

In an earlier decade this century, nations impoverished themselves through ill-advised beggar-thy-neighbour policies, policies which shifted economic burdens on to others in a vicious circle which led to economic burdens being placed on everyone.

Having learned the hard lessons of those policies, we must be careful that bilateral trade deals do not become regional disasters. One of the major problems plaguing the international trading system is the imbalance in trade between the United States and Japan. There are particular problems in that relationship which may require particular solutions. We wish both countries success in their recently negotiated agreement on structural impediments. But we must guard against the possibility that the burden will simply be shifted to other exporters, something which would do little to move this issue forward. The danger of bilateralism poses particular risks for smaller trading economies in the Pacific such as Canada. This is not a question of fairness, although that is important; it is a question of ensuring a meaningful result.

But there is a further danger, and that is replicating with regional blocs the experience of protectionism and exclusivity we used to associate with nation states. The dynamism of the European Community, the free-trade area in North America and the integrating economies of the Pacific present terrific prospects for prosperity and trade. But trade within regions should not be purchased at the price of trade between regions. Economic integration and closer trading relationships must occur within the context of a more open and not more closed global trading environment.

That is the intent of the Uruguay Round. To expand and modify the rules of the road to make them fair and clear, to make them observed in the spirit as well as the letter, and to bring openness to new and old sectors of economies alike.

As with trade and economic matters, I do not believe that bilateralism can serve as the sole basis for peace in the Pacific region. There must be more dialogue and a greater sense of collective responsibility. The goal should be construction of a fabric of security which is co-operative rather than competitive.