

From the outset, Canada has been a leading supporter of the GATT. This is a multilateral forum. The members, which increased in number, year by year, are countries with which we do business and want to do more. One of the principal reasons we entered into a trade agreement with Japan in 1954, for example, was to sponsor that country as a member of the GATT to bring it within the multilateral rules. The principle of most-favoured-nation treatment – in other words, the principle of non-discrimination – conforms to Canada's outlook on the world: we want as much freedom as possible.

Although this is so, Canada didn't always participate in the GATT negotiations on the same basis as other industrialized countries. For example, in the sixth round of tariff cuts – the Kennedy Round – when I was Minister of Trade and Commerce, we did not agree to across-the-board percentage cuts in our tariffs. We argued that because of the nature of our trade – the high proportion of foodstuffs and raw materials in our exports and of manufactured goods in our imports – other countries gained much more valuable access to our market for manufactured goods than we gained from an equal percentage cut in the already low tariffs on foodstuffs and raw materials in countries to which we exported. We insisted on equivalence of benefits – which meant our tariffs on manufactured goods remained relatively high. At the time it was good politics. The government got credit for clever bargaining. However, one result was that it left our costs stubbornly high. Consequently, we have had more difficulty in adjusting both to the Canada-United States Free Trade Agreement and to the globalization of markets.

Multilateralism was, and is, a persistent strand of Canadian trade policy, although it was breached by entering into a free trade agreement with the United States. That is why we continue to participate in the GATT negotiations; that is why we support the formation of a world trade organization. And that is why we support NAFTA and its enlargement; the more members in NAFTA, the less isolated we feel in our relationship with the United States.

The second persistent strand of Canadian trade policy is our preoccupation with Canada-United States relations which goes back to the beginnings of our confederation. I shall not attempt an historical review, since 1867. An account of some more recent events in which I was involved will illustrate the nature of that relationship.

Some of you may remember Prime Minister John Diefenbaker's press conference on returning from a trip to the United Kingdom in 1957 when he proposed that we should divert 15 per cent of our imports from the United States to the United Kingdom. I remember the occasion very well indeed because I was at the time Deputy Minister of Trade and Commerce and prepared a memorandum to my Minister pointing to the difficulties and the dangers of any such proposal. Notwithstanding the warnings of its advisers, the Diefenbaker government defended this idea of trade diversion at a meeting of the so-called Joint Cabinet Committee – in Washington in 1957. Donald Fleming, the Minister of Finance, spoke about not wanting to have all our eggs in one basket. John Foster Dulles retorted that the reason Canada sold so much to the United States was because Americans paid cash and that Canada wouldn't be able to sell much to Europe if it hadn't been for the Marshall Plan. Pretty tough stuff.

The British government, of course, liked the idea and suggested that one way to achieve the diversion of imports was to enter into a Canada-United Kingdom free