

—Externally, there is the complex problem of living distinct from but in harmony with the world's most powerful and dynamic nation, the United States. The political, economic, social and cultural effects of being side by side, for thousands of miles of land, water and airspace, are clearly to be seen in the bilateral context. In addition the tightly mixed, often magnified and wide-ranging interests, both shared and conflicting, bring Canada into contact with the United States in many multilateral contexts. It is probably no exaggeration to suggest that Canada's relations almost anywhere in the world touch in one way or another on those of its large neighbour. This has both advantages and disadvantages for Canada.

The many dilemmas of the Canada-United States relationships, combined with—because they are linked in many ways—the no-less-complicated issues of national unity at home, have created for Canada a multi-dimensional problem of policy orientation and emphasis which few nations have faced in such an acute form. This many-sided problem raises some fundamental questions, for example:

- What are the implications of sharing the North American continent with a super-state?
- What kinds of policy should Canada pursue to safeguard its sovereignty, independence and distinct identity?
- What policies will serve to strengthen Canada's economy without impairing political independence?
- How can foreign policy reflect faithfully the diversities and particularities of the Canadian national character?

It was these questions and others in the same vein which ran like threads through the foreign policy review. They are reflected in a variety of ways in the policy conclusions now being presented to the Canadian people in this set of papers.

## Power Relationships and Conflicts

Despite the trends toward a relaxation of East-West tensions, most of the available evidence suggests that Europe in the seventies will continue to be divided, with Germany split as two partly competing entities. This will be a source of strain and potential conflict, even though in Eastern Europe there is likely to be a slow evolution toward more liberal Communism, still under Soviet control however. Accordingly, security will remain one of the fundamental concerns of all European states and