



# Statements and Speeches

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No. 74/3

## THE MAJOR AIMS OF CANADIAN EXTERNAL POLICY

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, March 19, 1974.

In presenting the estimates of the Department of External Affairs and of CIDA (the Canadian International Development Agency) to this Committee, I shall confine myself to a few major topics of importance to Canada's external relations. This means that I shall leave aside a number of other matters that are also of importance but on which either this Committee has recently had rather full briefings -- as, for instance, on the Law of the Sea question -- or that are moving toward some significant stage in the coming months.

For instance, the structures and relationships in Latin America are going through a period of active reassessment, which we are following with great interest. As the results of this rethinking emerge, I shall wish to take a later opportunity to suggest where Canada might fit into any new hemispheric patterns and proposals.

Energy situation Since last I spoke to this Committee on the estimates of the Department of External Affairs and of CIDA, there has occurred a series of related events with far-reaching and widespread consequences for the world as a whole and inevitably, therefore, for Canada. The major event of this series is, of course, what has been called the energy crisis. In fact, the problems of the supply and price of oil are only the currently most acute symptoms of a much wider problem: the increasing demands made by mankind on the world's food and industrial resources.

When I spoke to you last May, I mentioned the increasing pre-occupation about a prospective energy shortage and associated balance-of-payment questions. At the time, it was clear that the world would have to think hard and rapidly about its energy resources in view of the tremendous annual increase in demand upon these resources, which has been the pattern in recent years. What was not foreseen at that time was that this situation would suddenly become acute with respect to both supply and price, particularly of oil.

The sharp and sudden rise in the price of oil has had extraordinary

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effects throughout the world. Unless measures are taken to insure continued growth of the world economy, the world trading system could as a result be seriously undermined.

The main industrialized countries, which are large users of energy, have a major responsibility, because of their importance in world trade, to try to prevent this from happening. It was with this end in view that Canada attended the Washington Energy Conference in early February and has co-operated in the follow-up to that conference, which is aimed essentially at identifying the economic facts of the situation and trying to ensure that appropriate steps to correct the situation are being taken in the various international institutions and to lay the groundwork for an early and meaningful dialogue with the oil-producing countries on problems of mutual concern.

Another broad area of agreement in Washington was on the necessity for research into and development of the world's untapped sources of energy. These include the known deposits of the more complex forms in which oil is found, such as heavy oil and oil-sands in Western Canada, and the oil-shale deposits in the U.S. There is also the longer-term problem of the smooth transition to other forms of energy, such as nuclear power, about which quite a bit is already known, and the longer-term quest for geothermal and solar power.

As both producer and consumer, Canada occupies a rather different position from a good many of the other industrialized countries. While the net effect of oil-price increases on our balance of payments is very small, we cannot hope to escape the inflationary effects of still rising prices in an already serious world inflationary situation. Nor can we as a country heavily dependent on foreign trade afford to ignore the possible adverse effects on world trade caused by the run-down of foreign-exchange reserves and the general destabilization of world production.

Canada, therefore, has supported vigorously efforts to maintain the world pace of economic activity and to encourage the newly-wealthy oil-producers to play a role in international financial institutions commensurate with their new financial status.

We have learned with great interest that the producing countries are actively seeking ways in which to share with other developing countries some of their new-found wealth. Canada welcomes this positive step. Most of these countries are themselves in the process of development and in the earliest stages of industrialization. They have made clear their desire to use these funds for

the rapid development of their economies, as well as for a large range of social purposes.

A number of these countries have made known to Canada their wish for closer relations for the mutual benefit of both sides. We have, therefore, begun a program of extending our representation in the Middle East to assist this process. The opening of a Canadian embassy in the Saudi Arabian capital of Jeddah was announced on December 21. At that time, I said that the Government would shortly be considering the opening of other missions in the Middle East, such as in Baghdad and elsewhere.

Apart from the opening of embassies, the earlier step of establishing formal diplomatic relations with Bahrain, Qatar, Oman and the Federation of Arab Emirates was announced on February 2. The Canadian Ambassador resident in Tehran will be the Canadian representative accredited to these states.

