administrative action. The best-known example here is the export quota on autos imposed by Japan in the early 1980s. A variation on the same theme is the restraint on steel exports still exercised by Canada to divert pressures for a formal voluntary restraint agreement.

Yet another variation is found in restraint agreements negotiated, it is said, to protect national security. The recent U.S. agreements restraining the import of machine tools from Japan and other countries are examples of this approach.

A study by a highly respected U.S. economist and former trade official estimates that the proportion of U.S. imports subject to some form of quantitative restriction grew from 8 per cent in 1975 to 21 per cent in 1984 -- and the volume of trade subject to some form of restriction continues to grow.

The shingles and shakes and softwood lumber cases illustrate an important phenomenon: namely, the development of a more aggressive stance by the Administration on trade issues in order to deflect something worse in the way of Congressional action. This has been accompanied by a shift in emphasis from the general to the specific: from pressure for a new MTN round, plus action to lower the value of the dollar, to more targeted actions in trade law cases. While the general approach has not been abandoned, political realities in Washington dictate a greater emphasis on "policeman" actions by the Administration, the "aggressive" pursuit of unfair trade practices.

There has been a good deal of criticism in Canada of the way in which the recent lumber issue has been handled by the Canadian Government. In my view, this criticism is ill-founded and much of it rests on misinformation or false premises. Given the very high volume of trade at risk and the extremely slim prospects of the Commerce Department reversing its Preliminary Determination of Subsidy, it would have been foolhardy of the Government to roll the dice and let the investigation go through a final determination. No responsible government could ignore the handwriting on the wall.

The settlement that has been obtained is not perfect or cost-free, but I am convinced that it is the very best result we could have obtained under the circumstances. The agreement leaves the provinces free to manage their own resources. Relative to the situation that would have prevailed had a countervailing duty been levied, the settlement greatly reduces U.S. intrusion into our forestry management practices. It produces between $500 and $600 million in additional revenues for the provinces, revenues that in the absence of an agreement would have gone to U.S. coffers. And finally, a matter of no small importance, the settlement wipes off the books the dangerous precedent that had been established in the preliminary determination. Given the hand that our negotiators had to play, I believe the agreement represents a considerable achievement.

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