



Bulletin

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CANADA IN A NEW WORLD

The following passages are from an address by the Secretary of State for External Affairs, Mr. Mitchell Sharp, to the Vancouver Board of Trade on January 17:

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The great changes in world power relations that have taken place have been incubating for a decade or more and have come to light only within the last few years. They are two in number – the Soviet response to the long-standing efforts of the West for a reduction of tension and the emergence upon the world scene of China. And here I am not forgetting the developments in Western Europe and Japan. The enlarged Common Market and Japan are now great powers in economic terms and can become so politically. For the purposes of this speech I shall discuss them a little later. Clearly these two great developments are linked. Rivalry between the Soviet Union and China is one of the root causes for the slow and hesitant Soviet *rapprochement* toward the West. There are others – growing self-confidence on

the part of the Soviets, their acceptance as a power with world-wide interests, which has reduced their sense of being an embattled fortress, their growing need for Western technology and increasing trade between the socialist and market economies.

Canada has been playing a quiet but effective role in the search for *détente*. In NATO we have been leaders in the move from confrontation to negotiation. As we welcome President Nixon's planned visit to Moscow this year, we remember that Mr. Pearson, then in the portfolio I now hold, visited Moscow in 1955, 16 years ago, at the beginning of the thaw. I was fortunate to be with him and helped to negotiate the first trade agreement between our two countries.

For some years we have worked carefully but steadily to increase our contacts with the Soviet Union and the countries of Eastern Europe. There have been many ministerial visits in both directions, trade agreements and exchange agreements of various kinds have been reached, to the benefit of all concerned. Looked at in perspective, the visit Mr. Trudeau paid to the Soviet Union and Mr. Kosygin's return visit to Canada last year did not signal a departure in Canadian policy but rather a logical step in a process, taken at the right time, the time when the Soviet Union was clearly signalling its wish for better relations with the countries of the West, not least with the two great states of North America.

By finding, after a long, delicate and demanding process of negotiation, a formula for recognition of the People's Republic of China, Canada broke the log-jam and opened the way for Peking to take the China seat in the General Assembly and on the Security Council. This is not just the Canadian view – it is a view held widely in the world.

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CHINA A SUPER-POWER

The bi-polar world, with the United States at one pole and the Soviet Union at the other, has passed into history. It was going already as contacts between East and West multiplied and as confrontation gave way to the phase of negotiation that may yet usher in an era of co-operation. The arrival of China on the world scene presents us with a triangle of forces. Chou En-lai has said that China's intentions are peaceful. China is determined, however, to become a major nuclear power and will do so. China has publicly repudiated the super-power role. But at the United Nations and in the world at large this role is being accorded to it. I am interested to note that the *Economist* of London refers without comment or explanation to the three super-powers.

Whatever China's relative position in economic or military terms and however the Chinese leaders see their own role on the international scene, China is already a super-power politically. This is a result, as I have suggested, of a consensus of world opinion. It would appear that China is seeking a position of leadership in the Third World. This is a development that must be watched carefully. The three-cornered world may not be much safer or easier to live in than the bi-polar, but it is more realistic. Without the participation of China the nations of the world could not possibly reach agreements on security, disarmament and arms control or nuclear testing that would be universal in application. With China in the equation at least it is possible, if not in the short run very probable.

China has made clear on numerous occasions that it will not join the United States and the Soviet Union in a great power hegemony — even if either or both of those powers wished that to happen. China is committed to universality in seeking settlement of disputes and working toward the great objectives of peace, security and reasonable universal prosperity. What this means remains to be seen. From a Canadian point of view the prospect is welcome.

World experience in the years of confrontation should have taught us all that governments with whom we have disagreements do not disappear or change their ways because we ignore them or keep them at arms length. Certainly Canada has learned this lesson and learned, too, that people under oppressive rule are not generally helped by sending their government "to Coventry". The opposite is more likely to be the case. From our own experience, Canada has learned that world peace, security and prosperity are best served by maintaining continuing contact with all the countries of the world whatever their political systems or attitudes. Such contact does not imply approval. We have contact with the Portuguese Government but they are in no doubt of our firm position against their colonialist policies in Africa. This affects the relationship, sometimes in material ways,

but it does not destroy the contact. We live in an inter-dependent world where it is unrealistic and destructive to close ourselves off from whole countries because their ways are not our ways.

