

essential economic interests, or some restrictions on the establishment of foreign investors.

As I said at the beginning, investment is not the only area in which economic nationalism can manifest itself. Trade policies or specific trade measures can also be motivated by nationalistic objectives which may not correspond entirely to basic economic interests. Indeed, one would be hard put to find an example of a country whose trade policy applies the principles of free trade in all respects. As regards agriculture for instance, most countries would attach some priority to ensuring security of food supplies through the maintenance of domestic production although they could be obtained more cheaply from imports. The same holds for other sectors considered vital for the preservation of some measure of economic independence. In most countries, procurement from domestic sources over foreign imports is given support, sometimes through legislation, as we see in a number of U.S. measures. Exports may be restricted for security reasons. Such policies and measures affect international trade.

In times of economic difficulties, such as we have been experiencing over the last few years, the tendency to protect domestic industry from the brunt of foreign competition becomes much greater. Governments are under strong pressures to enact measures aimed at preserving employment either through actions at the border to limit imports or through export support mechanisms such as subsidies which distort international trade. The last few years have witnessed a multiplication of measures affecting trade ranging from regular safeguard actions taken under the GATT to bilateral arrangements (such as voluntary export restraint agreements) to subsidized exports and fierce export credit competition. You are also well aware of proposals now before the U.S. Congress for domestic content legislation and for trade reciprocity legislation.

I am not saying that all these measures are illegitimate or unjustified. Indeed safeguard actions constitute an integral part of the international trade system embodied in the GATT: countries have the right to resort to safeguards when imports create or threaten to create injury for domestic producers. What I am saying however is that the rise in unemployment and the crisis situation in which many of our industries find themselves have engendered in some quarters a negative attitude towards imports: there is a greater tendency now to blame our economic woes on "unfair" competition from abroad and to justify protective measures by the fact that others are also resorting to them. This is a trend that must be resisted