

option, Canadians face some difficult choices. To make the right decisions, we must first take a hard look at ourselves — especially our economic competitiveness and our power and influence in international affairs — and at the need for change.

### Competitiveness

Since exports are of special importance to Canada, we are likely to be economically secure only if Canada is internationally competitive. Gone are the days when an abundance of key natural resources assured export sales. Canada has become increasingly dependent on those manufacturing sectors that have to be competitive in the international market place.

In some sectors Canada has done well and, in those, we should be able to keep pace — in agriculture (especially grains), newsprint, pulp, steel and transportation products. In some other sectors Canada is at the leading edge of technological development — notably in telecommunications and digital technology. But in still other areas there is evidence that Canadian economic competitiveness is slipping.

Failure to maintain or achieve competitiveness in world markets will adversely affect Canada's wealth and its economic future. This may affect adversely our standard of living, jobs of Canadians in every region and the quality of our social system. An economically poor Canada will have greater difficulty assuring its cultural well-being and its potential for national self-expression. It will have less influence in the world as an economic power, as a partner to poorer nations and as a voice on international political and security issues.

### Power and Influence

Canada indeed retains many of the assets necessary to restore its international influence. It is still a country of economic importance and has the world's ninth largest economy. Our assistance to developing countries continues to be a source of international influence, and so has our record on peacekeeping.

Canada is respected for its stable parliamentary democracy, dedication to the rule of law in international relations, support for the UN system, strong advocacy of arms control and disarmament, commitment to human rights and

environmental integrity, training of foreign students and support of international educational and cultural exchanges. Through membership in such bodies as the North Atlantic Treaty Organization, the United Nations, the Organization for Economic Development and Co-operation, the Commonwealth and la Francophonie, Canada is often able to influence the policies of the larger countries and enhance its reputation with the smaller ones.

As a nation of some military consequence, Canada's forces, though relatively small, are highly professional. We rank sixth among 16 NATO allies in total defence expenditures. Our northern territory and early warning system provide some of the vital strategic depth on which the effectiveness and credibility of the American nuclear deterrent depends and on which, in turn, the security of the West depends. Canada's manpower, national resources and industry remain committed to the defence of Western democracy, as we have proved in two world wars and at a cost of over one hundred thousand Canadian dead.

Yet, it is in the area of military capability that Canada's power has been most markedly in decline. Some decline was inevitable and normal; Canada does not have a history of large forces in peacetime or a tradition of universal military service. But it is now generally recognized that the decline was allowed to go too far.

Nations derive international influence from the assets at their disposal and effectiveness in using them. Influence is a function both of national assets and national will; neither, by itself, is sufficient.

### The Need for Change

Whatever the international yardsticks, Canada's ability to compete remains in its own hands. We can try to create a climate in which our stronger industries will flourish. We can rely less on government protection for those other industries that are not or cannot be competitive. We can enhance our human capital through technical education and training. Co-operative education, industry-university research collaboration and the development of centres of excellence and specialization are important factors.