

the kind of Eurocentrism, Japanism, Fortress America, and Canadian fear that sometimes get in the way of effective trilateral relations. I want to focus deliberately on problems for a few minutes, rather than on our very real successes, because I believe we can do better. And there are problems on every side of the triangle.

The Europe-Japan relation worries me. A reflex of consultation has yet to be developed across a broad spectrum of European-Japanese issues. And it is an unfortunate but inescapable fact that an impetus toward European unity on trade questions since 1982 has moved in parallel with increased friction with Japan. There is too much caricature on both sides. The point is that friction and recalcitrance in Europe-Japan economic relations hurts us all and has a negative effect on the multilateral climate.

By contrast, the United States and Japan have a much denser, more multi-stranded relationship. But there the issue of the U.S. trade deficit stares us all in the face. We all understand that the basic causes are complex, involving currency misalignments and the effects of the huge budgetary deficit. We all understand that trade in invisibles offsets to some extent the U.S. merchandise account deficit. Nevertheless, there is a real danger that Congress may yet pass draconian protectionist measures, in part because of the deficit problem with Japan. If that happens, the effects on all trading partners will be extremely destructive.

Even in some areas where the U.S.-Japan relationship is being managed in a way that satisfies both sides, the implications for other economic partners can be disturbing. Japanese-American cooperation in some high-technology sectors, for example, is assuming a worrisome exclusivity.

But it has been in the U.S.-Europe relationship -- in one particular sector -- where friction has produced the most unfortunate distortions. Agricultural production in Europe is subsidized to an extent that defies all economic common sense. The United States finally responded to this structural distortion with equally absurd export subsidies of its own. The resulting subsidy war in agricultural products has devastated the livelihood of a great many farmers in Canada, and elsewhere in the world.

I will not pretend that Canada has been innocent of subsidy in agriculture, or protection elsewhere. But we are trying genuinely to reduce these barriers, and that is not easy when our farmers are bankrupted because of European and American