

INTERNATIONAL POLICY AT A CROSSROADS

total. In this context, the traditional notion of Canada as a middle power is outdated and no longer captures the reality of how power is distributed in the 21st century. If Canada stands idle while the world changes, we can expect our voice in international affairs to diminish. Instead, we will reach out to these emerging powers, both by developing new bilateral ties and by reforming how countries work together across regions to accommodate their needs. Their growing demand for commodities and energy has the potential to give Canada, with our vast capacity in natural resources, increased economic and strategic leverage. These are essential considerations in developing a strategy for advancing Canada's interests and values in the future.

While some states are wielding greater power than ever before, political and economic developments have conspired to dampen the prospects for others. Much of the world's population is essentially powerless, either victims of stalled development or citizens of states too weak to affect the global agenda. Even within emerging economies, tensions arise between those who are already integrated into world trade and commerce, and those in regions or activities that are outside the virtuous circle of rising prosperity. If left unaddressed, these dramatic inequalities will inevitably produce new grievances. Canadian values dictate that we cannot allow their suffering to continue. Canadian interests demand that we assist the powerless before they find new and more ominous ways to make their voices heard.

A global marketplace. The world economy is also changing in two fundamental ways. First, ideas have become the engine of productivity and the currency of global success. Innovation determines the wealth of nations and their capacity to provide a high quality of life for their citizens. Second, today's business models are driven not by geography, but by investment decisions and information technology. Companies are moving toward global supply chains. As international commerce increasingly shifts production, design and other business activities around the world, Canada faces new competition for markets, skilled workers, leading-edge technology and foreign direct investment.

CANADA'S OPPORTUNITY

Economic, political, technological and demographic forces will intensify, making the world of 2020 dramatically different from the world of today. Yet this changing context also represents a tremendous opportunity for Canada. As a rich and open economy, with a skilled and adaptable population, we are well placed to gain from these global transformations. But we can do more than benefit. We can also contribute. A series of positive developments, both at home and abroad, has coalesced to provide Canada with an unprecedented chance to make a difference.

That said, we need to be realistic and frank with ourselves. Recent years witnessed a relative decline in the attention Canada paid to its international instruments, as priority was given to getting our domestic house in order. Our diplomatic network, our foreign and trade policy capacity, our defence capabilities, and our commitment to development suffered as a result. Canada will need to do more if we want to maintain influence in a more competitive world.

Today, Canadians enjoy a robust economy and sound public finances. We can now reap the dividends from a decade of sound management that restored our fiscal sovereignty. Canada has the means and the will to reinvest in our international role. The Government has already made significant down payments toward restoring our capacity to act effectively internationally. The rebuilding will continue.

The Government is confident that Canadians stand firmly behind this renewal. The Canadian population is both keenly interested in international affairs and strongly oriented toward taking an active role on the world stage. Our younger generations—the most ethnically diverse in Canadian history—are already capitalizing on the opportunities presented by globalization. Their vision for Canada in the 21st century is a function of their own experience as confident and connected members of the global commons.