

We and the United States will also be negotiating with each other and with all our major trading partners in a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Past rounds of multilateral trade negotiations under the GATT have brought the benefits of trade liberalization to both countries. And each multilateral round has, in effect, amounted to a series of mini-bilateral rounds in which the Canada-US agreement has always served as a significant building block to the larger results which have fostered our postwar prosperity.

The underlying reasons for seeking a new trading relationship are clear. There is now a common broadly shared understanding that economic progress is by no means inevitable. We have developed a growing awareness that our economies are confronting rapidly changing competitive challenges that will tax the collective wisdom of government, the private sector and labour for generations to come.

We have both been struck close to home by the harsh realities of unemployment and the social waste that brings. We are both confronted with the possibility that significant proportions of our youth may never see gainful employment unless we collectively meet the challenges that adjustment brings. And it is in this sense that economic renewal is not only a compelling objective shared by our two governments but a civic responsibility as well.

It is increasingly clear that no country can afford to insulate itself from the world around it, and the United States and Canada are no exceptions. Inevitably, as the pace of change accelerates, protectionist forces emerge, particularly from the weaker industrial sectors. But protectionist trade policies are costly. They restrain the industries of the future and they reward inefficient industries and producers who in turn pass along higher prices to consumers.

Hiding behind trade barriers will weaken our ability to offer competitively priced goods and services both at home and abroad. It will reduce the ability of Canadian and US exports to penetrate overseas markets. As President Reagan has said, "protectionism is destructionism".

Take steel. It's as basic a product as can be imagined. All the metallurgical coal used in Canadian furnaces in Hamilton or Sault St. Marie comes from south of the border, dug from the pits of Pennsylvania. A good portion of our iron ore, the other basic ingredient, comes from the mines of Duluth. Every time we produce a sheet of rolled steel it has a 20 per cent US content. If these exports are curtailed it is not just the Canadian steelworker whose job is lost, but the jobs of your friends or relatives in Scranton or Harrisburg.

What we should be looking at in our two economies is the creation of more and better quality jobs, with greater specialization and increased flexibility for both producers and workers. Just as increased protectionism would make us poorer, trade liberalization with secure and enhanced access to each other's markets will enable us to save jobs now and create new jobs in the future.

I firmly believe that Canada and the United States share common objectives in these bilateral and