

*World Affairs -- the Right Scale and Focus for Involvement*

The second major consideration I mentioned had to do with the choice of the right scale and focus for involvement by Canada in world affairs. In our foreign policy review, we have analyzed the complex relations between national objectives contributing to well-being, such as economic growth and social justice, and national objectives contributing to security and independence. Perhaps I could introduce some particularly Canadian dimensions to this universal problem by commenting on the importance of economic matters in the achievement of all national objectives.

Our economy is particularly dependent upon international trade as a factor in growth; one Canadian in four depends upon it for his livelihood -- this is much higher proportion than in the United States. We are affected immediately by changing economic conditions and decisions in the United States. The probable enlargement of the European Community poses trading problems for us with respect to a number of agricultural exports and industrial materials, since we shall lose preferences in Britain. In terms of general trading policy, we have urged on Community members, both present and prospective, the desirability of moving forward as rapidly as possible with further trade liberalization under the General Agreement on Tariffs and Trade. We should like to see the United States take a lead in this respect and we have expressed our concern about indications in the past year or so of a revival of protectionist sentiment in the United States.

The reason for these Canadian concerns is obvious. Even if our trading and balance-of-payments positions are good at present, we cannot expect favourable commercial and monetary conditions to continue without constant attention on our part and on the part of others. We have been giving a very high priority to the achievement of such conditions since 1945. A relatively small trading unit with a high degree of dependence on trade cannot do otherwise. Confrontation between the economic giants of the developed world with resultant loss of momentum towards global liberalization through instruments such as the General Agreement would be dangerous indeed for us.

There are two other particularly Canadian considerations to an emphasis on "economic growth" as a major national objective affecting both domestic and foreign policy. Problems of under-development in Canada (regional rates of unemployment, for example) are not identical with problems of achieving a more equitable balance in the cultural field, but they are very closely linked. A drop in trade, a slowing in economic growth, a diminution in financial resources available to the Governments of Canada and the ten provinces for purposes of regional development and reform could have serious implications in a political sense.

In the second place, we are concerned not only with the necessity for stimulating economic growth but with the very important question of *how* it will be stimulated. We must make the right choices between the extractive and manufacturing sectors in the allocation of financial resources if we wish to have balanced growth, a high degree of employment and a diversified economy. We must consider the advantages and disadvantages of relying to a considerable