We have also agreed to establish diplomatic relations with the two Yemens: the Arab Republic and the People's Democratic Republic. We had already established commercial relations with these two countries. This now completes the formal establishment of relations with all countries of the Middle East.

At the intergovernmental level we shall wish to encourage discussion:

- to ensure the dependability of world oil supply;
- to discourage the use of oil and other commodities for political purposes; and
- to achieve some stabilization of oil prices at levels which are reasonable from the point of view of both producers and consumers.

Oil prices did indeed remain low for a good many years, and there was room for upward movement to reflect the cost of bringing on new conventional and non-conventional sources of energy.

We are particularly concerned to ensure that action is taken to prevent the economic collapse of those developing countries heavily dependent on imports of oil. An overall increase in the flow of development aid, bilaterally and through multilateral institutions, is urgently required from major traditional donors and from those who have benefited from increased oil revenues, together with a reassessment of the geographic allocation and the composition of aid programs, both bilateral and multilateral, in the light of the differing effects on developing countries of those higher oil prices.

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The current uncertainty as to the prospective level of world oil prices makes it, of course, extremely difficult to extrapolate the effects of the situation even over a one-year period. However, certain inescapable facts confront us. Almost three-quarters of the developing countries do not produce their own energy supplies. Based on oil-demand projections calculated prior to October 1973, those countries might expect to pay for their oil imports in 1974 triple the amount they paid for oil imports in 1973. The resulting foreign-exchange costs could surely not be borne without cutting back severely on other essential imports or running down already limited exchange reserves.

The amount of aid extended to all developing countries was approximately twice their estimated oil-import bill in 1972. By contrast, in 1974 the oil-import bill for all LDCs could approach twice the 1972 aid level. In dollar terms, the 1972 oil-import bill for these countries was \$3.7 billion. In 1974 they will have to pay at least \$15 billion. In some individual cases, such as that of India, the added costs will completely offset the flow of development assistance from all quarters. It is, of course, misleading to generalize on the effects of increased oil prices on the 70 odd oil-importing LDCs. These effects will vary depending on the nature of their economies and the movement of other import and export prices. Certain major fast-growing exporters may be better able to withstand increased costs. Populous countries of slow export growth, yet with a growing industrial base catering to domestic needs, will be particularly hard hit. The gravest indirect effect of the oil situation is likely to be in the agricultural sector of developing countries. Fertilizers and pesticides, which have been so necessary for the success of the "Green Revolution", are energy intensive products, and there is already a growing shortage of fertilizer.

For some time now, fertilizer production has been inadequate to meet demand and new capacity has not been built at a sufficient rate. This shortfall, combined with growing demand for food, means that food grains are almost certain to remain in short supply, and the developing countries will have to spend considerably more for their imports of a number of essential commodities. To cite a few examples: the price of wheat has increased sharply over the past two years from \$86 a metric ton in 1972 to \$210 today -- an increase of 146 per cent. Rapeseed went up from \$130 a ton to \$300. Prices of other commodities and products, and of services such as transportation, have shot up as well. Potash fertilizers have gone up 71 per cent in one year. Prices of lead and zinc have almost doubled in the last 12 months, and fabricated steel has risen to \$800 a ton from \$500 a year ago.

The full significance of these price increases is only apparent when actual quantities likely to be shipped are taken into account. A few years ago, for example, we shipped roughly 600,000 tons of wheat to India at a cost of \$40 million. A similar shipment today would cost \$128 million. Looking at our food-aid program as a whole, the cost of providing the identical quantity (roughly 750,000 tons) of food that was made available to developing countries two years ago under our program has risen by 123 per cent -- from \$81 million in 1972-73 to \$181 million in 1974-75, without taking account of shipping costs, which have also risen by over 100 per cent during the same period.

Canada is already on record as being against any cutback in aid-flows. At the energy conference in Washington in February, my colleagues and I went still further, taking a leading part in getting the conference to endorse a statement in the official communiqué that a strenuous effort must be made "to maintain and enlarge the flow of development aid bilaterally and through multi-lateral institutions, on the basis of international solidarity embracing all countries, with appropriate resources".

Here in Canada, the Government is exploring several approaches:

- (1) The use of our membership in the various multilateral institutions, including the regional development banks, to encourage and support a reassessment of lending programs, enabling a redirection of resources to those developing countries that are most severely affected by the increases in oil prices.
- (2) We have requested legislative authority for Canada's contribution to the fourth replenishment of the funds of the International Development Association (IDA). This is the arm of the World Bank on which the very poorest countries depend for development assistance. It provides loans on the most concessional terms, usually at zero interest.
- (3) Bilaterally, CIDA programs will be adapted to the new situation wherever appropriate. Some countries have already stated their most pressing needs, and the World Bank has also identified some areas where assistance is urgently needed.

Clearly, CIDA will need not only more money but also a great deal of adroitness in adapting Canada's development assistance to offset some of the adverse effects of recent dislocations, while continuing to maintain the momentum of development in those countries of the Third World with which we have well-established relationships.

United Nations General  
Assembly -- special  
session

The energy price question is coming to a head at a period when terms of trade have shifted significantly in favour of primary-commodity producers. The demand generated by high levels of industrial activity during the past two years, reinforced by inflation, has driven the prices of minerals and agricultural products to unprecedented levels. The earnings developing countries as a whole derive from high commodity prices far outweigh the transfer of resources to them by way of development assistance. Thus, to some extent at least, the health and vigour of the world economy -- including particularly the maintenance of strong demand for commodities -- is more important to the oil-importing developing countries than the maintenance of developing assistance.

The situation I have just described is particularly relevant to the special session of the General Assembly of the United Nations on the issue of raw materials and development that will start on April 9.

As both an important producer and consumer of natural resources -- renewable and non-renewable --, Canada has a deep interest in ensuring the maintenance of markets, of orderly supply, reasonable prices for both producer and consumer and the best use of the world resources both in domestic terms and internationally.

While it is likely that agricultural commodities and food-supply problems will be discussed to some extent at the forthcoming special session, they will be at the centre of the World Food Conference that will take place in Rome next November.

World Food and World  
Population Conferences

The relationship of resources, food and population is obvious. Within a space of 25 years, the world's population is expected to reach a figure of 6 billion. To underline the common concern about this problem, 1974 has been designated World Population Year. A World Population Conference will be held in Bucharest in August. The conference will examine the relations between population and economic and social development, resources and environment. These are questions of the first importance to all countries. The Government has initiated major preparations for Canada's participation. The CIIA, in conjunction with the Family Planning Federation and the Inter-Church Project on Population, will be holding a series of meetings across Canada beginning this week. The provinces will also be consulted in the final preparations for the Canadian delegation's brief.

Changing demand and consumption patterns and the aggravation of the supply situation by natural causes are already such that food

reserves are being run down at an alarming rate and starvation conditions already exist in some parts of Africa. The shortfall in production in the Asian subcontinent is this year expected to reach serious proportions. Shortages of fertilizer and the high cost of other agricultural inputs can only serve to aggravate the situation, particularly in the developing countries, which have struggled to attain some measure of self-sufficiency.

Canada will look to the World Food Conference to marshal opinion and forces for a concerted and coherent attack on the problem.

Canada is an important food producer and exporter, and we have in the past been a major provider of emergency supplies in times of world need. Although we are in effect a marginal supplier of world food requirements, we shall continue to do our part in improving production and providing emergency aid. But the real nub of the problem lies in capitalizing on the food-production potential of the developing countries, where the worst food-supply situations will arise. The Food Conference must place its main emphasis on the building of agricultural productivity in the developing countries.

The role and the financing of future food aid will also have to be re-examined in the light of rising commodity prices and short supply. We shall have to aim at greater co-ordination of food stocks on the international plane, which would encourage growth of these stocks outside the food-exporting countries.

Diversification of  
Canada's relations

Last year I spoke at some length of the three broad directions that were open to us in the balance of our relations between the United States and other countries. I said that the Government had opted for a long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and, in the process, to reduce the present Canadian vulnerability.

This process of diversifying our foreign relations has continued in the last year, both across the Atlantic and the Pacific.

Western Europe

The Government welcomes the fact that the "constructive dialogue" promised Canada by the nine members of the European Community at the Paris summit meeting of October 1972 has now entered what might be called its creative phase. The most important development in recent months has been the invitation of the Nine to Canada to make its views known on how its relations with them might be collectively defined. This invitation did not just happen. It is a result of our increased efforts over the past several years to add to the substance of Canada-West Europe relations and to create a

greater awareness among our European partners of Canada's specific and distinct personality, as well as of its problems and aspirations as a North American country with uniquely close relations with Europe.

Canada's response to the Nine's invitation, which I hope to have completed before long, will be in line with the Government's policy of diversification. The Government is very much intent on achieving, as a priority objective, stronger and more dynamic ties with the Community as a collective entity, and with each and every one of its member states.

The emergence of a strong, united and friendly European Community corresponds to the fundamental interests of Canada. As the Nine and the U.S.A. are our two major allies and trading partners, it is of vital importance to Canada that there should be the widest possible measure of co-operation and understanding with them -- and also, I must say, between them. I have no illusions about the difficulties of such an ambitious endeavour as the harmonizing of relations between two major entities like the U.S.A. and the European Community in periods of peace and prosperity. For its part, Canada's stake in the success of this endeavour is considerable. It is an important prerequisite for our security and continued well-being.

We have for some years regarded our NATO membership as going well beyond a concern for some narrow definition of security. We see the organization as an indispensable forum for the common pursuit of political aims of *détente* and the harmonization of views on a whole range of issues. NATO has never been more active in this field than at the present time.

Canada will continue, therefore, to play a useful role in the elaboration within NATO of a declaration flowing from Dr. Kissinger's initiative of April 23 last year, which has the aim of revitalizing the solidarity of the alliance. At the same time, the Government will continue to work, in the context of the Conference on Security and Co-operation in Europe (CSCE), towards the lowering of barriers that impede the freer movement of persons, ideas, information and trade between the East and the West. If agreement is reached on satisfactory provisions in these and other areas, the final stage of the conference will take place in Helsinki, in the course of this summer, at ministerial or higher level. Simultaneously, Canada is participating in the talks going on in Vienna on the Mutual and Balanced Forces Reduction between NATO and Warsaw Pact countries.

Canada became a full-fledged member of the United Nations Economic

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Commission for Europe in July 1973, enabling it to make an increasingly valuable contribution to the work of this important United Nations body. On the strictly bilateral plane, the traditionally good relations we are enjoying with the individual West European states are developing quite substantively in many fields. I have in mind the fruitful and concrete co-operation that is emerging from the cultural as well as scientific and technological agreements we have with a number of them.

Finally, I should like to refer to the exchange of visits between Canadian Parliamentarians and their colleagues from the European Parliament. The Government welcomes this development, which adds to the stimulating link, which has already existed for several years, with the 17 member nations of the Consultative Assembly of the Council of Europe.

Eastern Europe Relations with the Soviet Union and the countries of Eastern Europe have continued to develop. The main challenge now is not so much to expand relations further -- although this may be possible -- but to build on the foundations that have been laid. This challenge is perhaps less exciting but no less demanding than the one we faced a few years ago, when we were trying to find new areas for co-operation. I remain convinced of the desirability of good relations, on the basis of reciprocity, with these countries. This not only serves Canada's bilateral interests but should also be seen as a contribution to *détente*.

Japan When I spoke to you in May last year, I said that we had been attempting to "politicize" a bilateral relationship with Japan that had, in the past, been too narrowly commercial. I have met twice since that time with my Japanese counterpart to discuss matters of mutual interest. Canadian officials have conducted various informal talks with their Japanese colleagues, and I am glad to be able to report that there has been an increasing trend toward consulting with the Japanese on world issues.

