

IV DIRECTIONS FOR CHANGE

The world is changing and so is Canada. For example, in 1970, when the last full review of Canadian foreign policy* was published, the participation rate of women in the workforce was 38%; now it is 52%. In 1970, our interest rates were about 8.0%; now they are about 12.0%. Unemployment then was 5.7%; now it is over 11%. In 1970, the government had a budget surplus; last year, the deficit was \$37.8 billion. In 1970, most of our immigrants came from Europe; for several years now the principal source has been Asia. In 1970, environmental problems were looked at from a local perspective; today the international dimensions of both problems and solutions are increasingly apparent.

In 1970, a different world seemed to be shaping up from the one that actually emerged. Fifteen years ago American economic preeminence was being challenged, optimism about economic prosperity was widely shared, and detente seemed to hold the key to more fruitful relations between East and West.

Forecasting is as fraught with difficulties today as it was in 1970. American economic performance continues to defy conventional economic thinking. Will it do so indefinitely and, if not, will the change be dizzying or gentle? What does the international revolution in financial services mean to the international economy and to our own? Will the debt problem be resolved? How will the generational shift in Soviet leaders affect USSR policy both at home and towards the West? How will new technologies affect the arms race and strategic doctrines? Are crisis-management mechanisms adequate for the challenge ahead? On these most basic issues there are no certainties. The extent of this uncertainty underscores the importance of flexibility in policy formulation and implementation.

Some things, however, are quite predictable. The United States will remain the world's dominant economic power. It will also remain our most important ally and market. The Pacific Rim will outpace the rest of the world in economic growth. Competition at home and in our export markets will be fierce. The poor and hungry of the Third World will continue to need assistance. Europe will remain divided between East and West for some time to come. Collective security will remain necessary. Interdependence will deepen.

If we are to make our way successfully, we must ask ourselves the right questions about what we want and about what we can achieve. We do not have the resources to do everything. We face tough choices which go to the heart of our national life. To succeed, we need to develop a national consensus on handling the critical international challenges before us.

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*Foreign Policy for Canadians. Queen's Printer for Canada, Ottawa, 1970.