

for governments to be mercantilistic, especially in areas of high-technology. Listening to Lester Thurow, one would assume that North America is already engaged in a life or death struggle with Europe and Asia for technological supremacy – a struggle where there will be clear winners and losers and where so-called strategic trade policy will play a major part.

Even those governments that embrace the ideas of Adam Smith often have a rather selective reading of comparative advantage – that it is their destiny to supply the world's high-tech goods and services, while the rest supply cheap labour and raw resources. Although, ironically, it is the knowledge-intensive sectors that are probably least susceptible to government manipulation, this will not stop governments from trying. In a world defined by regional blocs, there is always danger that trade competition may dissolve into trade conflict.

All of this begs a more fundamental question: does the world still have the stomach for trade liberalization? My simple – if not simplistic – answer to this question is that we really have no choice. Trade liberalization is following, as much as leading, underlying economic trends.

Semiconductors, fibre optics, satellite communications – these and a myriad other technological innovations are fashioning a world economy from the bottom up. But while policy makers can take little credit for the movement toward global free trade, we can ensure that the rules and institutions governing this new global reality are not simply imposed by the larger players. What we have, in other words, is a responsibility for ensuring that the transition to globalization is as fair and equitable as possible.

Canada is well placed to help construct this new architecture. We played a leading role in advancing the idea of a World Trade Organization in the 1980s. We have been active and, I hope, creative partners in NAFTA and APEC in the 1990s. We are now seeking new bridges to the European Union.

But beyond these initiatives, we as a country are committed to an over-arching ideal. The notion that the rule of law is the essence of civilization, both within and among nations, is central to Canadian values. Remaining in the vanguard of those countries working to expand the international rule of law is perhaps the most important and enduring contribution that Canada can make to the new global civilization.

Thank you.