

If they are wise governments and cognizant of the benefits of an efficient multi-lateral trading system, they strive to avoid national laws that are so extensive or protectionist as to disrupt the normal functioning of international economic relations.

No country is free of some degree of economic nationalism. Restriction on foreign investment manifests itself in different forms in various countries. Special protectionist measures against importation of certain types of goods and services vary according to the economic needs of the particular country, but they always exist.

If one takes the United States for instance, you find long-standing restrictions on foreign investment in such sectors as shipbuilding, dredging, fishing, air transport, communications, finance, nuclear power, mining and defence procurement industries. Other laws relating to anti-trust, securities etc., can be used to prevent acquisitions by foreigners when these are not in the US interest. All of these restrictions exist in a country that has never had the threat of any appreciable percentage of foreign ownership of its industry. I'm sure that US legislators over the years have felt that they had good and sufficient reason for these laws, but they nevertheless restrict the free flow of international investment capital.

In relation to the other aspect of restriction of international business, that of protectionism against the importation of products of other countries, we again find that all countries find it necessary to maintain some measures to protect domestic production.

Here again I use the example of the US not because it is a leading transgressor like Japan, but merely to show that even the strongest, most developed economies find such measures necessary.

You are probably aware of the Surface Transportation Assistance Act that gives a "buy America" preference on federal-funded highway and urban mass transit projects including restrictions on cement and rolling stock imports. Other preferential buy America acts exist in a number of states. There are new restrictions on the defence procurement of foreign-produced specialty metals that will hurt US economic partners. In fact, new trade protectionist measures abound in Congress: from reciprocity legislation to domestic content for automobiles. US industry is active in initiating restrictions against foreign imports under US trade law. These developments are a reflection of difficult economic circumstances, tough foreign competition and high unemployment.

As a minister in the Canadian government, I want to suggest to you that in this admittedly imperfect world Canada adheres to the principles of free trade and accessibility of international investment as well as other developed industrial countries.

In almost every sector of the economy Canada has permitted a higher percentage of

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