

If I took the press too seriously, I would be in combat uniform today, and I would be in enemy territory. The headlines, particularly on our side of the border, have declared a trade war between Canada and the United States. But I know that I'm in friendly territory here, and I strongly suspect I'm among friends. There may be a trade war going on, but it is not between Canada and the United States. It's a war between the forces of protectionism and those of us who want an open international trading system. In that war, we're on the same side.

The stakes of the war are enormous. I don't believe it would be going to far to say that what is at stake is the prosperity and well being of the industrialized world, indeed the whole world. Look at the record. The trade wars of the 1930's contracted the world's economies and prolonged the great Depression. It took a world war to bring us out of it. But since the war we have enjoyed four unprecedented decades of prosperity. Why? More than any thing else, I believe, it was because the world's trading nations got together in the GATT and mounted a determined -- and progressive -- campaign to bring the barriers down.

But you never really lick the forces of protectionism. And it is a strange sort of war that they fight. It is a battle in which the protagonists are not evenly matched nor are their forces similarly arrayed. The laws of economics support an open trading system, but the dynamics of politics favour protectionism.

Democratic government is notoriously susceptible to the pressure of special interests, and it is precisely special interests -- sectoral, regional, flailing enterprises and individual unions -- that benefit from protectionist measures. But it is the whole

of society that pays, often out of all proportion to the benefits bestowed on the protected. The challenge of politics is to rally the silent majority who benefit from the liberal trade, while resisting the special interests who are always knocking on our door in search of favours and protection.

In many ways, the American system of government is a marvelous institution. It guards against many evils, including the abuse of power by any branch of the government. But with its division of powers and lack of party discipline in the Congress, it is just as susceptible to the influence of special interests as is any other government -- and in some cases probably more so.

We saw this in April when a coalition of special interests in the Senate Finance Committee, some of them not even remotely connected to Canada-U.S. trade relations, almost killed the historic initiative to negotiate a comprehensive trade agreement between our two countries.

We saw it in May when the House of Representatives passed an omnibus trade bill which, if enacted, would turn back the clock to the 1930's and plunge the industrialized world into a full blown trade war.

We saw it again the same month when the Administration slapped a duty on our cedar shingles and shakes, forcing us to respond in kind.

And, we saw it again this month when the U.S. lumber industry, supported by Congressmen from the lumber producing states, launched yet another countervailing duty action against \$3.5 billion worth of Canadian softwood lumber exports to the U.S.A.

They did this, by the way, despite the fact that a similar action failed