CANADA NOT TURNING FROM U.S.

Voices have been raised, crying that reciprocal visits with the Soviet Union, the Protocol on Consultations we have with that country, our recognition of the Peking Government and the support we gave to bringing the People's Republic of China into the United Nations indicate a move away from our traditional friends and the beginnings of anti-Americanism. This is absurd. Canada has always sought diversification in its international relations, to play its own part in the world. The last four years, which have seen our contacts with the socialist countries multiply and mature, have also seen us increase very materially our commitment to the countries of Black Africa, of both English and French expression. In the same period, we have developed new relations with the nations of the Pacific. With Japan, we have a joint ministerial committee that meets annually. Our interest in Indonesia and Malaysia is increasing. We are in constant bilateral contact with Australia and New Zealand, formerly seen principally as fellow members of the Commonwealth. Never before has there been such a careful and deep cultivation of our relations with Western Europe.

In the next few months we expect to achieve permanent observer status in the Organization of American States and we have already joined many of the constituent agencies of the inter-American system.

In the light of this broadening of our world-wide interests, I put it to you that it is unacceptable to suggest that Canada is turning away from the United States and toward the Soviet Union. Some observers in the United States have suggested that Canada is trying to "disengage" from its southern neighbour. Nothing could be further from the truth. Diversification of relations does not imply disengagement from our community of interest with the United States. What is possible and desirable, and what we are doing, is to avoid drifting into total dependency upon the United States by suitable domestic policies and by developing closer and more effective relations with other countries — some of them among our oldest friends and others countries with whom we can cooperate, despite deep differences in policy and philosophy.

* * * *

CHANGE IN WORLD TRADE

Today, trade between East and West is increasing rapidly. Exchanges in the fields of science and technology are multiplying. To a large extent this is a concomitant of the easing of political tension. But it is also a result of the growing interdependence between all the countries of the world, an inter-

SMALLPOX CERTIFICATES DISCONTINUED

Mr. John Munro, the Minister of National Health and Welfare, has announced a change in the requirements for smallpox vaccination certificates, which became effective January 18.

Travellers entering Canada are now required to possess a certificate only if, in the past 14 days, they: (a) have been in an infected area; (b) have been in an endemic area, or one in which an eradication program is being conducted; or (c) are suspected or known to have been in contact with a known or suspect case of smallpox.

The Minister emphasized that this procedure would apply only to travellers *arriving* in Canada, since each nation establishes its own requirements, and people proceeding to other countries must conform with the regulations that apply.

The report of a Canadian committee on epidemiology, which met recently, considers that all "high-risk" workers require protection against smallpox. These include doctors, nurses, hospital and ambulance personnel, transportation company employees, including airline pilots, cabin attendants, baggage-handlers, ships' pilots and crews, stevedores, customs, immigration and quarantine officers, and members of the armed forces.

One of the main reasons for relaxing vaccination rules for travelling Canadians is the success of a global program to eradicate smallpox. Parts of South America, for instance, which were havens for this disease, have had no reported cases since the beginning of May 1971. Only five countries have reported cases since last June, compared to 23 in the whole of 1970 and 42 in 1967, when the World Health Organization started its all-out fight against the disease.

As a result, a situation has now developed in certain countries whereby death has occurred more from vaccination than from the disease itself. Only one case of smallpox existed in Canada since 1947, and it was imported; there are one or two deaths annually following complications arising out of immunization.

GROWTH OF NELSON RIVER POWER

Expansion of the electrical-transmission system connecting Manitoba's Nelson River hydro-electric power-sites to the Winnipeg area was announced recently in a joint statement by the Acting Minister for Energy, Mines and Resources Otto Lang and Premier Edward Schreyer of Manitoba.

