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### A NEW LOOK AT THE WORLD

The following extracts are from a policy statement by Prime Minister Trudeau, issued on May 29:

...All of us need to ponder well what our national capacity is — what our potential may be — for participating effectively in international affairs. We shall do more good by doing well what we know to be within our resources to do than to pretend either to ourselves or to others that we can do things clearly beyond our national capability.

Canada's position in the world is now very different from that of the post-war years. Then we were probably the largest of the small powers. Our currency was one of the strongest. We were the fourth or fifth trading nation and our economy was much stronger than the European economies. We had one of the very strongest naval and air forces. But now Europe has regained its strength. The Third World has emerged.

It is for us to decide whether and how we can make the best use abroad of the special skills, experience and opportunities which our political, economic and cultural evolution have produced in this rich and varied country.

Realism — that should be the operative word in our definition of international aim. Realism in how we read the world barometer. Realism in how we see ourselves thriving in the climate it forecasts. For we must begin with a concrete appraisal of the prevailing atmosphere — conscious always that rapid change is likely to be its chief characteristic.

What are some of the salient features we face?

The peace which we value most rests mainly on a balance of nuclear terror. Fortunately, the two super-powers have kept the terror firmly within their grasp and have been showing increasing responsibility about unleashing it. The threat of a major military clash has measurably receded, but not the

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need to ensure that the intricate power balance is maintained by a wide variety of means.

### AN ENVIRONMENT OF TENSIONS

International tension is sustained in various regions and in varying degrees because of localized hostilities, latent disputes, racial discrimination, economic and social distress.

Whatever comfort we can take from the most recent developments in Vietnam, we dare not disregard the dangers inherent in the Middle East impasse, the race conflicts in the southern half of Africa, the heavy pressure of urgent needs in the developing world. In Europe, there remains the lingering threat of an unresolved German problem which must be resolved if that continent is to capitalize on its growing desire to draw together and not to turn once again down the dangerous road to aggressive nationalism.

It is no longer realistic to think in terms of a single model of organization and development in Eastern Europe or of a monolithic Communist unity such as Stalin could impose. There has been a perceptible *détente* in East-West relations. There has been a growing recognition in Eastern European countries of the need through economic reforms to adapt their economies to national needs, rather than adhere in a doctrinaire way to an economic model inspired largely by nineteenth century ideas. Although it remains true that there are some fundamental and far-reaching differences between us and

the Communist countries, it is no longer true to say that the Communist world is monolithically and implacably hostile to us.

Economic and social development continues to pose a major international problem, and it will increasingly engage the initiative, energy and resources of the world community far into the future. The essential needs of the developing countries require a vigorous, comprehensive and co-ordinated response from all the organizations, agencies and individual nations seeking to alleviate the areas of want in the world. The realities of this North-South relation are such that humanity as a whole cannot rest easy until a steady and solid progress toward a better balance between "have" and "have-not" nations has been assured.

#### TECHNOLOGY OUTDISTANCES POLITICS

The international institutions and methods which have been adopted for dealing with the demands of the contemporary world situation have to be brought into closer alignment with actual developments, and especially with the revolutionary desires of rising generations in all parts of the world. If man is to become the master rather than the victim of his restless genius for material progress he must radically reduce the distance between his ever-advancing attainment in science and technology and the rather sluggish evolution of international instruments for maintaining political and economic order.

All round the earth, nations suffer the nervous exhaustion of living in an atmosphere of armed threat. It is risky enough that two super-powers, armed even now for "overkill", continue their competition for the most advanced weaponry. It does not help that secondary powers have embarked on nuclear-arms programmes. But, even if it becomes possible to contain the nuclear competition, the world will still have to face what almost amounts to an unrestrained, and perhaps uncontrollable, traffic in conventional arms of all kinds which far from adding to security, tend to induce insecurity and increased tension.

