

Old notions of national autonomy are changing even for the largest economies. Financial markets are becoming truly globalized for the first time, with major new centres participating in computer-based, twenty-four hour international trading. Exchange rates remain fluid and volatile. No country can ignore dramatic changes in technology or rapid shifts in competitive advantage.

Over the next decade, the question of how to handle trade in services, and trade-related investment measures, is going to emerge worldwide as a major and contentious issue. Agriculture is becoming a key battle zone between the imperatives of free international trade and the domestic interests of less competitive producers.

We once assumed the total sovereignty of strong nations. That assumption is under attack in a hundred other ways. Transboundary pollution is having an increasingly pernicious impact on the heavily industrialized regions of the world. The spectre of foreign-generated toxins arouses nationalist indignation, and drives home the point that without international cooperation the environmental crisis will just get worse. Something approaching a siege mentality can be generated by other forms of incursions - communicable diseases such as AIDS, illegal refugees, communal violence and acts of terrorism linked to foreign strife.

Even in an area as fundamental and seemingly straightforward as national defence, changes in technology and strategic thinking have made it impossible for nations to seal themselves off behind their own defensive lines. Geography shrinks to insignificance as the machinery of destruction expands its reach, inter-continently and potentially into space.

All these hard realities are conspiring to make nations feel vulnerable to threats, real and perceived, from beyond their borders. There are certain key realities here which I believe deserve special emphasis.

First, these trends affect all nations - not just Canada. Shared vulnerability and the spilling over of big issues is a global phenomenon.

Second, the reality of interdependence is raising concerns in a great many countries - not just in Canada - about what is called "sovereignty".