Under an existing agreement, dated February 1966, between Manitoba and the Federal Government, a high-voltage direct-current transmission (HVDC) system is being built by the latter, its costs to be repaid by Manitoba over a period of 50 years. The

contract provides for a transmission capacity of about 1,000 megawatts, and it has been agreed that the Government of Canada will complete this obligation by the purchase of a fourth "module" of AC/DC converter equipment at a cost of some \$30 million, for service in 1974. This addition will be purchased from the supplier of the first three modules of mercury arc converter equipment, English Electric - AEI Limited, and will be of duplicate design. The first three are expected to be in service early in 1972. The converter transformers, a large part of the equipment, will be supplied and manufactured in Winnipeg by FPE Pioneer Electric, which provided half of the transformers for the initial stage of development.

Since the government of Manitoba has requested that the Federal Government extend its participation in the Nelson River transmission system, the Federal Government is prepared to discuss a new agreement covering the fifth and sixth equipment modules, which will increase the transmission capacity of this 900-kilovolt direct-current transmission system to about 1,600 megawatts. In addition to meeting the power-transmission requirements of the Nelson River Development, the two governments have as an important object the extension of competence in design and manufacture in this new and important technical field of HVDC. The Federal Government in particular, is carrying on evaluation of the application of solid-state thyristor-value equipment, since there are Canadian manufacturers who wish to establish domestic capability in the design, application and manufacture of this type of converter-equipment for the transmission of power.

Because of Canada's size, the economy and flexibility of HVDC transmission is expected to be significant in the economic development of future sources of electrical energy and the interconnection of electric utility systems in adjacent regions of Canada. Recognition of the significance of the Nelson River HVDC scheme has already been accorded through the International Conference on HVDC held in Winnipeg in June 1971. Further demonstration of capability in HVDC technology will enhance Canada's ability to participate in the growing market for this type of facility on a world-wide basis.

LAURA SECORD IN BRITAIN

Laura Secord Ltd., of Toronto - one of Canada's largest makers of chocolates and confectionery - has opened a shop in Ilkeston, Derbyshire, England.

The shop and warehouse will be used initially for marketing the company's products in Britain and Europe, said D.W. Hillhouse, executive vice-president, Laura Secord Candy Shops Ltd., Toronto, who went over for the opening ceremony. Later, if sales

are successful, the company plans to manufacture products in Britain.

"Laura Secord is not looking to take over the U.K. confectionery market," said Mr. Hillhouse, "but we feel there is a small slot here for our high-quality product."

The name Laura Secord belongs to a woman, who over 150 years ago, made a heroic journey through the American lines in the War of 1812.

MORE INITIATIVE GRANTS

An additional \$50 million in federal funds has been allocated to the Local Initiatives Program, Manpower and Immigration Minister Otto Lang announced recently. This amount, to be provided for proposals submitted by private and community groups, will supplement the \$100-million Local Initiatives Program that included \$50 million for municipal projects and \$50 million for private initiatives.

Private applications have been outnumbering municipal proposals at the rate of almost three to one. As of January 10 the Department had received a total of 4,741 private applications of which 898 have been approved in an amount of more than \$26 million. By comparison, 1,792 municipal applications have resulted in 408 approvals for an amount of nearly \$12 million.

In addition to these approvals a large number of private projects worth \$8 million and municipal projects worth \$4 million have been processed, for a total of \$34 million private and \$16 million municipal projects for which funds are committed.

"With the added \$50-million allocation," Mr. Lang pointed out, "it will enable us to consider many private projects that might otherwise have been rejected. We will be able to consider applications received until January 31, but even with this additional money some very worthwhile projects will have to be refused. It will necessitate making difficult decisions involving many good projects," he said.

The Minister described the assessment process by which a selection is made, the main criteria being the number of unemployed in the area of the project and the number and types of job created in relation to the skills and experience of the unemployed.

The potential value of the project to the community is also important. If a large number of people will benefit through provision of facilities or services or if an intensive service is likely to be provided to people greatly in need, it is rated highly.

