

We are fully aware that your President will shortly seek authority in respect of tariff and other barriers to international trade. Authority to negotiate these barriers down would facilitate meaningful discussions with the U.S.A.'s trading partners in the course of the multilateral negotiations in GATT, which we firmly hope will happen before the year is out. Obviously the United States, the enlarged European Common Market and Japan are major factors in these negotiations, which potentially could be more sweeping and significant than either the Dillon or Kennedy Rounds. In these circumstances, it would be unfortunate if the road to further progress toward the liberalization of international trade were to be impeded, and if instead a negative atmosphere of confrontation were to arise in the relations among these leading economic powers. The repercussions of such a confrontation would fall not only on those directly involved but also on major trading nations such as Canada, whose interests and positions are distinctive and who are not associated with any of these larger economic powers or groupings. Finally, in such a confrontation it would be all too easy to overlook the interests of the developing countries, who perhaps have the most to gain -- or lose -- in these negotiations; measures will need to be taken to ensure that the developing countries emerge from these negotiations with greater scope for full and beneficial participation in the growth of world trade.

The problems I have been discussing are more challenging now because of the rapid movement and complexity of the international economic climate. It is our view that the recent Canadian budget has made a small but meaningful contribution to improving that climate. While essentially our budget is intended to deal with the economic situation in Canada, it should be helpful in the present international situation. It provides a number of very substantial tariff cuts affecting \$1.3-billion worth of Canadian imports. This is a significant figure -- amounting to about one-half of our reductions in the Kennedy Round. The United States is the principal beneficiary of these reductions.

What I have said so far would suggest that Canada's preoccupations with its neighbour are essentially economic. Our relationship is much more complex than that.

One element -- culture -- has a dimension of its own. Canadians are, of course, North Americans and much of our cultural heritage has a common base with you. But our perception of ourselves, the values and traditions which are distinctively Canadian, are becoming an increasingly important part of the quality and flavour of our society.

Our traditions are young. With the notable exception of French Canada, they tend to be of more recent vintage than yours. Their roots are not as robust as yours. They are more prone to dilution, and perhaps to extinction, in the face of the enormously pervasive projection of your life-style, values and culture.

We could, if we determined to do so, prevent the sale in Canada of, say, Brand X of American manufacture. But we could not begin to prevent American television and radio transmissions from reaching the majority of the