

non-Communist world economic leadership has now to be shared and co-ordinated by the Big Three -- the United States, the Europe of Ten and Japan -- perhaps with an assist from Canada, the fourth-largest trading entity. The United States cannot escape the responsibility of leadership, but it must now exercise its leadership in a world environment very different from that which prevailed only a few years ago.

Postwar prosperity has been built on two foundations: the generous and imaginative reconstruction policies of the United States, and the development of stable, liberal multilateral trading arrangements through such instrumentalities as the GATT and the OECD. If the developed nations are to continue prosperous and secure and if the developing countries are to be given a chance to achieve prosperity it will only be done by adequate development aid supported by continuing co-operative arrangements between trading nations.

To the extent that President Nixon's measures have forced a showdown and a rethinking of some of the world's basic monetary and trading problems, they are to be welcomed. I am sure I do not misread the intentions of the American Administration when I say that I do not regard the Nixon package as a new American policy but rather as a deliberate shake-up designed to create an atmosphere in which some of the deep-seated problems in the monetary and trading systems can be solved by the world community working in concert. To this extent, the measures have been effective. We in Canada share the desire of the United States to see currencies realistically realigned. We share the desire of the United States to see arbitrary restrictions on trade like those employed in Japan and Europe removed, for we too are adversely affected by them. Experience suggests, however, that unilateral action of the kind taken by the United States, if persisted in, leads to the sort of confrontation politics that rarely serves its purpose and invites retaliation. The world trading community, through the GATT, has found the temporary surcharges to be inappropriate and has called for their removal. I would urge, therefore, that the surcharges, which are contrary to accepted fair trading practices, be withdrawn without delay. I urge, also, that the United States not proceed with the DISC proposal and amend the proposed job-development tax credit to remove the discrimination against imports.

A couple of years ago, the Canadian Government began to be very concerned about the possibility of a return to protectionism, notably on the part of the United States and the European Common Market. Since that time I and my colleagues, Edgar Benson, the Minister of Finance, and Jean-Luc Pepin, the Minister of Industry, Trade and Commerce, have had continuing consultations with the United States Government, the Western European governments and the European Economic Commission, warning of this very real danger. We discussed this again, as recently as last week, with Mr. Malfatti, President of the European Economic Commission, in Ottawa. And I admit that Canada has a very special interest -- in a battle of giants, the innocent bystander usually suffers most. Our talks have convinced me that nobody wants this to happen. I don't suppose anybody really wanted the Great Depression, or the Great Wars, to happen. But happen they did.