Projects directly involving unemployed people in their development and operation are given a slightly higher value than projects in which the unemployed are simply workers. Generally, involvement by the unemployed is more common in private applications.

A slightly higher value is given to projects that

would create jobs new to the community concerned, rather than simply additions to the existing kinds of job.

The additional \$50 million brings to \$548 million the amount provided by the Federal Government for the Special Employment Plan announced last October. In addition to the Local Initiatives Program, the plan includes: accelerated public works and housing programs, more training facilities for workers: and assistance for local exhibits and fairs.

HALIFAX CONTAINER TERMINAL

Watching a 40-foot (12.2m) container, carrying 24 tons of cargo, swing ashore at Halifax, Nova Scotia an oldtimer shook his head in disbelief: "Why, a few of those was almost a ship's cargo when I was a boy!" The containers kept on swinging ashore - one every three minutes for more than ten hours.

With 56 acres (22.7 hectares) paved and fenced, Halifax Container Terminal, which opened last September, is the largest in Canada and, by the end of 1971, was handling units at a rate of 100,000 annually.

The advent of containerization brought more than a new method of handling cargo advantageously. It necessitated reassessing traditional routes and developing new ships, new handling equipment, new railroad equipment. Nowhere, says the Department of Industry, Trade and Commerce, have these developments, linking rail and ship in an inter-modal system, advanced more rapidly than in Canada.

Halifax has no great industrial hinterland of its own; its success as a "containerized" port hinges on rail service right from the dock to inland Canada and the United States. A second hinge to its full development lies in establishing in the future, a feeder service under which containers can be discharged at Halifax and carried in smaller vessels to other east-coast Atlantic ports and the Caribbean.

In competing with eastern U.S. ports for inland traffic, Halifax has the advantage of being hundreds of miles closer to Europe on the Great Circle route. Ships stopping at Halifax require only a 20-mile (32.2km) diversion, which enables inland-bound containers to reach their destination faster and at competitive cost.

Four major container lines are already using the new terminal:

Atlantic Container Line, a combined container and roll-on/roll-off operation, provides two weekly services - one to Gothenburg and Greenock, the other to Britain and Western Europe. Dart Containerline runs a weekly service to Britain and the Continent. Caribbean Container Line sails weekly for Bermuda, the Bahamas, the Dominican Republic and Jamaica. In May, Columbus Container Services inaugurated a direct run to Australia and New Zealand. When new vessels are received from the yards, this will become a tri-weekly schedule.



DRESS-MAKING LOUISBOURG STYLE

As workmen reconstruct the fortifications and buildings of eighteenth-century Louisbourg, Nova Scotia, a team of skilled sempstresses are recreating the fabrics and fashions once worn by its inhabitants.

Costume designer Robert Doyle, formerly with the Neptune Theatre in Halifax, was commissioned to set up shop at Fortress of Louisbourg National Historic Park and train Florence MacIntyre and her staff in the art of recreating eighteenth-century dress. The garments, both civilian and military, will cover the social scene from the practical rough woollens of the scullery-maid to the elegant silk brocades and velvets in the lady's wardrobe.

Last summer, six "hostesses" in the governor's chateau and a number of female park guides donned the old-style garments.

Only fragments of information have survived to indicate what was worn at Louisbourg. However, the few pieces of cloth archeologists have unearthed illustrate the fabrics and type of weave that may have characterized local dress—plain (as opposed to twill) weave, silk velvet, wool velvet, and fine woollen stockings.

The historical researchers at Louisbourg have produced a more detailed picture by combining inventory accounts of the original garments with descriptions of the buttons, buckles and other perishables

recovered from the ruins. Additional research was also carried out by Mr. Doyle in European archives and museum collections.

SPECIAL LOOM

The costume workshop, tucked away in the third-floor attic of the governor's chateau, houses a special loom designed by Doyle, incorporating features of a modern Swedish loom and an eighteenth-century French one. This machine, constructed at the park, can produce simple woollen cloth as well as complex 16-harness linen. Silk ribbon is woven on a small frame loom, also constructed at Louisbourg.