In most of these international contexts, China continues to be both a colossus and a conundrum. Potentially the People's Republic of China poses a major threat to peace largely because calculation about Chinese ambitions, intentions, capacity to catch up, and even about actual developments within China, have to be based on incomplete information — which opens an area of unpredictability. Mainland China's exclusion from the world community stems partly from policies of non-recognition and of seeking to contain Chinese Communism through military means, and partly from Peking's own policies and problems. Yet most of the major world issues to which I have referred will not be resolved completely or in any lasting way, unless and until an accommodation has been reached with the Chinese nation.

#### FOREIGN POLICY REVIEW

Those are the broad lines of the international environment in which Canada finds itself today. What are we proposing to do about it? We are going to begin with a thorough and comprehensive review of

our foreign policy which embraces defence, economic and aid policies. Policy review is part of the normal process of any Government, but we wish to take a fresh look at the fundamentals of Canadian foreign policy to see whether there are ways in which we can serve more effectively Canada's current interests, objectives and priorities....

We as a Government must discharge our duty to the people of Canada in meeting the needs of national security. In the narrowest sense, this could mean the strengthening of North American defence arrangements in a manner calculated to safeguard our national sovereignty and at the same time to make the best use of resources allocated to national defence. But the defence strategies of our time are neither static nor restricted in scope. NATO and NORAD, though not linked organizationally, are complementary in their strategic importance and implication. They are an integral part of the delicate balance of power for which the peace of the world has rested during a long and difficult period. We shall take a hard look, in consultation with our allies, at our military role in NATO and determine whether our present military commitment is still appropriate to the present situation in Europe. We shall look at our role in NORAD in the light of the technological advances of modern weaponry and of our fundamental opposition to the proliferation of nuclear weapons.

#### STRENGTHENING INTERNATIONAL TIES

Canada continues to have a very large stake in Europe, perhaps not so much in the military sense of two decades ago, but in political, commercial and cultural terms. We have been fascinated and greatly encouraged by the marked improvements in the political and economic situation in Europe as a whole, in both the Eastern and Western sectors. It seems almost axiomatic that, far from relaxing them, Canada should seek to strengthen its ties with the European nations whose many and varied cultures contribute so much to our own. We should seek to join with them in new forms of partnership and co-operation in order to strengthen international security, to promote economic stability on both sides of the Atlantic and in other regions of the world, to balance our own relations in the Western hemisphere.

We have a major aim of maintaining mutual confidence and respect in our relations with the United States. We have to sort out the dilemmas which that complex relation poses for us so as to widen the area of mutual benefit without diminishing our Canadian identity and sovereign independence.

We have to take greater account of the ties which bind us to other nations in this hemisphere — in the Caribbean and Latin America — and of their economic needs. We have to explore new avenues of increasing our political and economic relations with Latin America, where more than 400 million people will live by the turn of the century and where we have substantial interests.

We accept as a heavy responsibility of higher priority Canada's participation in programmes for the economic and social development of nations in the developing areas. We shall be exploring all means of

## CANADA INCREASES FOREIGN-EXCHANGE RESERVES

Mr. E.J. Benson, Minister of Finance and President of the Treasury Board, recently announced that Canada had borrowed money from the European capital market which, combined with a public offering from the United States, would produce about \$262 million (U.S.) for Canada's foreign-exchange reserves.

Government of Canada notes have been placed with the Italian Exchange Office in a principal amount of 62,500 million lira, consisting of 20,000 million lira of two-year 5½ percent notes, due May 15, 1970; 21,000 million lira of three-year 5 7/8 percent notes, due May 15, 1971; and 21,500 million lira of four-year 6 percent notes, due May 15, 1972. The proceeds of this borrowing, Mr. Benson stated, had been converted into United States dollars totalling about \$100,400,000, which had been added to Canada's foreign-exchange reserves.

