institutions and when compared with different geographic circumstances as well, even a different attitude towards the role of government.

A good example is the degree to which Canadian governments have historically felt the need to intervene in national life to knit together and develop a huge, underpopulated and, in some cases, forbidding land. Among the results are national television and radio networks, national airlines, the Canadian National Railway family of companies and a host of other government undertakings, meant to mobilize capital, technological, and human resources on a scale of effort and risk which some of the challenges of our national development call for. The need for and familiarity with government intervention in the Canadian economy remain to this day.

I should point out that government involvement of this sort represents a pragmatic Canadian response to a particular set of circumstances, and by no means reflects any philosophical discomfort with the role of private enterprise. The private sector has been and will remain the driving force behind Canada's economic development. We share with you the perception that one of the best guarantors of a free society is a free economy. But Canadian economic development needs to be as coherent as possible and as forward looking as possible in terms of over-all benefits to Canadian society. And for those reasons, Canadian governments, at the provincial as well as federal levels, are at ease with their responsibilities for judicious intervention in the development process.

In part, this is directly due to a second fundamental difference between the two countries, the structure of the two economies. Canada's economy is a tenth the size of yours, and is more heavily dependent on primary resource industries. The manufacturing base in Canada is narrower and is significantly foreign-controlled. Although in many respects general Canadian and U.S. economic interests are parallel, in some important specific ways they diverge. In the past 20 years, the public debate on the degree to which such a divergence was desirable or possible has centred on the question of foreign ownership.

**Foreign investment**

While Canadians acknowledge the benefits which foreign investment has brought them, it became clear by the beginning of the 1970s, after a decade of study, of the very high degree of foreign ownership and control and that there were very significant costs involved as well. These are well known; they relate to the negative effects on the performance of the economy of locating so many of its command centres outside Canada, on the social development of Canada, which needs more research and development for our engineers and scientists; or the effects of the branch-plant phenomenon on the Canadian potential for developing interesting trade prospects. And so on. And the events of 1971 left us feeling suddenly vulnerable.

Accordingly, in 1974, the government established a foreign investment review process whose task is to screen foreign investment for significant benefit to Canada. You will notice that I used the word "screen", not "block". As of August 1981, the Canadian government had an approval rate for applications by American investors of 90.5 per cent, hardly grounds for suggesting that they have been subjected to harsh treatment.