

same time, just as trade is a two-way street, protectionism is a two-way wall. It tends to block the security of access required for your export industries.

There is now talk in the world's press about the possibility of trade wars. This is very disturbing. We saw what trade wars did to the world's economy in the 1930s. They only deepened and lengthened the Great Depression. We cannot afford to repeat that mistake.

Of course, we've become more sophisticated since then. In the 30s, protectionism was easy to recognize. It came mostly in the form of tariffs, and then outright embargoes. Protectionism today is better disguised, more insidious. We have invented an almost endless, and certainly ingenious variety of non-tariff barriers, things like voluntary restraint agreements, local content rules, product specifications, health regulations, and on into the night. There have no doubt been successes in resisting pressures for protection, but there have also been major setbacks.

Of particular concern at this time is the talk in the U.S. Congress of an import surcharge. That's brinkmanship, and it is very dangerous. It could very well set off the trade war that we simply must avoid.

Brinkmanship would be particularly dangerous at this time, because there is a crisis of confidence in the trading system. Whether or not the crisis is justified is probably irrelevant. The perception of crisis, in this case, is all that's needed to make it real.

Quite obviously, it is up to governments to take the lead in restoring confidence in the trading system. Also obviously, the best instrument to use for this purpose is the GATT, since it has been setting the rules of the game. You know of the lead that the United States has taken in promoting another round -- the eighth -- of multilateral trade negotiations. Canada fully supports this initiative. And despite the reports you may have heard from the Bonn Summit, I can tell you that hope for the next round is still very much alive. There is a consensus among the developed countries on the need for a new round. There is agreement that it should start as soon as possible -- although not on how soon "as soon as possible" is possible. But there will be a meeting of senior officials this summer to prepare the ground, and the talks could still get underway next year.

So what are the talks likely to be about? At this point, the agenda for the new round seems likely to include