

for the United States and the Common Market each to turn inward, raising the spectre of confrontation and trade war. Our concern was twofold: the collapse of the economic system and the trade conflicts that it brought about were among the root causes of the Second World War; closer to home a trade conflict between the United States and the Common Market would leave Canada out in the cold, unable to join the Common Market for a number of reasons, not the least our interdependence in economic terms with the United States, unwilling to form a Common Market with the United States — a course that would take us from interdependence to utter dependency in a very short time.

We at once engaged in a series of conversations with the United States, the European Economic Commission, the member states of the Common Market and the British, a series of conversations that is still continuing. We found that there was an effective role for us to play in furtherance of our national interests and in the common cause of the trading world. We are now negotiating with the Common Market to put our consultations with them on a more systematic basis — mirroring, if we can, the joint committee at ministerial level that we have with the United States and Japan.

This initiative on our part had two good effects. It enabled us to bring home to the Common Market the reality of our position and our strong and legitimate interest in the freest possible trading arrangements. I believe, too, that both sides, by having to talk to us, were led at a time when both were concerned with internal problems and priorities to give a little more thought to each other.

The second great change in the trading world to which we belong was the economic miracle of Japan. I need not remind this audience that Japan is Canada's third-largest trading partner, after the United States and Britain, and that our trade with Japan is increasing rapidly. Japan is probably British Columbia's leading foreign trading partner. What we think about less often is that Japan is already a regional economic power of the first magnitude, dominating the economy of South and Southeast Asia, and already a major factor in world trade, likely to grow rather than diminish in importance.

CANADA-U.S. TIES

In our trading world, the United States no longer enjoys an unchallenged position of leadership. It remains the most powerful economic unit in the world but it is challenged, to the East by the Common

Market, to the West by Japan. Every Canadian should pray every morning and evening that the United States economy will continue to prosper. So closely are we tied together that we will thrive together or suffer together. There was a time last year when we thought that the Americans were trying to disengage from us. Fortunately, that threat seems to have receded.

It has been the consistent policy of this Government to seek a maximum diversification in our export trade, thereby reducing to the extent possible our vulnerability to the vicissitudes of the American market and to changes in American economic policy. I want to be very clear about this matter. At the present time the United States takes about 65 per cent of our total exports. We are very glad that they do but we must ask ourselves whether, for a country determined to remain free and to manage its own domestic economy, we have taken full advantage of the potentialities of other growing markets.

In seeking greater diversification in our export trade we are not seeking to reduce by one cent the dollar value of our exports to the United States. Indeed, we hope it will continue to grow. What the Government is after — I suggest in the national interest and the interest of the trading community — is a faster rate of increase in our exports to the rest of the world, so that the percentage of the total going to the United States may at least be stabilized and better still somewhat reduced, over a period of years.

I shall not stand here and draw at great length the moral of all this, which must be obvious to you. Keep and develop your markets in the United States; nowhere on earth is there a market or an aggregation of markets for Canadian goods that can replace the United States.

At the same time, I urge you, as a Canadian who, like you, wants this country to remain strong, independent and prosperous, to extend your trading and financial horizons as the Government has extended its political horizons. This is the world of the Seventies, not of the Sixties or the Fifties. Some people think that by reason of the formation of trading blocs the world is closing in on us and limiting our opportunities. I do not share that view. The world is in fact becoming more interdependent and Canada in its unique position as an industrialized country with vast resources, a sort of cross between a developed and a developing country, stands to benefit especially from this growing interdependence....