### GERMAN TRANSACTION

Five-year notes have also been placed by the Canadian Government with the Deutsche Bank AG of Germany in a principal amount of DM 250 million. The new 6¾ percent notes, which are due June 1, 1973, are being offered to European investors at 99½ to yield 6.87

### TULIP FESTIVAL

The 1968 Tulip Festival was opened by Prime Minister Trudeau in Ottawa on May 17. The festival, which is the largest in North America, was started after Queen Juliana of the Netherlands presented 100,000 bulbs to Canada in 1946 as a token of her gratitude for the hospitality accorded her and the Dutch Royal Family by the people of Canada during the Second World War. The ceremony was also attended by Public Works Minister George McIlraith and the Netherlands Ambassador to Canada Mr. Th. H. Bot.

### FEDERAL-PROVINCIAL HOUSING

The Federal Government and Quebec Government have concluded new administrative arrangements for the approval in principle of housing programmes costing some \$150 million to be undertaken under complementary federal and provincial housing legislation. These programmes, which are intended for families of low income, elderly persons and students, will be undertaken in the province during the 1968-1969 fiscal year.

The agreements, which were signed by H.W. Hignett, President of Central Mortgage and Housing Corporation, and Henri Dion, President of the Quebec Housing Corporation, prescribe the operating techniques to be followed in responding more effectively to the low-rental housing requirements of the Province of Quebec and in taking greater advantage of federal and provincial housing legislation. An essential feature is the submission of annual programmes by

per cent. About \$62 million (U.S.) has been added to Canadian foreign-exchange reserves as a result of this borrowing.

### U.S. BOND OFFERING

The public offering, through a group of United States and Canadian underwriters of \$100 million Government of Canada 20-year 6 7/8 percent bonds was also announced by Mr. Benson. These bonds are due in 1988 at 99¾ percent to yield 6.90 percent. They are not redeemable before June 1, 1978, after which date they may be redeemed at the option of the Government in whole or in part, at 102½ percent to and including May 31, 1979, and at decreasing prices thereafter, together with accrued interest. No sinking fund is provided.

The bonds are eligible for exemption from United States interest-equalization tax, and there is no restriction under the U.S. programme for restraint of foreign investment on their purchase or other acquisition by United States investors. Certain institutions are being offered delayed delivery contracts providing for payment and delivery on October 15, 1968, or January 15, 1969.

the Quebec Housing Corporation to Central Mortgage and Housing Corporation.

The responsible federal and provincial ministers said recently in announcing the programme that the "new arrangement had advantages for both organizations". "The Quebec Housing Corporation is now able to select the number of projects it wishes to undertake on an annual basis," they added, "and this should enable the province to embark on its programmes early each year and in the knowledge that funds will be available from the Federal Government. For its part, Central Mortgage and Housing Corporation is able to forecast accurately for budget purposes. We consider the arrangement to be most practicable and satisfactory and we confidently expect that it will be fully effective in providing housing in the Province of Quebec for those whose needs are so urgent."

### MUSEUMS WEEK IN CANADA

The national museums of Canada celebrated Canadian Museums Week, May 26 to June 2, with a variety of special displays in Ottawa designed to bring the nature and value of their work vividly before the public.

In the Victoria Memorial Museum building, which houses the National Museum of Man and the National Museum of Natural Sciences, were to be seen Eskimo sealskin and soapstone prints, as well as Eskimo carvings in soapstone, ivory and whalebone; a copy of the Nobel Peace Prize Medal awarded in 1957 to the former Prime Minister of Canada, Mr. L.B. Pearson;

an exhibit of live snakes, salamanders, frogs, turtles and newts; and a display of precious and semi-precious stones, as well as native gold and copper ores.

On view at the National Museum of Science and Technology were the private railway carriages of Canada's Governors-General since 1925. The National Gallery of Canada had on display three valuable sculptures and an early drawing by Van Gogh, all recent acquisitions. One of these — a marble representation of a dancer by Antonio Canova — is believed to be the most important piece of sculpture owned by the Gallery.

The Canadian War Museum and the National Aeronautical Collection at the Uplands Airport also mounted special exhibits during Museums Week.

On five evenings during the week, films were shown of museums and historic buildings and locations throughout the world.

Canadian Museums Week is sponsored by the International Council of Museums, a Paris-based organization that promotes international co-operation among museums and organizes international meetings and seminars for the exchange of ideas and information.

