

situation is very fluid and political instability will continue to be widespread, though to some extent localized and separate as to cause and effect. There could be prolonged difficulty in reaching an early and satisfactory settlement in Vietnam, for example, and the possibility of subversive activities, communal strife and perhaps guerilla warfare in other Southeast Asian countries. The Middle East situation shows no promise of early solution, and could even deteriorate. In Latin America, more political coups, and perhaps limited conflicts between states, are probable. In southern Africa, racial tension is likely to aggravate in the form of terrorism and sabotage since the remaining white regimes seem determined to persist in their racist policies.

Canada cannot expect to exercise alone decisive influence on the kinds of international conflict implicit in these forecasts, especially those involving larger powers. Nevertheless, there is plenty of room for international co-operation and a continuing Canadian contribution to bringing about a relaxation of tensions, encouraging arms control and disarmament, improving East-West relations, maintaining stable deterrence. There could be further international demands for Canadian participation in peacekeeping operations—especially in regional conflicts. The Government is determined that this special brand of Canadian expertise will not be dispersed or wasted on ill-conceived operations but employed judiciously where the peacekeeping operation and the Canadian contribution to it seem likely to improve the chances for lasting settlement.

American Impact on Canada's Economy and other Economic Developments

On the assumption that reasonable civil order is preserved in the United States and that such international involvements as the Vietnam war are scaled down and avoided in future, the economic and technological ascendancy of the United States will undoubtedly continue during the next decade, although it will be tempered by the economic integration of Europe and the industrial growth of Japan. This ascendancy will continue to have heavy impact on Canada, with political, economic and social implications. The dependence of Canadian private industry and some government programmes on United States techniques and equipment (not to mention capital) will continue to be a fact of life. United States markets for Canadian energy resources and more advanced manufacturing goods will be of growing significance to the Canadian economy. Increasingly, the Canada-United States economic relationship will be affected by