

Furthermore, equilibrium must be restored in the world trading and payments systems. Otherwise economic management, both by government and by private industry, in Canada and in other trading countries, will be severely hampered. This equilibrium cannot be brought about in circumstances when the major trading nations on the two sides of the Atlantic are, as they seem at present unable to take fully into account each other's requirements.

Similarly, our current efforts to explore with the Japanese new avenues for fruitful cooperation in economic and other matters should be seen as a natural manifestation of our diversification policy. It is also, of course, a response to the new status of Japan in industrial, commercial and also political terms.

Managing the Canada-U.S. Relationship

How should the Canada-U.S. relationship be managed in the period ahead? There exists a range of older and newer bilateral mechanisms on which the Canada-U.S. relationship has relied and continues to rely.

Such mechanisms wax or wane in response to changes in the nature of the relationship. In the period of the 1940's through to the 1960's there was a disposition on both sides to develop joint ministerial bodies for cooperation, particularly in the important fields of economics, trade and defence.

There has been less use of these joint ministerial mechanisms in recent years. Contacts between the ministerial counterparts in the two governments, either directly or through various multilateral meetings, have been a frequent and effective substitute for the more elaborate and more formal joint cabinet committees. Such meetings have, for instance, taken place in the past six months on foreign affairs, finance, trade, energy, environment, and agriculture. There is also greater reliance on standard negotiating practices on an issue by issue basis. This is consistent with the emphasis given by both countries since 1970 to national rather than continentalist policies.

I do not believe that we need be unduly concerned that the joint ministerial mechanisms have not been employed frequently in recent years. We have found other ways to respond effectively and quickly to rapidly changing events. Indeed the relationship is such that we can easily and quickly establish new mechanisms as required -- continuing or ad hoc -- to meet new situations.

In addition, there are important specialized mechanisms. Two notable ones are the unique and now venerable Permanent Joint Board on Defence (PJBD) and the International Joint Commission (IJC). Since its inception some 35 years ago, the role and composition of the PJBD have changed as the nature and requirements of joint defence have changed.

The International Joint Commission is a product of the Boundary Waters Treaty of 65 years ago. It had written into its mandate the potential for a broad role in Canada-U.S. relations. For a considerable period, however, the Commission confined itself mainly to activities related to