

For the past year or so, there has been a growing debate in both Europe and North America about the future of transatlantic economic relations. On one level, this debate is about the search for new linkages to bind our two continents together now that the Soviet threat has disappeared and trade friction is on the rise.

If the nomenclature differs – some advocate economic "building blocks," others a "free trade agreement," still others an "economic space" – the core idea remains the same: to build new economic bridges across the Atlantic at a time when the old bridges seem in need of refurbishment, or worse, beyond repair.

But this search for a new "bridge" is motivated by more than mere nostalgia. Behind calls for greater transatlantic co-operation and integration is a recognition that, for all the inherent complexities of our relationship, Europe and North America have fundamental economic interests in common – a desire to strengthen the transatlantic economy, to push the frontiers of trade liberalization, and to maintain the stability of the global economic order. The salient question is not whether a more integrated transatlantic economy is a worthy idea; the question, rather, is whether Europe and North America can marshal the political will at this time to move forward.

Current transatlantic trade and investment flows already justify a more structured economic framework – some \$250 billion in two-way trade, \$460 billion in investment, reflecting a combined transatlantic output of over \$2 trillion.

Nor do these statistics capture the essential quality of our economic relations – the extent to which North America and Europe are at the epicentre of a growing web of transborder investment, technology and ideas, the new arteries of the global economy. For many industries, existing continental arrangements, whether pan-European or pan-American, are no longer broad enough to capture their interests. Transatlantic free trade is first and foremost a response to bottom-up pressure for deeper integration.

In the same way that Europe 1992 and the NAFTA [North American Free Trade Agreement] provided a critical jump-start to our continental economies, an even more ambitious vision of an integrated transatlantic market would provide at least as much impetus to a North Atlantic renaissance. The argument that the difficulties we face are simply too intractable should be turned on its head. What are the economic and social costs of not deepening our relations? What are we losing in potential production and additional jobs? Which market inefficiencies and rigidities are we needlessly leaving in place? Have we really taken transatlantic relations as far as they can go?

A second goal of transatlantic free trade is to push the frontiers of liberalization and rule making. Once trade policy was about regulating commercial relations between national economies, largely through the negotiation of tariffs; now it is about establishing