## GRANT TO QUEBEC MEDICAL CENTRE

Approval of a contribution of \$14,314,592 from the Federal Government's Health Resources Fund for the Medical Centre at the University of Sherbrooke, Quebec, was announced recently by National Health and Welfare Minister Allan J. MacEachen.

The amount is the second largest approved since the implementation of the Health Resources Fund and is exceeded only by the \$18.5-million assistance provided to the Medical Sciences Centre of the University of Toronto.

"The financial aid that we are able to provide the University of Sherbrooke under terms of the Fund will do much to help the development plan of the Medical Centre," Mr. MacEachen said. "This includes the gradual integration of the university's various schools, covering all of the health sciences, either completed or in the process of being built. They are the School of Medicine, a graduate School of Nursing, a graduate School of Physiotherapy, a graduate School of Medical Librarians, and a university hospital."

The School of Medicine admitted its first 64 students in September 1966. The university hospital is expected to be completed by the end of the year or early in 1969. The graduate schools of nursing and physiotherapy should take their first students in September 1969, and the graduate school of medical librarians is expected to open about the same time.

More than an estimated 1,000 graduate and undergraduate students are expected to be enrolled in medicine, nursing, physiotherapy and archives programmes by the end of 1975.

The estimated date of completion for buildings that are part of the project is February 1969.

## TERMS OF FUND

Under the terms of the Health Resources Fund, financial assistance is provided for up to 50 per cent of the costs incurred in the construction, equipping, acquisition and renovation of health-training facilities, such as medical schools, teaching hospitals and research institutions, after January 1, 1966.

In addition to the Health Resources Fund of \$500 million for the 15 years from 1966 to 1980, the Health Resources Programme includes studies to examine all aspects of the supply of health manpower and necessary recommendations. The Health Resources Programme also provides a consultation service in the areas of health, manpower and education.

## FINANCIAL AID TO CUSO

Mr. Mitchell Sharp, Secretary of State for External Affairs has announced that Canada will contribute up to \$2,374,000 from 1968 to 1969 to the Canadian University Service Overseas to assist in sending Canadians to work in the developing countries.

CUSO, established in 1961 by Canadian universities and several national organizations, is a private, non-denominational body which sends professionally- and technically-qualified Canadians to serve as volunteers for two years in less-developed nations.

Mr. Sharp noted that the Canadian Government had increased its support for CUSO's work since 1964. Government grants to CUSO in 1966, totalled over \$700,000 and in 1967 the figure was \$1.8 million. CUSO has also received growing support from universities and colleges, the Canadian business community, private individuals and institutions.

The new federal grant is part of a new \$5-million fund in the external aid budget, which has been set up to support projects of voluntary organizations that are expanding their international development assistance.

At present, CUSO has over 800 volunteers in 40 developing countries in Asia, Africa, Latin America and the Caribbean and, by autumn, more than 1,000 volunteers will be overseas. The volunteers, graduates of post-secondary school institutions, include teachers, doctors, nurses, social workers, agriculturalists, engineers, foresters, home economists, architects, geologists, librarians, laboratory technicians, pharmacists and hospital administrators.

## MONTREAL IN THE MAJORS

Canada will be represented in 1969 in the National Baseball League, whose team owners have granted a franchise to Montreal. The league will be expanded from 10 to 12 teams next year, with the inclusion of San Diego in addition to Montreal.

Promoters of the new team hope that regular supporters will be drawn to games in Montreal from nearby points in the United States, as well as from a wide area in Eastern Canada.

## GIANT SALMON STATION

The federal Fisheries Minister, H.J. Robichaud, has announced that the world's largest salmon-rearing station will be in operation in a few weeks on the St. John River in New Brunswick near the site of the Mactaquac power dam, a few miles upstream from Fredericton. The station can produce half a million young salmon to perpetuate salmon runs on the St. John, which will be blocked by the 600,000-kilowatt power-plant.

In co-operation with the New Brunswick Power Commission, the federal Department of Fisheries sponsored the multi-million-dollar salmon hatchery as the technological solution to the problem created by the big dam. The Mactaquac station was planned and two other stations - one at Grand Falls, N.B., and the other at Haley Brook on the Tobique River - were closed in conformity with a departmental policy of increasing the efficiency of hatchery operations. The closing of the hatcheries, with the reorganization of the Florenceville station to handle additional trout production, has improved the efficiency of fish-culture operations without disturbing hatchery production or distribution in New Brunswick.

Though not yet in full operation, the station at

Mactaquac, the operation of which covers 13 acres, began functioning last autumn. Already the first of future generations of salmon have been released to the rearing ponds. The 300,000 tiny salmon which emerged from the egg stage last February will be raised to the smolt, or seagoing stage, when they will be able to leave in their own time in their down-stream run to the sea.

The Resource Development Service of the federal fisheries agency is operating the big rearing station. With a biologist in attendance assisted by a staff of experienced hatchery experts, the new station will be handling sufficient eggs this year to yield more than half a million young salmon.

### SELECTIVE BREEDING PROGRAMME

Federal fisheries biologists are aiming at a scientifically-controlled selective breeding programme to produce the strongest possible "races" of salmon for the St. John River. It will take three or four years before the results of the breeding can be evaluated, at which time the programme will become progressively more selective to use the age groups that yield the best growth and return to the fullest advantage.

## GRANTS TO OLYMPIC ATHLETES

Federal grants totalling more than \$125,000 to help Canadian athletes prepare for the 1968 summer Olympics in Mexico City were announced recently by Mr. Allan J. MacEachen, the Minister of National Health and Welfare. The grants, made under the provisions of the Fitness and Amateur Sport Programme, will help pay for the selection, training and sending of a team of 180 members to the Olympics in October. The greater part of the grant (\$67,485) will be received by the Canadian Olympic Association.

The largest single grant (\$18,455) to a sports-governing body - the Canadian Amateur Swimming Association - will assist in the staging of this year's speed swimming championships and Olympic trials in Montreal in August, in which over 220 swimmers will compete. Another grant will cover part of the cost of a training camp at Banff, Alberta. Twenty swimmers will form the Canadian Olympic team.

The Canadian diving championships and Olympic trials in Halifax next August and pre-Olympic training in Pointe Claire, Quebec, will receive a grant of \$6,905.

The Canadian Yachting Association was awarded \$8,314 to assist in the staging of Canadian championships in four Olympic and four non-Olympic classes during 1968. A grant of \$5,319 will cover part of the expenses of pre-Olympic training including international competition in five yacht classes.

The Minister also announced a grant of \$5,000 to the Canadian Wrestling Association to help finance training for the Olympics. Other grants for Olympic trials and pre-training include \$3,510 to the

Canadian Gymnastics Association, \$4,777 to the Shooting Federation of Canada and \$1,395 to the Canadian Fencing Association.

## COMMERCIAL HOVERCRAFT SERVICE

Transport Minister Paul Hellyer recently announced that the aeronautics firm Pacific Hovercraft Limited had been issued a commercial licence by the Canadian Transport Commission to operate a number of air-cushion vehicles (hovercraft) between Vancouver, British Columbia and Victoria and Nanaimo on Vancouver Island. This is the first such licence granted in Canada.

Two Hovercraft SRN6 models will be used - one from Vancouver to Victoria and back and the other for the return service from Vancouver to Nanaimo. Other craft will be added as they are required. Each vehicle, which can carry 36 passengers or 9,000 pounds, travels up to 60 miles an hour and has a range of 150 miles.

The new service will operate 320 days a year with six return trips a day between Vancouver and Victoria, each lasting 121 minutes (compared to 123 minutes by air and 195 by ferry). Seven return runs of 106 minutes each a day will be made between Vancouver and Nanaimo.

Inter-Air Travel Limited had also applied for permission to operate a service of this type but, because of its experimental nature, the Transport Commission decided that only one commercial air-cushion vehicle service should be authorized at present.

