

3. Governments should try to build flexibility into their societies, particularly through their educational systems; the worst economic rigidity is the rigidity of the mind;

4. Governments should recognize that domestic policy measures often have significant impacts on international trade and economic relations;

5. Governments should make every effort to ensure that where they do intervene to protect domestic interests against foreign competition, the measures they take are internationally acceptable, temporary and self-liquidating.

6. Finally, governments should cooperate to establish better means of settling disputes which arise over the external consequences of domestic economic policies and over the extra-territorial exercise of domestic jurisdiction.

Governments are tempted to wait out interdependence, hoping, perhaps, that it is a passing phenomenon. But if we do not adapt to change in our economic structures, and if we fail to adjust our thinking and our institutions to facilitate international cooperation, we risk waking up one morning to find that the multilateral economic system has disintegrated, and that we have been mugged by reality.

The system was built at a time of American pre-eminence. American leadership was vital to its founding and success. Paradoxically, as American economic primacy has waned, the United States role has remained pivotal in the development of the system. Because without leadership by the industrial countries, above all by the United States, the system could regress into anarchy or oligarchy. And tendencies of unilateralism and neutrality could undermine the alliance of democracies.

Such a scenario would have incalculable effects on the security of East and West and on the prosperity of North and South. Canada would be drawn inexorably into the U.S. orbit. The lesson for Canada, ironically, is that to preserve our political independence, we have to recognize our economic interdependence and to work to preserve the integrity and dynamism of the multilateral system.

But nowhere is it written that the system must endure and adapt to the new reality. Its erosion is all too plausible if we, political leaders and opinion formers alike, do not come to grips with interdependence. We must recognize the common necessity for action. I am reminded of the lines by Lewis Carroll: