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by Robert Hage
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In 1948, in the midst of negotiating the North Atlantic Treaty, then-External Affairs minister Lester Pearson and his deputy minister, Escott Reid, had a crazy idea. While NATO was to be a military and defence alliance in response to “an aggressive, subversive Communist juggernaut on the move”, the two diplomats had an additional thought. What if NATO could be more than collective security? What if the organization could go beyond defence and work to strengthen its members’ “free institutions”, bring about a better understanding of the principles underlying them and encourage “economic collaboration” by any or all of NATO’s members?

Even Canada’s negotiator, ambassador Hume Wrong, was lukewarm to the idea. However, Pearson and Reid prevailed and these objectives became Article 2 of the treaty, known as “the Canadian Article”.

Despite the best efforts of Canada, Britain and the United States, a lack of consensus within NATO on Article 2’s application kept it from reaching the intended goal. In fact, Europe embarked on its own economic path three years later by initiating the European Coal and Steel Community, the genesis of today’s European Union.

The idea of North Atlantic political and economic co-operation remains, however. In fact, the North Atlantic community might well need Article 2’s thesis more than ever as it faces yet another communist regime, one that is arguably more invidious and ambitious than the USSR – China.

British professor and author Niall Ferguson has noted the paradox: since the 1990s, he says, the principal beneficiary of the West’s liberal international order has been “a communist, one-party state”. China now has the world’s second largest economy and will likely take over first place from the United States before 2030.

An old expression holds that the only two organizations in the world with a long-term vision are the Catholic Church and the Communist Party. China certainly has a world vision for the future which it has made abundantly clear. President Xi Jinping, whom the Chinese media call “the Supreme Leader”, told last October’s Communist Party’s National Congress that the Chinese model has opened “a new trail for other developing countries to achieve modernization”.

“It offers a new option,” he went on, “for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind ... Socialism with Chinese characteristics is flying high and proud for all to see.”

The *Globe and Mail*’s China correspondent, [Nathan Vanderklippe](#), described the “Chinese model” as “authoritarian capitalism as an alternative to the Western democracy it is seeking to undermine”. China is putting its words into action with the creation of its Belt and Road Initiative, sometimes called China’s New Silk Road, which will provide billions of dollars of infrastructure to more than 60 countries. The objective, according to *The Economist*, is to create a China-centred



Eurasian trade as a rival to transatlantic trade focused on the United States. China has even announced plans for a Polar Silk Road using Canada's Northwest Passage.¹



Figure 1: A map outlining China's 'Silk Road' initiative which aims to connect Asia and Europe through Chinese-funded infrastructure developments. The author argues that the goal of this program is "to create a China-centric Eurasian trade" regime which seeks to rival the America-centric transatlantic regime. (Source: Paul Cheung/NBC News)

In his first speech to the United Nations General Assembly in 2015, Xi underlined that China was the first country to put its signature on the UN Charter in 1945. “We will continue to uphold the international order and system,” he said, “underpinned by the purposes and principles of the UN Charter.”

He failed to refer to the important role China played in the drafting of the UN's Universal Declaration of Human Rights which began the following year. The UN's human rights director and Canadian legal scholar John Humphrey provided its blueprint. In December 1948 the General Assembly adopted the Declaration's 30 articles which include: recognition of liberty and security of the person and the right to be recognized before the law, freedom from torture, freedom from arbitrary arrest or detention, public trials, and the right to freedom of thought, occupation and religion. Of the Declaration's 30 articles, China is in violation of 25 of them.

The Economist put it well in saying China is in a new global battle to guide, buy or coerce political influence.² In contrast to the Soviet Union during the Cold War, China is a sought-after trading partner investing huge sums around the world in trade, investment and infrastructure. It is using this acquired influence to “muzzle criticism, of its political system, human rights abuses and

¹ *The Economist*, Oct. 14-20, 2017, 18-20.

² *The Economist*, Dec. 16-22, 2017, 20-22.



expansive territorial claims”. All of these are examples of China’s “sharp” as opposed to “soft power”.

