

productivity, to promote constructive competition, and to foster technological innovation. While we have to recognize that there are national concerns, we must accept that there is also a global interest that affects us all.

One major step Canada has taken towards more liberalized trade is the opening of negotiations with our largest trading partner, the USA, to seek a freer trade arrangement between our two countries. That same motivation led us to take a very active role in the launching of the new Multilateral Trade Negotiations at Punta Del Este, Uruguay - where Canada and Singapore worked together closely and effectively. Naturally, any trade arrangement between Canada and the USA will be fully consistent with the GATT. Indeed, history teaches us that a successful trade negotiation between Canada and the United States can significantly strengthen the world trading system.

Fifty years ago, the United States was gripped by protectionism. The Smoot-Hawley Act was passed, and the protective and insular USA policy which it embodied dragged the world deep into depression. That destructive pattern was broken by a bilateral agreement between Canada and the United States in 1938. That agreement became the basis of the GATT, just as an agreement now, between Canada and the United States, could break down a new and growing American protectionism.

Let me underline two realities about that growing insularity in the United States. The first is that the insular attitude is not shared by the Reagan administration. President Reagan has his critics in the world, but one undeniable reality about his administration is that he is trying to make Americans look outward, rather than inward.

That is particularly evident through arms control. There, the United States administration is not only seeking a serious agreement with the Soviet Union, but is also taking pains to ensure that the agreement will be on terms acceptable to the NATO allies in Europe. In doing so, there will be no legitimate cause for Europe to feel unprotected or alone in facing the massive Soviet advantage in conventional power on the European continent.

In the same spirit, in international trade, the Reagan administration is trying genuinely to lead Americans away from protectionism. One advantage for the world in a more open trade agreement between Canada and the United States is that it would provide positive proof to the American Congress of the value of reduced barriers. If the administration cannot conclude a successful negotiation with Canada, they will have trouble persuading their Congress to accept more liberal trading arrangements with the rest of the world!