

sense as a refinement or development of policy will change with time. A cool appraisal of the national interest will always serve us well on this sort of issue; strident nationalism never.

The current trade differences between the United States and Canada should be viewed in the same spirit, I suggest.

What is involved is not a confrontation between two opposing philosophies of trade. What is involved is not primarily a disagreement as to objectives. There is even a wide measure of agreement as to the facts. The points at issue are matters that concern in the main the working of an agreement relating to automotive trade which goes to the root of the unique economic relationship between our two countries.

This is why the differences are difficult to resolve. We are dealing with the operation of multi-national companies owned in the United States and producing in both the United States and Canada and supplying the North American Market. How are these operations to be carried on in the most efficient manner with the fewest constraints to trade to the advantage of both countries? How is production -- and thus employment opportunity -- to be divided so that each of us will have his fair share?

These are the questions we have been trying to answer for many months, long before August 15 when the New Economic Policy of the United States was announced.

It is an important question but it does not involve a fundamental difference of principle in trade policy between Canada and the United States. It would indeed be ludicrous if there should be a serious rift in relations because of the difficulty in reaching agreement about the future of the automotive agreement which has been so beneficial to both sides.

Such a rift would be all the more regrettable when the Government has made plain that Canada understands and sympathizes with the United States Administration in its desire to correct certain fundamental imbalances in international monetary and trade relations. Canada made its contribution to the correction of some of these imbalances, for example, by floating the Canadian dollar and by advancing tariff reductions under the Kennedy Round many months before the United States announced its New Economic Policy. The Government was prepared to go further. It made an offer to the United States Government. Each side has agreed to review its position with a view to re-opening negotiations, although so far as the Government is concerned, it has no apology to make for its earlier offer -- a fair one which the United States rejected.

These renewed negotiations between Canada and the United States will be only a part of the search for further liberalization