Let me deal with the third item first. Canadians simply cannot afford to continue the same type of economic relations with the U.S. they have maintained during the past 25 years. During this period we have had a whopping deficit of some $30 billion in our balance of goods and services with the U.S., and a deficit of over $6 billion in our merchandise trade. At the same time, U.S. ownership and control of Canadian industry and natural resources has increased by tens of billions of dollars over and above American investment in Canada, while the cost to Canada in interest payments, dividend payments and "service charges" has been more than double the total of foreign capital entering the country.

From 1950 to 1974, the total long- and short-term inflow into Canada, from all countries, was $20,341 million. During the same 25-year period, the cost of servicing foreign investment in Canada looked like this:

| | |
|---|---|
| interest payments | $ 7,011,000,000 |
| dividend payments | 17,393,000,000 |
| "service charges" | 16,489,000,000 |
| | $40,893,000,000 |

In 1975 the outflow reached a record $6 billion, and 1976 will be worse – a minimum average outflow of $18 million every day of every week. The long-term effect on Canadian current accounts has been disastrous. Canada has had a current-account deficit for 22 of the last 25 years, for a total of about $21.5 billion. By the end of 1976, this figure will have grown to at least $25 billion, and probably more. (It is interesting to note here that some countries, in computing their current-account deficits, add in the retained earnings of resident foreign corporations. Were Canada, as it should, to employ such a practice, a more accurate measurement of the extent of our disastrous economic relations with the U.S. would be available.) While our total current-account deficit for the past quarter-century has been $21.5 billion, our deficit with the U.S. alone has been $24.7 billion. In other words, during the same period the sum of our trade in goods and services with the rest of the world has been a small surplus of just over $3 billion.

**Astronomical imports**

For most of the last 25 years (1975 was a major exception), Canada has had good merchandise trade surpluses, but all the while our imports, overwhelmingly from the U.S., have been rising astronomically. In 1975, our imports from the U.S. increased to a record $23.5 billion. What is more important is the nature and destination of both our imports and exports. It is no secret that finished products have been coming into Canada at record rates in recent years. In 1970 our end-products deficit was about $3 billion; last year it was a staggering $11 billion. Most of this deficit was with the U.S., and most of that involved trade between parents and subsidiaries, obviously at other than arm's length. As our imports of manufactured goods have accelerated, we have tried to keep up by exporting. As it turns out, many of our exports have been in the form of badly-needed, non-renewable natural resources, including large quantities of our cheapest and most accessible oil and natural gas. As almost everyone knows by now, Canadian reserves of oil and gas are not exactly what the foreign-controlled petroleum industry told us they were a few years ago.

This year, and for many years into the future, not only will Canadians have billions of dollars to pay every year to finance the burgeoning costs of foreign direct investment (about 80 per cent American), not only will Canadians have to pay many billions of dollars every year for our manufactured imports (about 85 per cent from the U.S.), but we shall somehow have to finance a $2-billion 1976 oil deficit, and an increasing annual oil deficit that will surely cost us $35 billion, at least, during the next decade.

*Canadians must finance burgeoning oil-deficit*

**Cannot be done**

There is one small problem. We simply cannot manage it. We cannot bring these enormous costs into balance no matter how often we send Mr. Jamieson to Indonesia, the Prime Minister to Europe and Latin America, and Mr. Gillespie to Japan. Canada is clearly faced with deficits that could bankrupt the nation. Worse still, to finance our present deficits, we are being irresponsibly expedient by maintaining excessively high interest-rates (instead of limiting the supply of money otherwise) so as to attract even more foreign capital and, with it, more foreign control of the Canadian economy. To finance our huge deficits, principally caused by payments servicing the unique-in-the-world foreign ownership we already have, we invite in even more of the same.

Since the publication of the *Gray Report*, foreign ownership has grown by the greatest amount in any equivalent period in Canadian history. So much for the Foreign Investment Review Agency. Despite the quite silly comments about the FIRA by former Ambassador William J. Porter, *The Wall Street Journal*, and, more recently, Richard Vine, U.S. Deputy As-