The sounds of sewing machines are conspicuously absent as hand-finishing, quilting and embroidery are carried out on delicate lawn and fine silks, wool and linen materials.

Meticulous attention has been paid to historical detail. Ladies' linen caps made in the Louisbourg workshop are adorned with original eighteenth-century French lace. Shoes, wigs, buckles, and buttons, which cannot be manufactured at the park, have been produced by London and New York firms that specialize in historical reproductions.

Jim How, head of interpretation at the national historic park, promises that the garments will form a superb and unique collection. He points out that the

costumes will probably prove interesting to men as well as women because dressing, eighteenth-century style, was so different from what it is today.

"In the eighteenth century women literally built their outfits, layer upon layer. They wore linen undergarments, whalebone corsetry, and voluminous petticoats. Our models will have to learn how to sit, stand, walk and even breathe in the tightly-corseted costumes," he says.

CUTTING TECHNIQUES

Further, designer Doyle points out that up to the early eighteenth century women's clothes were not cut strictly to pattern. The material was cut, as economically as possible, in an approximate shape. It was then gathered or pleated to fit the individual's measurements - taken over a whalebone corset if necessary.

The pattern of women's dress didn't change during the first half of the eighteenth century. The "style" was in the silk fabric itself, and these fashionable fabrics were changed seasonally. Hence museum specimens of these early silks are dated not by their cut but by the pattern in the fabric.

"Cutting is an art," says Doyle. "That's what makes modern French couturier fashion so fantastic. In old paintings ladies' dresses may look very elegant but the wrinkles are very much there indicating the crudity of cutting during this period. Although clothing construction and tailoring improved greatly by the late 1700s, it was not until the late 1800s that cutting became scientifically systematized to the degree we know it today.

"In our costume program we had to compromise. We've maintained the eighteenth-century line of the garments - keeping specific seams proportionally in place to achieve the straight and triangular shape dictated by the whalebone corset - while at the same time cutting the pattern to suit the body of the particular wearer."

SNOWMOBILES IN ONTARIO

The fantastic development of the snowmobile in public use was one of the most remarkable phenomena of the 1960s and it continues into the 1970s.

In 1963 there were only 5,000 or 6,000 snowmobiles in Canada. Today, the Department of Transport estimates there are 700,000, and according to the Canada Safety Council there may be as many as 750,000.

Snowmobiling is great fun, but its hazards are many, and most provinces have passed regulations and provided for restrictions. It is big business, too.

For people in all provinces there will be much interest in a comprehensive survey just published by

the Ontario Department of Tourism and Information. This is a province where the popularity of the snowmobile has grown from 5,000 owners in March 1965 to 160,661 last winter. And 10 per cent of them owned two snowmobiles.

An Analysis of Snowmobiling in Ontario covers the winter of 1969-70. A random sample was drawn from the snow vehicle permits and a questionnaire was sent to 1,400 owners. The 97-page report deals in detail with ownership patterns, activity patterns and problems, and expenditure patterns.

Only 6 per cent were bought for business such as transportation into areas of difficult access. More than 78 per cent of the respondents said pleasure was their main reason for buying a snowmobile. About 15 per cent used them for hunting, ice-fishing, going to ski areas, racing and other recreational activities.

The average snowmobiler pays about \$1,200 for his vehicle and other equipment. Collectively they spend in Ontario \$12.7 million on vehicle-operation. They also spend \$1.1 million for meals, \$500,000 for accommodation, \$200,000 on park and club entrance fees and \$800,000 on other expenses.

COLOMBIAN BARLEY BOOSTED

A Canadian effort to help Colombia increase its barley production is expected to improve that country's balance of payments, raise the standard of living for more than 25,000 farmers and provide others for the first time with a cash income.

Under a \$195,000-grant from the Canadian International Development Agency, a plant-breeder and a malting chemist from Canada will provide three-and-a-half man-years of service to the Colombian Agricultural Institute (ICA). Colombian plant-breeders and chemists will be trained in Canada and some \$40,000-worth of Canadian micromalting and micro-brewing equipment will be shipped to the South American country.