Japan is our second-largest trading partner. Japanese investment could play an important role in furthering Canadian development objectives and, in this context, we welcome it. Discussions with Canadian officials and their Japanese counterparts now take place in an impressive number of economic-related fields -- science and technology, atomic power, minerals and energy, to name a few. Other areas, where less-formal discussion now takes place, are being looked at to see whether it is not possible to initiate more regular and structured contact.

We shall have an opportunity of reviewing the whole range of our

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relationships at the seventh meeting of the Canada-Japan Ministerial Committee, which is expected to take place in the near future.

China The high point in the past year in our developing relationship with China was undoubtedly the official visit made by the Prime Minister last October, the fruits of which included a trade agreement, understandings on consular relations and reunification of Chinese-Canadian families and negotiation of exchanges in fields as diverse as medicine, trade, culture, and sport; in addition, exchanges were agreed on in the fields of science and technology, following upon the visit to China of the Minister of State for Science and Technology just prior to the Prime Minister's visit. In view not only of our growing trade relationship but also of the expanding and mutually beneficial contacts in the human field, I think we can anticipate that the momentum of this very fruitful relationship, with a nation populated by a quarter of the world's people, will be successfully maintained.

Canada-U.S. relations My report to this Committee would not be complete without some reflections on our relations with the United States. These have improved considerably during the past year, and I should like to review the reasons and the prospects ahead.

To obtain the proper perspective, one must look beyond bilateral matters. First, there has been the rapid and imaginative reorientation in U.S. foreign policy since the elaboration of the Nixon Doctrine a few years ago. A policy of negotiation has been substituted for confrontation of the Cold War period. The ensuing *rapprochement* with the Soviet Union and the contacts with China contain enormous possibilities. Areas of *détente*, disarmament and exchanges are now being explored across formerly closed frontiers. The U.S. has withdrawn from Viet-Nam. It is deeply engaged in bringing a peaceful solution to the Middle East. Many international institutions, arrangements and relationships are being adjusted. The postwar period has ended; its structures are being modified in what clearly is a new period.

The posture of the U.S.A. on many international issues is similar to our own. Our perceptions of what the new political, trading and monetary environment requires have many points in parallel.

Secondly, there is the bilateral dimension. The introduction of the New Economic Policy by the U.S.A. on August 15, 1971, has profound effects in Canada. A number of essentially shorter-term issues introduced uncertainties about our longer-term relationship. However, the Canadian response has been both measured and reflective.

I conducted a series of policy studies in order to put our relationship into a new perspective. I outlined to the Committee last year the options facing Canada. We have since had a number of bilateral consultations at the ministerial and official level, including those I have had with Dr. Kissinger. These have helped to clarify a number of aspects of the new relationship on both sides.

This better climate has also been brought about by the resiliency of the American economy and by the turnaround in the U.S. balance of payments. The consequence of these developments is that the trade and economic irritants of a few years ago seem less immediate.

There are, nevertheless, several areas of great importance for both Canada and the United States -- such as the resource, economic and environmental sectors -- where the formulation and implementation of our respective national policies will not necessarily coincide. Close consultation and mature consideration are necessary to ensure American understanding of policies likely to affect their interests.

On one hand, the elaboration of a Canadian energy policy must, for instance, not only take our own long-term requirements into account but also the consequences of the United States intention to become self-sufficient by 1980. On the other hand, the Canadian desire to develop mineral resources at its own pace and to encourage further processing in Canada may not entirely accord with the United States desire for rapid exploitation of known resources, an accelerated program of exploration for unproven resources, and the importation of resources in increasing amounts and in their raw form.

The United States will remain Canada's major economic partner for the foreseeable future. The trend, in fact, points toward an increase in trans-border trade. From this, we can expect problems to occur, along with the obvious benefits. To ensure that the problems will not unbalance our relationship, we shall rely on the habit of consultation and timely explanation.

