

If a forthright response comes from the United States, other countries would be immeasurably encouraged to move in the direction of freer trade and an expanding economy. But, if the response is not encouraging, it is difficult to see how these other countries will be able to put through the measures which are needed in order to achieve the desired political and economic results. As our Prime Minister said in Washington, if the other countries are expected to adopt measures to make themselves more competitive, they must be in a position to sell more to the United States.

From both a psychological and a practical point of view, perhaps the single most important step which the United States might take would be to reduce barriers to trade, in particular through a further reduction of tariff levels. The rest of us must be prepared to follow that lead or we have no right to talk about what the United States should do. If, however, we do not act together to this end we will soon reach a "peril point" which it would be folly to ignore.

We hope there will be real opportunities before very long for the downward adjustment of world tariff levels. Existing tariff concessions under GATT are bound only to the end of this year. It will soon be necessary formally to consider how the life of these concessions is to be extended or renegotiated. This would no doubt provide a most suitable opportunity for a fourth round of general tariff negotiations. If it were possible for the United States to play a full part in such negotiations, a significant increase in trade among the free countries might be achieved, and the foundations of political co-operation would be greatly strengthened. Otherwise, the tendencies and trends in the other and wrong direction will increase and bad results will surely follow; political as well as economic.

We must, then, be on the alert and press forward with measures to increase and improve international trade on the widest possible basis. This International Trade Fair is itself a symbol of Canada's interest in such a policy and of her desire to play a part in bringing such a policy into effect.

Sound economic relations cannot be built securely on discrimination and regionalism, or on restrictions and economic nationalism. All past experience proves the harmful consequences or failure to solve the problems of international economic relations. Present dangers underline the truth that our freedom and our unity are bound up with finding the right solution.

Our political security and our economic well-being are interdependent. Short-term solutions which fail to take account of the real world we live in could jeopardize both. While quick to take advantage of any genuine easing of international tension, in our plans we have to think of the cold war not as a passing phase that will come to an end in the next year or two, but as a shadow under which we may have to live and work for a long time. If this assumption turns out to be wrong, and I sincerely hope it does, if there is a genuine relaxation of tension between the East and the West which enables all of us to make