

A trade negotiation is not really about balances - it's about volume and variety. Of course a 170 billion dollar trade deficit is alarming to you, but only four billion of that deficit comes from trade with Canada, and your quarrels with other countries should not blind you to the advantages of improving the best trading relationship that you have. We have new opportunities, in our mutual interest, to strengthen permanently the economies of both our countries, and to break the trail for other countries, in the GATT negotiations, in the way we deal with new issues, like services, and trade-related investment. In addition, a success here would be a signal to a world increasingly threatened by protectionism - a signal that there are better ways than barriers to meet the modern challenges of trade. Canada and the United States did that before, when the world was gripped by depression. Half a century ago, a trade agreement between President Roosevelt and Prime Minister King set the basis for what became The General Agreement on Tariff Trade - the GATT - set the basis, in other words, for the prosperity the world has known ever since. And they did that in darker days than these.

Canada is not asking for some kind of exemption, some kind of license to poach in the US economy. We know that you have a real concern about your skyrocketing trade deficit. We know the political pressures to attack this problem with protectionist measures in Congress. But you didn't build the strongest economy and the highest standard of living by hiding your talents behind artificial barriers. You built that enviable record by being better - by being able to compete. Sure, the world is changing. The response is not to hide from it and turn inward as too many in both our countries advocate. History has taught us that that approach is the road to disaster. History has taught us that a major cause of the Great Depression was a world-wide surge of protectionism. Frankly we are alarmed when we count the number of protectionist bills lined up in Congress for action or watch the development of your trade bills. That's one of the reasons we initiated these negotiations. We want a clear set of rules. We both need a system to ensure that neither country is penalized. A system that will ensure a fair and impartial method of resolving disputes under agreed rules. If our two countries cannot work out a deal in these two areas - two countries with the largest trading relationship and probably the closest ties of any in the world - your country will have little or no chance of working it out with the rest of the world. The window of opportunity is open now for our neighbouring nations to conclude an historic pact. A pact which could set new rules in new areas of international trade. A pact which could pave the way for international