

Now, as to the tariff bargain -- the third and, of course, the most important component of the "Kennedy Round". It would not be proper for me to go into detail, except to say that I believe that, following the policy enunciated in 1964 by Mr. Gordon, we have negotiated a series of tariff bargains based on the principle of full reciprocity for concessions in the Canadian tariff and based on the requirement of balance for the major sectors of the economy and for the major regions of our country. We have secured tariff reductions by the United States for virtually the whole range of dutiable Canadian exports, and we have secured important concessions in the tariffs of the EEC and Japan. For Canada's part, we have promised important reductions in tariff protection, and we have taken the occasion to improve and rationalize our tariff structure. Many of you, who will find your tariff protection reduced, will also find that the costs of raw materials and components are being reduced at the same time. I know, of course, that there will be objections from those who depend exclusively on the domestic market and who would, therefore, prefer to live in a more sheltered world. But I also expect that, when the tariff bargains are revealed at the end of June, Canadians in every part of the country, both producers and consumers, will recognize at once that for Canada the "Kennedy Round" has been one of the greatest and most successful trade negotiations of our history, and certainly one from which our country must not fail to profit.

Some sceptics have asked how it is that all the participants are able to claim that the "Kennedy Round" was a success from their particular points of view. The answer is, of course, that the mutual reduction of barriers to trade is mutually beneficial and the truth of this statement is becoming accepted in this country as it is elsewhere in modern industrial societies.

It seems to me that the old question of free trade versus protection, which has been such an issue in Canadian politics, is no longer a real issue. No one with any perspective beyond his parish pump (or ought I to say, beyond his factory door?) any longer advocates protection as the highroad to prosperity. Secondary manufacturing is no longer confined to serving the Canadian market; many of you are becoming more and more conscious of Canada's need for markets beyond Canada's borders and for greater specialization in production.

What used to be an argument about free trade versus protection has been converted to an argument about the best means of attaining an objective Canadians generally accept -- that of freeing trade, broadening our markets and rationalizing our industrial structure. We know that we must increase our trade with the rest of the world, and thus that we must increase our production of more sophisticated goods. We all know we must modernize and rationalize our industrial complex, so that we specialize in the goods we in Canada are best suited to produce.

If we look at the trends of world trade since the Second World War, it is quite clear that trade in manufactured goods has grown very much more quickly than trade in primary commodities. To say this is not to downgrade the importance of the continued expansion in the exports of our great forest and mining and refining and food-producing industries. Demand for these products will grow steadily, but it has become obvious to us all that we must develop the potential of the Canadian economy to supply other kinds of goods for which world demand is growing much more rapidly.