Like resource and economic policy, environmental questions have a direct and immediate impact upon the populations of both countries. Perhaps for this reason, Canada and the United States have for over 65 years been innovators in dealing with bilateral environmental problems. From the Boundary Waters Treaty of 1909, through the Great Lakes Water Quality Agreement of 1972, our two nations have worked out responsibilities, obligations and courses of action that are precedents in international terms. As technological capability grows, and as resource requirements increase, there is an accompanying need for new measures to protect our physical and

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ecological environment. The examples are many; weather-modification projects in one country that could affect the other; trans-boundary air-pollution problems; tanker traffic along our coastlines; pipelines through the tundra; the proposed flooding of the Skagit Valley; the Garrison Diversion Project. These challenges require answers on the part of government. It is not unexpected that, in the realization of certain jointly-agreed goals, such as the cleanup of the Great Lakes, we shall face difficulties.

In summary, we are in a new phase of our relations with the U.S. in which both countries are adjusting to new conditions abroad and more affirmative national policies at home.

Humanitarian aid for  
Southern Africa

The Canadian people, through successive governments, have made it very clear that they abhor the racist and colonialist policies existing in Southern Africa. The present Canadian Government fully shares this view. Reflecting this concern, the Canadian Government has already contributed funds to several programs of the United Nations and Canadian and international voluntary bodies designed to assist the victims of these policies in Southern Africa. Canadian aid has been channelled mainly to assist refugees from Southern Africa and to provide scholarships. The total amount during the present fiscal year is approximately \$302,000.

The Commonwealth heads of government meeting in Ottawa in August 1973 agreed on the need to give humanitarian assistance to the indigenous people in Southern Africa struggling to achieve human dignity and the right to self-determination.

In the spirit of the final communiqué of the Commonwealth Conference, the Canadian Government undertook to broaden the current aid program for the African people residing in Southern Africa.

I announced that we were considering such a program when I addressed the United Nations General Assembly on September 25, 1973. This new policy would mean helping the people who on a daily basis suffer from racist and colonialist injustices. Under this program, CIDA would consider requests for contributions from reputable Canadian non-governmental organizations and international bodies for projects of a humanitarian nature in Namibia, Rhodesia, the Portuguese African territories and South Africa. The projects clearly would not be practical without at least the tacit concurrence of the local authorities in the particular regions concerned. Moreover CIDA, in consultation with External Affairs, would also be able to consider requests from Canadian, United Nations and other international bodies for humanitarian aid to (a) peoples in "liberated areas" in Southern Africa and (b) peoples from the

white-ruled territories who have taken refuge in adjacent African countries. Here again, no projects would be feasible without the agreement of whoever is in *de facto* control of a particular area where a project is located.

All such projects would have to be of a humanitarian or developmental nature. We should require firm assurances that the aid is utilized for purely peaceful purposes involving strict accountability by sponsoring bodies for any CIDA funds. There is no intention to make funds directly available to the liberation movements. Under no circumstances would there be any arms or cash granted. As it is intended to help as many Africans as possible who are suffering from injustices, it is obvious that the ultimate recipients will include both those who are politically militant and those who are not. The test is not the political militancy of the recipients but the peaceful and humanitarian nature of the project itself.

To refuse humanitarian aid to people who happen to be politically militant would be discriminatory. I see no reason why Canada should indulge in such discrimination, especially since such people will have a key place in the future of those areas. It would be against Canada's traditions and interests to ignore the needs of these potential leaders in their communities for education, medical care and other basic human requirements.

Our aid would go to sponsoring bodies that have in mind medical, educational, agricultural or other humanitarian projects. For example, one such current proposed project would provide university and secondary-school scholarships for African Rhodesians to study in existing Rhodesian educational institutions.

I reject the proposition that providing humanitarian aid to oppressed people should be avoided on the basis that it supposedly represents a form of interference in other countries' affairs.