Xi proclaimed that China has a vision of “guiding international society towards a more just and rational world order”. Perhaps it is time for Western democracies, which established the post-world war international order, to set out their own vision for the future. It’s time for the North Atlantic community to harness the idea of political and economic co-operation envisaged by Article 2 of the North Atlantic Treaty, but in a modern, not Cold War, context.

Perhaps this is another “crazy idea”. Trump times do not augur well for economic agreements. NAFTA itself is in jeopardy and the Transatlantic Trade and Investment Partnership (TTIP), launched by former president Barack Obama with the EU, is likely as dead as U.S. participation in the Trans-Pacific Partnership. But visions have to start somewhere, sometime. Ferguson noted that Donald Trump was the only presidential candidate who saw that anti-democratic China was able to benefit more from the West-created international order than the United States.

A NAFTA and EU economic agreement makes economic as well as political sense. Together, these two groups make up the largest economic area in the world with half of its GDP. North Atlantic trade, including that within NAFTA and the EU, makes up 37 per cent of global merchandise flows and a higher per cent in services trade.

Writing in the January 2014 issue of *Foreign Affairs* on NAFTA’s 20th anniversary, former United States trade representative Carla Hills concluded her analysis of NAFTA’s success with a section entitled “[Beyond NAFTA](#)” in which she made the case for a transatlantic trade agreement. She noted that Canada was just concluding its broad-based economic agreement with the EU (CETA) and Mexico’s FTA was being updated.

If the U.S. were to agree to NAFTA-EU economic negotiations she said, it would mean entrepreneurs on both sides of the Atlantic would avoid having to deal with three sets of agreements with different rules of origin and different customs measures with increased regulatory costs. Hills makes the vital point that a single agreement between NAFTA and the EU “would bring badly needed regulatory coherence to more than half of the world’s trading volume”.

University of Ottawa business and public policy professor Patrick Leblond sees such an agreement as increasing the efficiency of transatlantic economic exchanges and boosting the global competitiveness of European and North American firms. [He maintains](#) that it could help set the trade and investment rules for the world, particularly China.

In the same *Foreign Affairs* issue, former Canadian trade minister and Washington ambassador Michael Wilson said that, after two decades of NAFTA, “North American economic integration” [has stalled](#). He cited “the deep-seated skepticism of free trade among average Americans, which US policymakers have never been able to overcome” as the reason.

There is no question leadership on both sides of the Atlantic is required to make a NAFTA-EU economic agreement possible. It will take leaders, particularly in Washington, who are prepared



to build on the years of shared values, interests and security that Europe and North America have together enjoyed. They will see they cannot leave China alone with its own worldwide agenda and that, by engaging democratic states on both sides of the Atlantic to create the world's largest trading block, they will enhance the future wellbeing of all their citizens.

Armand de Mestral, McGill University Chair in the Law of International Economic Integration, [identifies](#) the country that could well be the greatest advocate for what he calls “the Atlantic Free Trade Area (AFTA) – Great Britain”. By advocating and achieving transatlantic free trade, the British could have their Brexit cake and eat it, too. Now, that's a smart idea!

► About the Author

Robert Hage is a Fellow at the Canadian Global Affairs Institute, was a Canadian diplomat with the Department of Global Affairs for 38 years and served as Canada's Ambassador to Hungary and Slovenia, as Director General for Europe and Director General for Legal Affairs. He also served in Canada's embassies in Washington, Lagos and Paris, as Deputy Head of the Canadian Mission to the European Union in Brussels and, in early 2012, acting Head of Mission at the Canadian Embassy in Riyadh, Saudi Arabia.

He was also Director of four divisions including International Financial and Investment Affairs and relations with the European Union; Principal Counsel for the Canada-USA Free Trade Agreement; Counsel on the Environmental Side Agreement to NAFTA and a representative for Canada at the United Nations Conference on the Law of the Sea. He has written and commented on a range of subjects including West Coast energy issues, maritime boundaries and Canada-EU relations. Mr. Hage formerly taught a course on Modern Diplomacy at the University of Ottawa's graduate school.

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