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STRENGTHENING CANADA'S INDEPENDENCE

The following is part of a recent address by Mr. Mitchell Sharp, Minister of Finance, in Toronto:

...Let me begin by stating an obvious but key fact about Canada's independence. We live in a world dominated by the changing relations between the two super-powers. How the two great centres of world power — the United States and the U.S.S.R. — react to each other, and how they each react to the emerging fact of China, sets limits to the scope for independent action of other nations. Even Japan, Britain and the major continental European countries — great powers by our standards — find their freedom of action sharply curtailed by the fact of super power.

If these great nations find that their room for independent action is defined and confined by the existence of two centres of world power, then surely we in Canada must accept that our independence is limited by the fact that both the two super-powers are there, and that they are our next-door neighbours.

A second key fact, which we ignore only at a high cost, is the fact of growing interdependence between nations and regions. The great force making for increased economic interdependence is technological change. The impact of technological change is virtually all in one direction — toward larger units of production, toward lower costs, and toward mass production. Articles that ten to 15 years ago were made for local markets, in small plants, are now made for mass markets, in perhaps only two or three plants on each continent. This is, on the one hand, the inevitable answer of industrial technology to changes in the demands of consumers, and on the other, the creation of new demands by new technology. The fact that the new technology

is much more capital intensive than the old, is of course, of great significance to a country such as Canada which imports a significant share of its capital for industrial expansion.

A third key fact is the fact of French-speaking Canada. How to make a new society in this country, a society in which French Canadians can play their full part, is today Canada's greatest problem. It is also most certainly our greatest opportunity. The new idealism of Quebec can well be the decisive factor in the future of Canada, for without the full and enthusiastic participation in our national life of French-speaking Canadians, independence will not only be more difficult to defend but a good deal less meaningful. I am one of those who think that Canada without Quebec is not only unthinkable, but likely to be very dull as well.

Trying to take account of these key facts, I should like to set out what I think are the main areas in which we can strengthen Canada's economic and financial independence. I suppose you might call this list a sort of "agenda for independence"; perhaps, if you like, it is a kind of economic manifesto.

WAXING ECONOMY

The first thing we have to do, and to keep doing, is to maintain a high and stable level of employment, with rising personal incomes. That means we must maintain a high level of productivity. It means, too, that the full armory of powers, not only of the Federal Government, but also of the provincial governments, must be deployed in the pursuit of policies of growth and of full and highly-productive employment.

This economic policy is a necessary condition or