

In the United States, old isolationist instincts stir.

These are indeed difficult times but these are not the worst of times. Soviet Communism is not immutable. The desire for freedom burns as surely now in Eastern Europe as it ever has. If anything, the distaste for Communism is stronger in Western Europe than ever before. Change will come to the world's poor countries. I am sure that the American people will embrace the challenges of the Eighties, not shrink from them. And America will not be alone.

Two years ago almost to the day, our embassy in Iran succeeded in spiriting six U.S. embassy employees out of that unhappy country. It was the right thing to do and you would have done the same for us. What I found surprising about that incident was the strength of the reaction of the American people. Not their gratitude but their sense of isolation. The people of the United States felt alone.

**Collective  
resolve**

You are not alone. On the fundamental security issues, the democracies do stand together. We may quarrel among ourselves. Our analyses may diverge. And even where they coincide our prescriptions may sometimes differ. Whether to impose sanctions on the Soviet Union or not is an example. But tolerance of dissent is the essence of freedom. It is freedom that separates the West from the East, that ennobles us and makes our way of life superior. It is the Soviets who expect unanimity from their reluctant partners. Unanimity amongst ourselves is not necessary, and in a sense is not even desirable. What is necessary is a collective resolve to defend our freedom. I can assure you that this resolve endures.

You are not alone. Our own two countries have not fired shots in anger at each other in more than a century. We have fought together in the defence of our ideals and values in two world wars. We were together in Korea. The defence of North America is our common responsibility. Your border with us is secure.

**Top trading  
partner**

The second point I wish to make is that we are also your most important business partner. Two-way trade between our two countries is enormous — your trade with us is double your trade with Japan, triple your trade with Mexico and almost as large as your trade with all ten countries of the European Economic Community combined.

Canada is a close second to Japan as California's principal trading partner. California's exports to Canada were worth about \$3.1 billion last year. Forty-thousand jobs in the Los Angeles area depend entirely on trade with Canada. Another 100,000 jobs are dependent on that trade to some degree. When lobbyists try to persuade you about the fairness of "Buy America", or about the logic of reciprocity, remember that Canada has run current account deficits with the United States every year since the Second World War.

Americans have more money invested in Canada, more than \$70 billion in direct and portfolio investment, than anywhere else in the world. Canadians have more money invested in the United States, more than \$13 billion, than anywhere else. Canadian investors are literally changing the face of urban America.

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