

important mechanisms for macroeconomic cooperation -- such as the Economic Summit and the Trade Quadrilateral. The Summit is, potentially, one of the most useful innovations of the last dozen years.

However, despite more regular consultations, fundamental problems remain. These are basically of two kinds. First, on each of our continents, some of the deep structural imbalances that seemed so threatening in the early 1980's are still not resolved. Uncompetitive, highly protected and heavily subsidized industries inhibit the movement toward further trade liberalization. Structural adjustment is taking place but in certain key sectors it is not happening quickly enough.

The second problem is parochialism. It is true that we talk more. But, as we say of the Soviet Union, the test is not what we say, but what we do. There is in Europe, in Japan, and in North America a strong and growing tendency towards self-absorption, insularity and distorted representations of other countries. At the level where social and cultural attitudes get translated into politics, the shallowness of relations among the industrial democracies holds real dangers. In democracies like ours, the only way to achieve structural adjustment or fight protectionism, is by real political will in the community. Convincing leaders is not enough. Broad publics may not start changes, but they can stop them, particularly if they are nurtured by a go-it-alone nationalism or regionalism that sees other competitive nations only in negative terms.

Three weeks ago in our Parliament buildings, I came across a group of Canadian high school students. One young woman endeared herself to me by saying, "Mr. Clark - you don't look at all like your cartoons". We all communicate too much by caricature, and we will not manage our common economic challenges adequately if we nurture false images of our partners - or of ourselves.

In managing our economies, we have to exercise certain types of restraint, even when it hurts. What this means now, above all, is the cooperation required to help correct the unprecedented trade imbalances that currently loom so large. This requires further market opening and policy convergence, and in some cases requires further stimulation of domestic demand.

On a broader level, however, we are all going to have to do more to deal with one another not only as markets or military allies but as whole nations and whole cultures. Failure to do that will fuel the kind of nationalism that is reactive and negative rather than positive and affirming. We can do without