certainly be far from reflecting our position. What I do mean is this -that, while we are not a country which, by its very size, strength and economic power, is able to determine these issues decisively, we nevertheless have the capacity and the resources to play a constructive and responsible part in world affairs. In this respect, too, there is, of course, a difference between the Canadian position and that of the United States, which is clearly a big power.

I wish now to say something about the problems we encounter in Canadian-United States relations. Some of these problems are based on special interests which governments on both sides of the border often find themselves in the position of pleading as part of their responsibility for the welfare of different sections and segments of their communities. Other problems between us involve substantial aspects of the national interest, whether it be defence or foreign policy or the balance of payments or the broad conditions of trade and investment. Such problems are an integral part of international life and the measure of our success in dealing with them in the context of Canadian-American relations is the extent to which we can achieve solutions based on the highest common denominator of the interests of our two countries. And, finally, there are problems in our relations which arise not as a result of any deliberate act of policy but simply because of the vast disparity of size and power between us.

I have so far spoken in general terms. I should now like to give you some specific examples of the problems that tend on occasion to trouble our relations with the United States.

<u>First</u>, there is the matter of resource management. It is our view that the natural resources with which this continent is so richly endowed should be regarded as a common asset to be used for our common benefit. We can see little sense in barriers being imposed on the free flow of these resources across our borders. There are indications that this view is coming to be more widely accepted and this is something we welcome.

Second, there is naturally concern in Canada whenever action is taken in the United States, in the tariff field or outside it, to restrict access to that market of this or that Canadian product. Restrictive action of that kind has to be seen in the special perspective of the Canadian-American trading pattern. In particular, we must remember that, in recent years, 19 million Canadians have tended to buy \$700 million more in American goods than 190 million Americans have bought from Canada. We must also remember that both our countries have an interest in the freest possible flow of world trade and that we are engaged in a common effort to reduce world trade barriers through the "Kennedy round".

<u>Third</u>, there is the matter of our balance of payments. We have for some years now encountered deficits in our payments balance that are greater than we should like. The position has improved somewhat in the last year or two, but we must look towards further improvement. This means, in essence, that we must be able to improve our trading balance with the United States. We are aware of the concern of the United States about its own balance-ofpayments situation. I should remind you, however, that Canada has made a