

ton — more of a hard-line approach?

**A:** It's certainly a change in tactics, but I wouldn't call it a hard-line approach. It just indicates that the U.S. Administration has internal difficulties of its own in the area of agriculture, as many nations do. Certainly ours does. Perhaps if our economies were in a different phase, if there were no great danger of inflation, if there were no great danger of a business slow-down, then maybe we wouldn't have had to act the way we did and the United States would not have had to react in the way it did.

**No trade war**

**Q:** Do you see any danger of a Canadian-American trade war developing?

**A:** Well, talking for Canada, I can say this: There won't be a trade war, because, darn it, we can't win a war with the United States, whether it be trade or economic or military, or any other kind. So we don't want a war with the United States. I don't think the United States wants a war with us either — trade or any other kind. If it did, we wouldn't be such good friends and we wouldn't have remained so for so many years.

**Q:** What should be done to clear the air?

**A:** I think that it's important now that we put our minds to clearing up the backlog of some of the difficulties that do exist. The backlog is as much ours as the Americans' fault. In our case, we went through 18 months of a minority Parliament where the Government was just living from day to day, not knowing whether it would survive or not. For that reason, it was difficult for us to look at longer-term solutions. In the case of the United States, it had other things on its mind in the past 18 months. So there's a bit of an accumulation of unsettled difficulties.

**Q:** Do you expect another burst of economic nationalism in Canada as business conditions worsen?

**A:** No. I think that's a very important question. Certainly you can't expect a fresh burst. What I think you can expect is the continuing concern of Canadians on the preservation of their separate identity.

Now, when I say "continuing" I am thinking of something that's been building up for the past two decades. And I think that it's important to understand that the present measures

taken by Canada have nothing to do with economic difficulties in the world, the "petrodollar" problem, or anything like that. We're not trying to be nationalistic because of the great economic difficulties that have arisen.

**Foreign investment**

The most important of our legislative enactments in this area was the Foreign Investment Review bill, which was approved in the last Parliament. Now, that was not taken with any particular economic difficulty in mind. It had to do with a very long-standing pattern of massive U.S. investment in Canada and a situation where between 50 and 95 per cent of various industries and manufacturing sectors were controlled from the outside.

Now, it is true this preoccupation came to a head when the Nixon economic measures of August 1971, (imposing a 10 percent import tax surcharge) were announced. Then we saw to what degree we, as an exporting nation, were vulnerable to protective devices by the Americans. And I think that brought our consciousness to a peak, or, shall we say, accelerated that consciousness.

You know, many years back we took measures to insure that at least our financial institutions had to be controlled by Canadians in Canada, that our mass media had to be controlled by Canadians in Canada. Then came the decision to control our uranium in Canada. So it's been a succession of actions, but I would say none of them was a violent reversal of previous policies.

**Q:** Are Americans justified in viewing these actions as signs of growing anti-Americanism?

**A:** Well, I guess the best answer to that is that our measures apply equally to investors or traders from every part of the world. There's no specific attempt to screen American investment and to not screen European or Japanese investment. So in that sense there's no anti-Americanism. But because it's the Americans who are overwhelmingly dominating our economy, naturally these moves are bound to affect Americans more than, say, people from Madagascar or Monaco, who are not great investors in Canada. It's important to remember, too, that Canada, of all the industrialized nations of the world, is the country whose economy

is most subject to foreign control. And that control is mostly American. I think something like 85 per cent of all foreign investment in Canada is American.

**Q:** It's been said that Washington and Ottawa can argue all they want about beef or eggs, but the chief thing is to maintain a good investment climate. Does that exist today?

**A:** I guess the simplest answer to that is to look at the statistics. Since the Foreign Investment Review Board was set up just about a year ago, something like 30 take-overs by foreign-controlled firms of Canadian companies have been reviewed by the Board. Only five have been disallowed. So that's a pretty high measure of encouragement to anyone who wants to invest in Canada.

**Diversification of trade**

**Q:** A few years ago, Canada embarked on a deliberate policy to reduce its economic ties with the U.S. But the U.S. still supplies 70 per cent of Canada's imports and takes 66 per cent of your exports. Is the policy working?

**A:** It's hard to say if the policy is really working. I think we'll know that only after a period of five to 10 years. It's been only about two-and-a-half years since we actually made public that "third option" — to lessen our ties. Since then we've had many, many missions abroad. I myself have been to Moscow and Peking to seek diversification. I've met the Prime Minister of Japan twice. I've been to Europe and met leaders of European countries in the European Community. So the policy is working in the sense that we're looking for diversification. But I don't know if the percentage of trade actually has varied more than a fraction.

**Q:** What are the realistic limits of diversification?

**A:** I wouldn't say there are any limits. I would rather say goals, and there are none of those in terms of figures.

All we're saying is that we want buyers and sellers in the international markets to know more about what Canada has to offer. We want them to know that Canada is a distinct country with a highly advanced technology, that Canada is different from the United States. At the same time, we want our Canadian businessmen to know that even though our penetration of the United States markets is very high and