

This essay is the first in a series of papers that are underway or in the developmental stage in the Economic Policy Division (CPE) of the Policy Planning Staff of External Affairs and International Trade Canada. These papers will review several aspects of globalization and other foreign policy issues, and will attempt to identify policy directions and practical tools for coherent Canadian responses. Work is underway on trade and investment links, the impact of trade on job creation in Canada, energy markets in the 1990s, the effectiveness of economic sanctions, and Canada's relations with Latin America. In consultation with other parts of the Department, the Division will undertake additional work by next spring.

This paper launches the current work cycle. It identifies the key, far from unambiguous characteristics of economic globalization at the beginning of the 1990s and briefly outlines the broad implications for public policy. Most of the paper then focusses on specific policy fields (including investment, competition policy, technology policy, and trade and the environment), and their impact on the much more comprehensive trade policy agenda that has emerged since the 1970s and is still evolving. I make a number of specific suggestions, with a view to encouraging forward-planning of trade policy responses. In the conclusion, I offer several final thoughts about policy coherence at the federal and provincial levels in light of the international trends and national objectives identified in the body of the paper.

What follows is by no means definitive. Nor can it be new in all, or even most of its individual aspects. In part, its originality rests in some of the prescriptive suggestions made at the "micro" policy level. But more importantly, I believe that its balance of continuity with change and the attention given to several areas of public policy in one paper emphasize the complexity and interconnections of the agenda Canada must face, as well as the importance of identifying carefully crafted, integrated responses to the issues raised.

II. The Scope of Globalization

1. Key Characteristics

How pervasive is global economic integration? How strong is the trend? How truly "global" is globalization? The answers to these questions are not straightforward. In a debate in which much of the information available is qualitative and anecdotal, and some of the numbers suspect and certainly incomplete, this section attempts to develop a reasonably balanced response by looking at various characteristics of globalization frequently identified in the literature on this issue.