The questions of Namibia, the Portuguese African territories, and *apartheid* in South Africa and Rhodesia have been the subject of continued concern in the United Nations for many years now. The overwhelming majority of UN members, including Canada and other Western states, has condemned the policies that deny human dignity and self-determination to the large majority in Southern Africa who happen to be black. The international community has acknowledged that it has a responsibility to seek social justice and self-determination for the people in that area of the world and this acknowledgement was made crystal clear in the final communiqué of the recent Commonwealth Conference that Canada hosted.

I find the argument that by providing peaceful assistance to needy people we indirectly release funds for violent objectives not entirely without substance, but on the whole rather specious and really an excuse for doing nothing. By this logic every time we help starving people in one or another region of the world, we make it possible for the government in these countries to increase their military budget.

The Government does not support violence to solve the current conflicts in Southern Africa. However, I trust that all Members of Parliament are concerned about the flagrant injustices in Southern Africa. We must do something more to demonstrate our support for the millions of people in Southern Africa who are denied the right to choose their own future in a free and open society. Peaceful humanitarian aid is one tangible method of demonstrating where we stand on the issues of racist and colonialist injustices.

The Committee will, I hope, provide an opportunity for those, like church groups, who are providing humanitarian aid -- and who will be seeking supplementary funds from the Government out of the estimates now before you -- to appear and describe their work.

Canada and the world  
community

I have mentioned the global implications of the oil and food shortages and the implications for trade and aid policies. I have spoken of the diversification of our international relations. But underlying our view of the problems facing Canada and the relationships we are developing must be a constantly updated appreciation of what we are, in terms of our geography, our physical assets and our place, morally and intellectually, in the world community.

Canada is, of course, a Western industrialized country. Without close co-operation between such countries, there is little hope of developing just and orderly procedures for the more equitable sharing of the world's wealth, particularly those resources in short supply, and for the control of inflation. Disarray in the West could have short-term or windfall benefits for some Third World countries, but in the long run the consequences would be wasteful, disruptive and dangerous for all countries.

Canada is also a developing country but, unlike most Western or industrialized countries, a major producer of resources. In this sense Canada has many interests in common with other producers, including stable markets, a reasonable price structure, and a growing capacity to subordinate international business decisions

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to the national interest. But, while most producer countries are comparatively poor, Canada is not. We enjoy the third-highest standard of living in the world. Moreover, while Canada is more nearly self-sufficient in key natural resources than any other country in the world except the U.S.S.R., we depend more than most countries on trade for our prosperity, and particularly trade with the U.S.A.

This dependence, both on trade and high living standards, as well as the producer-consumer character of our economy, gives a special incentive to Canada to be active in preventing trade confrontations and devising machinery for co-operation. In this context, I agree with the recent remark of Mr. Maurice Strong that "Canada first cannot mean Canada only".

This country has a proud record of international achievement. Canadians would not wish, nor does this Government intend, to let that record become an historical curiosity. The international social and economic challenges of today call for new concepts and habits of international behaviour, just as the international political circumstances of the late forties called for and provoked new ways of keeping the peace. Now, as then, this country is in a strong position. We have taken advantage of that position to pioneer new concepts of international law -- particularly, of course, for the Law of the Sea. We are beginning now to focus our attention on international resource management, partly because it is in our interest to do so but also because it is in the international interest to find solutions to global problems. Indeed, we have no choice. Canada's good fortune will be short-lived if it is not accompanied by a sense of responsibility for the fortunes of others.

Without international agreement on such matters as resource-conservation, population-planning and food-distribution, many, perhaps a majority, of the world's people face a grim future.

There is no basic obstacle to such agreement and co-operation, given the leadership of those countries both able and willing to lead, and provided that the world can continue to avoid a general war. For want of something better as a means of avoiding such a war, we shall have to continue to rely on the system of mutual deterrence constructed in the 1950s and 1960s. While no one can guarantee its continued success, the tensions of yesterday are no longer our primary concern. It is not the least hopeful sign that the old political and ideological East-West divisions are irrelevant to the solution of the new global challenges, with their strong North-South elements. These latter challenges require, and may even promote, co-operation between East and West, to the mutual benefit of all.

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