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system based on the Havana Charter and on Bretton Woods has been in the process of restructuring. Until the oil crisis emerged, there were encouraging prospects for developing a reformed monetary system at a fairly early date.

Similarly, preparations were well advanced for entering into substantive negotiations in the "Tokyo Round" of tariff and trade negotiations. The price increases for crude oil have had a devastating effect on the balance of payments of a large number of the developing countries and have posed very significant problems for even the wealthiest nations. As a consequence, discussions of the international monetary situation have tended to focus on the question of ensuring stability and of finding means of assisting those countries hardest hit by oil-price increases, with less stress on developing a comprehensive reform of the monetary system. With respect to the multilateral tariff and trade negotiation, it is not clear at this stage to what extent the "Tokyo Round" will be affected by emerging economic issues such as resource scarcity. In addition to focusing on the reduction of tariff and non-tariff barriers to trade in order to improve access to markets, it may become necessary in the course of these negotiations to consider the question of secure access to supplies of oil and other raw materials.

Given these three major elements, the changing international system, of which Canada is inextricably a part, will profoundly influence our future. We are therefore engaged in all aspects of it. Our first concern is to protect Canadian interests, but in the wider, not narrower, sense. Nevertheless, there are limits to the available options. We are exposed to an international environment over which we have incomplete control. But it provides us with opportunities, since others, even the great powers, also face constraints. Finally, it conditions significantly our relations with the United States, which will inevitably be a key player in all important areas.

Canadian policy and the current state of relations with the United States

As this decade got under way, the Government, in response to these changes in the international system, began a foreign-policy review that led to a number of innovations, including the development of relations with the Soviet Union and the recognition of China. There was a time when these measures were misunderstood in the United States. This undoubtedly had implications for bilateral questions. However, the foreign-policy changes that flowed from the Nixon Doctrine, and United States rethinking on many of these same questions, have meant that the Canadian and American perceptions of the political and strategic aspects of the external world are again largely parallel.

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