

manufacturing industry, particularly at a time when unemployment in Canada is close to 7 per cent -- and regrettably higher in some areas. The extractive industries may bring wealth to Canada, but they cannot provide enough jobs for our growing population.

Canadian businessmen have a part to play in responding to this new situation. Our improving trade balance attests to the skill and energy they have put into winning their share of markets abroad. To meet the demands of a highly sophisticated market in the new Europe, we must get to know it; we must be ready to overcome stiff competition -- whether of design or price; we must make the best use of advantages we have -- ingenuity, technology and business acumen.

We feel very real concern about some of the effects of the enlargement of this great market. British entry into the Common Market will bring about disruptions and shifts in Canada's exports, particularly of agricultural products. I do not suggest that the growth of the Common Market should be arrested or delayed for Canadian reasons. I do suggest, and impressed strongly on my colleagues in Europe, that the enlargement of the Community should not be and need not be achieved at the expense of third countries such as Canada.

There is also the very real danger of market polarization between Europe and North America. It has taken a generation to begin to alleviate the political polarization that led us into the Cold War; to recover from the effects of trade polarization leading to trade war might be even harder. The effects of such a polarization on Canada would be dire indeed. We stand to lose perhaps more than any other country from United States protectionism and from retaliation by others. We could be left with the choice between moving totally into the embrace of the United States or out into the cold.

In the process of broadening and deepening the Common Market a new kind of trading bloc is emerging, composed not only of countries that are members of the European Community but a large number of other countries associated in one way or another with the Community by preferential trading arrangements. The principle of non-discrimination in trading relations is being breached on a broad front. This is happening at the same time as protectionist tendencies are reasserting themselves in the United States, most recently in the Mills Bill now before Congress. I believe one is justified in being concerned that these European and American phenomena may come to feed upon one another.

It will be recalled that the formation of the European Economic Community was accompanied by the negotiation of the Kennedy Round. At that time Europe and the world moved together in harmony in what was a most impressive advance toward freer trade. Today there is little evidence of this kind of harmonious relation -- indeed quite the contrary.

When I saw European leaders last week, I urged upon them the need for Europe, as it moves toward economic and political unity, not to forget the wider unity of the world, a unity in which all nations have a vital stake. In Ottawa I made this point most strongly to the leaders of the United States Administration.