

I am grateful for the invitation to address the first Business Outlook Conference to be organized by the Conference Board in Western Canada. Your meeting is both well-timed and well-placed: well-timed, because we have met to consider the prospects for the Canadian economy in the coming year, and there could hardly be a better time to do so than Budget week. And well-placed because -- as the Prime Minister would be the first to admit -- Vancouver is a city of irresistible attractions. Apart from that, this outward-looking centre of communications and commerce can serve us as a reminder of the broad international setting in which Canada's economic prospects must be viewed.

I know from your programme what an impressive and distinguished group of discussion leaders have been brought together for this Conference. In one way or another, their contributions will range over many of the major problems of the domestic economy, the outlook for Canada's principal trading partners, and some aspects of the general international setting. It is under this last heading that you would expect me to make my contribution. I intend to do so by offering some reflections on the sort of world in which Canada must now live, work and trade. I shall try to describe some of the situations and trends to which we must accommodate ourselves, speaking briefly about relations with the Third World and the communist world, and at greater length about relations with our principal trading partners -- above all, of course the United States. And I shall try to relate the domestic to the foreign scene by showing how the Government is pursuing national goals and objectives in the international context.

In the first decade after the war, a new international order emerged. In the second, this order achieved a certain familiarity and stability. But just when we had become accustomed to it, the changes which had been working below the surface all the time began to manifest themselves. In the last three or four years, we have become aware of just how profound these changes are. We realize, when we speak of "the Seventies" in international affairs, that we are talking of something which, if less than a concept, is more than a slogan.

The changes which have now emerged will be familiar to you. They include the transformation of the Cold War relationship, the re-emergence of China upon the world scene, the evolution of a reconstructed Western Europe into a new focus of political and economic strength on a world scale, the dramatic confirmation of Japanese economic strength, and the consolidation in independence of the emerging Third World. Twenty years ago, we were justified in thinking that we lived in a bi-polar world. International politics then were dominated by the United States and the Soviet Union. The military alliances led by the two super-powers confronted each other across Europe and Asia. China was in the earliest stages of communist power, Western Europe and Japan barely launched upon reconstruction, and much of the developing world still under some form of colonial-rule.