The project is designed to extend ICA's basic research and testing facilities. Co-ordinating its efforts with those of other agencies active in the national barley movement, ICA wishes to increase barley yields by 10 per cent a year until production reaches a point where some can be exported. Colombia has had to import barley in recent years - \$1.5 million in 1969.

In Colombia, barley, which is used in breweries, is grown mainly in the Bogota savannah, where 80 per cent of the farms are less than 12 acres.

Switching to barley may provide some farmers in the savannah with cash incomes for the first time.

Married women comprised 56.7 per cent of the female labour force in 1970, compared to 45 per cent in 1960.

PLANES FOR VENEZUELA

The sale to Venezuela of 20 CF-5 aircraft, together with associated program support in equipment and training, was announced recently in a joint statement by the Minister of Industry, Trade and Commerce, Mr. Jean-Luc Pepin, and the Minister of National Defence, Mr. Donald S. Macdonald.

Eighteen of the aircraft will be supplied from current stocks in the armed forces inventory and will include 16 CF-5A single-seaters and two CF-5A dual models to facilitate early training in Venezuela. These will be replaced in the Canadian Forces by 18 new CF-5D models to be produced by Canadair in Montreal. The company will also produce two new CF-5Ds for Venezuela. The project will result in substantially increased employment for Canadair and other Canadian aviation suppliers.

Because of a new, advanced training role assigned to the CF-5s, as announced in the recent White Paper on Defence, more of the dual models are required. The CF-5s replace aging T-33 *Silver Star* jets.

Earlier, the Defence Department had planned to convert single-seat CF-5s to dual status, at a cost of some \$10 million. The new arrangement will still require an expenditure of this amount but will result in significantly greater production for the Canadian aerospace industry, and corresponding new employment.

Production, expected to begin in the near future, will go on for three years. Delivery of the new dual-seat CF-5D aircraft to the Canadian armed forces will begin toward the end of 1973.

A total of 115 CF-5 aircraft, bought for the Department of Defence in 1968, included 89 CF-5As and 26 CF-5D models. Two squadrons recently were committed, on a standby basis, to NATO's northern flank in Norway. An additional role recently assigned is the provision of quick-response photographic reconnaissance over Canada and its off-shore waters.

HOUSING REHABILITATION CONFERENCE

The Canadian Council on Social Development will hold a national conference on housing rehabilitation in Montreal from May 14 to 16.

"Housing experts agree it is a myth that new housing is necessarily good housing," said Reuben C. Baetz, executive director of the Council, "and, with the current concern about the effect of high-rise living on family life, it is time community leaders got together to see what can be done about alternatives."

According to Joseph Baker, member of the McGill University Faculty of Architecture and chairman of the conference, the rehabilitation of good old homes is a clear alternative. "It is crucial that

something be done to stop the rapid destruction of sound older houses in our cities," he stated. "Many of these, if they had a little money invested in them, would continue to provide good homes for years to come."

"In the city of the future, people must have a wider choice than simply high-rise apartments or suburban living," says Mr. Baker. "There are interests who would like to see our major cities a maze of office towers and high-rise apartments. These should be exposed."

He pointed out that the clearance-type of urban renewal under public auspices ended in Canada some three years ago but nothing had replaced it. "In the absence of adequate government programs, other than limited experimental projects, no one has been able to go ahead and renovate and preserve old city neighbourhoods. We know that provincial and federal legislation to deal with the rehabilitation of older housing is in the offing. Now is the time, therefore, to have an open conference to focus attention on the problem with as wide a range of participants as possible."

CANADA IN A NEW WORLD

(Continued from P. 2)

dependence that offers some small hope that we can look to an era when co-operation will replace conflict.

The Third World of the developing nations is being drawn more closely into the general economic system, in large part by the program of international development assistance, to an increasing extent by the growing importance of the developing countries both as markets and suppliers.

The greatest changes, however, have taken place in the industrialized world of the Western nations - an odd term for a grouping that includes Japan and Australia among others, the members of the OECD and the Group of Ten.

