

We live in an age of mutually created prosperity and mutually created vulnerability - an age of accelerating interdependence.

The fact is that we cannot reduce our involvement with the rest of the world and maintain our standard of living. There is no place to hide in the global village.

The world's economies rely on each other as lenders and borrowers, as buyers and sellers, as investors and licensees. No nation, no matter how powerful, is an island unto itself. The United States trade situation is testimony to that fact. Who could have guessed a few years ago that the U.S. would be a net debtor country? That it would be importing twice as much as it was exporting.

As Canadians, we rely on investment and technologies from abroad to develop our resources. We depend on others to buy our wheat and our aircraft, our purebred cattle and our communications equipment. And we look to other countries for many of the remarkable products which have given us one of the highest standards of living in the world.

As long as we are efficient, productive and hard-working, we will be able to produce much more than we can consume. But we must export our surplus production to others to prosper.

We are up against some very stiff competition -- fair and unfair. Many other governments are heavily involved in protecting the economic interests of their industries, using tariffs, subsidies and restrictive regulations.

The agricultural subsidy battle between the United States and the European Community is an example of just how exaggerated such government involvement can become. Someone joked that the Europeans will soon be paying their farmers to grow wheat on the peaks of the Alps, but that is not that far from the truth. We all know recent blatant examples of American protectionism.

But interdependence is a lot more than exports and imports. The spread of multinational corporations has led to vast intra-corporate flows of components and technology -- and a real footrace for capital investment among national and local governments.

Other changes are upon us. Japan and Switzerland have shown that technological and human resources are coming to supplant natural resources as the key to economic strength and prosperity.

Scientific advances contributing to the "Green Revolution" have helped many nations to become self-sufficient in basic foods. Man-made materials have lessened the demand for many minerals. Leading