

Why is it, then, that relations between Canada and the United States seem to have been so bedevilled in the past year? In part, I think, the bedevilment is an illusion. In all sorts of old ways, and in some important new ones, the relationship has had a good year, appearances notwithstanding. For example, President Nixon and Prime Minister Trudeau signed the Great Lakes Water Quality Control Agreement during the President's visit to Ottawa. This Agreement establishes a new framework of co-operation between the two countries. It creates a magnificent opportunity to restore the harm two neighbouring industrial societies have done to one of their most precious shared assets. I would like to think that the fresh and imaginative approach to a shared problem is representative of the relationship at its best. And yet all this was worked out over the past year or so, when many were complaining that the relationship was at its worst.

If we are honest with ourselves, we will recognize also that a good deal that gets attributed in Canada to bad relations with the United States on examination turns out to be a purely Canadian problem. I must tread warily here, for I am dealing in intangibles. But it does seem to me that a part at least of the emotional steam which is generated over what are unquestionably valid problems -- like how best to organize the automobile industry in North America, or how best to admit development capital to Canada -- is attributable, not to the problems themselves, but to the burden of struggling endlessly in each new generation to create a successful relationship between two partners of such unequal size. The burden leads to frustration, and the frustration to anger; and the anger tends to vent itself on whatever current difficulties we may be experiencing, whether they deserve the outburst or not.

Please don't misunderstand me. I am not trying to say that problems don't exist -- that it is all in our minds. I think there is an element that is in our minds. But the problems undoubtedly exist too. Whatever else did we expect? You are fully conscious, I know, of the basic elements of the relationship. Total trade between Canada and the United States exceeds \$20 billion annually. Each country is the other's best customer. Yet the United States is ten times larger than Canada in population and more than that in GNP. Per capita, Canadian investment in the United States exceeds United States investment in Canada. But United States investment in Canada results in very high percentages of United States control in key sectors of the Canadian economy. Canada is obliged to struggle with all the problems created by foreign ownership of its economy on such a massive scale. For the United States, there is of course, no comparable phenomenon today -- although historically, as President Nixon recognized when he spoke to Parliament -- the United States has experience of the problem.

While our approach to foreign investment in general and American investment in particular is and will remain a positive one, Canada is now in a position where Canadians can afford to be more selective about the terms on which foreign capital enters Canada.