Until a few years ago the United States enjoyed a predominant position in this grouping. In economic terms, the United States was a giant among mortals. This situation has changed radically. The enlarged European Common Market will have a larger population than the United States and its gross national product will be about two-thirds that of the United States, and likely to grow more rapidly. And this is only to talk of the Common Market itself. With special arrangements with most of the countries on the Mediterranean littoral and with former colonies of the member powers, the Common Market and its associates will encompass 45 per cent of total world trade.

More than a year ago, my colleagues in the Government and I became deeply concerned about a tendency, observable on both sides of the Atlantic,

for the United States and the Common Market each to turn inward, raising the spectre of confrontation and trade war. Our concern was twofold: the collapse of the economic system and the trade conflicts that it brought about were among the root causes of the Second World War; closer to home a trade conflict between the United States and the Common Market would leave Canada out in the cold, unable to join the Common Market for a number of reasons, not the least our interdependence in economic terms with the United States, unwilling to form a Common Market with the United States — a course that would take us from interdependence to utter dependency in a very short time.

We at once engaged in a series of conversations with the United States, the European Economic Commission, the member states of the Common Market and the British, a series of conversations that is still continuing. We found that there was an effective role for us to play in furtherance of our national interests and in the common cause of the trading world. We are now negotiating with the Common Market to put our consultations with them on a more systematic basis — mirroring, if we can, the joint committee at ministerial level that we have with the United States and Japan.

This initiative on our part had two good effects. It enabled us to bring home to the Common Market the reality of our position and our strong and legitimate interest in the freest possible trading arrangements. I believe, too, that both sides, by having to talk to us, were led at a time when both were concerned with internal problems and priorities to give a little more thought to each other.

The second great change in the trading world to which we belong was the economic miracle of Japan. I need not remind this audience that Japan is Canada's third-largest trading partner, after the United States and Britain, and that our trade with Japan is increasing rapidly. Japan is probably British Columbia's leading foreign trading partner. What we think about less often is that Japan is already a regional economic power of the first magnitude, dominating the economy of South and Southeast Asia, and already a major factor in world trade, likely to grow rather than diminish in importance.

CANADA-U.S. TIES

In our trading world, the United States no longer enjoys an unchallenged position of leadership. It remains the most powerful economic unit in the world but it is challenged, to the East by the Common

Market, to the West by Japan. Every Canadian should pray every morning and evening that the United States economy will continue to prosper. So closely are we tied together that we will thrive together or suffer together. There was a time last year when we thought that the Americans were trying to disengage from us. Fortunately, that threat seems to have receded.

It has been the consistent policy of this Government to seek a maximum diversification in our export trade, thereby reducing to the extent possible our vulnerability to the vicissitudes of the American market and to changes in American economic policy. I want to be very clear about this matter. At the present time the United States takes about 65 per cent of our total exports. We are very glad that they do but we must ask ourselves whether, for a country determined to remain free and to manage its own domestic economy, we have taken full advantage of the potentialities of other growing markets.

In seeking greater diversification in our export trade we are not seeking to reduce by one cent the dollar value of our exports to the United States. Indeed, we hope it will continue to grow. What the Government is after — I suggest in the national interest and the interest of the trading community — is a faster rate of increase in our exports to the rest of the world, so that the percentage of the total going to the United States may at least be stabilized and better still somewhat reduced, over a period of years.

I shall not stand here and draw at great length the moral of all this, which must be obvious to you. Keep and develop your markets in the United States; nowhere on earth is there a market or an aggregation of markets for Canadian goods that can replace the United States.

At the same time, I urge you, as a Canadian who, like you, wants this country to remain strong, independent and prosperous, to extend your trading and financial horizons as the Government has extended its political horizons. This is the world of the Seventies, not of the Sixties or the Fifties. Some people think that by reason of the formation of trading blocs the world is closing in on us and limiting our opportunities. I do not share that view. The world is in fact becoming more interdependent and Canada in its unique position as an industrialized country with vast resources, a sort of cross between a developed and a developing country, stands to benefit especially from this growing interdependence....