each other. It is time for rational discussion.

“The dogmas of the quiet past are inadequate to the stormy present,” rush the words of Lincoln toward us from the second inaugural. “The occasion is piled high with difficulty and we must rise to the occasion we must disenthral ourselves.”

How then can we disenthral.

I submit for this group today the facts of our relationship will do the trick.

35 out of 50 states, including where we are met today, rely on Canada as their number one export market. We are your number one source of conflict free energy. Saskatchewan supplies America more oil than Kuwait. About half of Saskatchewan's crude oil exports to American go to the four refineries here in Illinois. Our oil accounts for roughly 15 per cent of what is used in your four refineries. That's how intimately we are connected.

And then there is uranium. Saskatchewan alone produced 23 per cent of the world's uranium in 2007. Our uranium represents a quarter of total American purchases, six per cent of your homes are electrified by Saskatchewan uranium. Here in Illinois, there are 6 nuclear power plants and 11 reactors. I wonder how many Illinois workers are employed converting Saskatchewan uranium into CO₂ free electrons? We are intimately connected.

Yes, you could buy these commodities elsewhere. We are not the only purveyors of uranium and oil, though there are none as near-by or as friendly and familiar to you. Neither are there any as committed to reducing the environmental footprint of fossil fuel energy.

It is most assuredly my intent to be provocative in the supposition that we truly need each other. Illinois, your exports to Canada jumped by as much as 50 per cent in the last four or five years, fuelled by such things as large equipment sales to our energy sector from iconic Illinois businesses like Caterpillar.

And what of agriculture? There are almost 1,000 food processors in the Chicago area alone. This city is headquarters of Quaker Oats Limited who, much to the disappointment of my kids, turn our oats into porridge. A quarter of the world's mustard production originates in Saskatchewan. Think about that the next time you have a hot dog at Wrigley Field. We grow the seed. The mustard is made in the United States. 125 million bottles of French's mustard alone are purchased each year. I wonder how many Americans turn our mustard seed into the preferred condiment that has the strongest attraction to my silk ties?

The drumbeats of protectionism cannot drown out the clarion truth of our relationship. And truth, as Lincoln said, is the best vindication against slander. The truth is we are connected intimately. For each of us, our best hope to survive this malaise to come out stronger on the other side is to build on the strength of the most dynamic and envied trading friendship on the planet – not tear it apart.

Consider what we can achieve together in sustainable energy innovation alone. The US Department of Energy is already a partner in the world's most successful carbon capture and storage and enhanced oil recovery in southeast Saskatchewan. There we will have successfully stored US CO₂ to the tune of 40 million tonnes when the project is complete. And we'll have used CO₂ for enhanced oil recovery, offering the world a leading example of successful carbon capture and storage. I want to build on that partnership, on that success.

I met last week with Governor Brian Schweitzer of Montana, and spoke to him again on the phone yesterday. We're going to work together on another exciting innovation project where we will demonstrate clean coal technology and sequester one thousand tonnes of CO₂ per day in the geology of Montana. The world wants technological solutions to clean up fossil fuels. Even China is indicating interest in replacing GDP-ism (as Friedman describes) with "green GDP-ism". If we develop this technology together, we will have taken advantage of a new and significant economic opportunity.

Canada and the United States appear poised to embark on continental cap and trade. Here again, we can work together to ensure that such a system is biased in its use of cap penalties to find the technological answers. Let us work together on energy innovation, sustainability, transportation and security for our continent. Let us create jobs and wealth along the way. For this we need a grand vision not the kind that is afforded by knot-holes in great protectionist fences we may build.

May I offer the words of a former Illinois resident and it's on the folly of protectionism. "A tariff on imported steel may give temporary relief to U.S. steel producers, but it will make every American manufacturer that uses steel in its products less competitive in the world market." That's from a book you may have heard of - The Audacity of Hope. In his inauguration speech, President Obama said: "On this day, we have gathered because we have chosen hope over fear." Yet, the underpinnings of protectionist policies are based on fear, not hope.

Like those who advocated protectionism in 1930, those who do so today bear no malice toward Canada or any other country. They do so out of a noble intent to help their constituents who are hurting, to be sure.

As we work to address this economic crisis by building infrastructure and paving roads, let's all try to remember which road is paved with good intentions. Let us choose another road. It is the old road of history that has connected the world's grand and free republic with a great and progressive northern Dominion connected it with prosperity and good will; with commerce, friendship and family.

That's the road I choose. On that road and on no other, hope will win and fear will lose.

With that, I now invite the Honourable Gary Doer, Premier of Manitoba, to make his remarks.