## A NEW LOOK AT THE WORLD

(Continued from P. 2)

increasing the impact of our aid programmes by concentrating on places and projects in which our bilingualism, our own expertise and experience, our resources and facilities make possible an effective and distinctively Canadian contribution. We see Africa as an area of growing activity, but not to the exclusion of other regions in which Canada's aid effort is well established. We intend, moreover, to combine these efforts with initiatives, policies and leadership relating to trade which will enable the developing nations to attain lasting improvement in their economies....

### RECOGNITION OF MAINLAND CHINA

We shall be looking at our policy in relation to China in the context of a new interest in Pacific affairs generally. Because of past preoccupations with Atlantic and European affairs, we have tended to overlook the reality that Canada is a Pacific country too. Canada has long advocated a positive approach to mainland China and its inclusion in the world community. We have an economic interest in trade with China — no doubt shared by others — and a political interest in preventing tension between China and its neighbours, but especially between China and the United States. Our aim will be to recognize the People's Republic of China Government as soon as possible and to enable that Government to occupy the seat of China in the United Nations, taking into account that there is a separate government in Taiwan.

As I suggested earlier, in reviewing the international situation and our external policies, we are likely to find that many of the problems are the same ones which Canada has faced for many years — global and regional tensions, underdevelopment, economic disruptions. Our broad objectives may be similar too — the maintenance of peace and security, the expansion and improvement of aid programmes, the search for general economic stability. But what we shall be looking for — systematically, realistically, pragmatically — will be new approaches, new methods, new opportunities. In that search we shall be seeking the views of Canadians and particularly of those with expert knowledge in the universities, and elsewhere....

What is our paramount interest in pursuing this kind of foreign policy? Well, the foreign policies of nations are grounded in history and geography and culture. There are very obvious major interests for most nations today — peace, prosperity, and progress of all kinds. There is always a substantial element of self-interest. In this general sense Canada is no exception.

But at the present time (it may have always been so and certainly will be so far into the future) our paramount interest is to ensure the political survival of Canada as a federal and bilingual sovereign state.

This means strengthening Canadian unity as a basically North American country. It means reflecting in our foreign relations the cultural diversity and the bilingualism of Canada as faithfully as possible. Parallel to our close ties with the Commonwealth, we should strive to develop a close relation with the *francophone* countries. It means the development of procedures so that Canada's external relations can take even more into account the interests of provincial governments in matters of provincial jurisdiction....

While this broad review has been set in motion by the Government, we have taken some immediate steps which will give the Canadian people an indication of the direction the Government will follow and these are:

We have decided to send before the end of 1968 a special mission at the ministerial level to tour Latin America. This mission will be designed to demonstrate the importance the Government attaches to strengthening our bilateral relations with leading Latin American countries.

### MORE AID TO FRENCH-SPEAKING AFRICA

In order to exploit more fully the opportunities inherent in our bilingual country, it is our intention to open five new missions, by 1969, in *francophone* countries. A substantially increased share of our aid will be allocated to *francophone* countries in order to achieve a better balance in our aid programme. We will increase our cultural programmes with *francophone* countries as an important investment both in improving bilateral relations and in contributing to national unity.

Within the general review, we have set up a special task force on our relations with the countries of Western and Eastern Europe. Its purpose is to prepare detailed recommendations concerning ways in which co-operation could be further strengthened with European countries, from which so many Canadians have originated. It will study the whole range of our economic, political and cultural ties with Europe together with the presence of Canadian military forces in Europe.

### NEW NAME FOR EAO

In order to stress the true objectives of our aid programme, we shall change the name of the External Aid Office to Canadian International Development Agency. Aside from removing the resentment that might be felt by some recipient countries, this change will illustrate that our preoccupation is with cooperative international development, not aid as such. In addition, we shall give speedy and favourable consideration to the creation of an International Development Centre. This would be an international institute established in Canada to apply the latest advances in science and technology to the problems of development and to ensure that Canadian and other aid monies are put to the most effective use possible....