

Resumption of large-scale hostilities or any action tantamount to a direct denial by the parties of their obligations under the agreement would, in my view, relieve Canada of further responsibility to the ICCS.

I am not predicting that the arduous and skilful work which led to the agreement will be nullified by an early escalation of hostilities. The present situation is an obvious improvement over the situation that existed before January 28. The Commission had its role to play in these developments and, if it did nothing else but help to provide the framework within which these accomplishments were made possible, that has been, up to the present, ample justification for our role.

In concluding these comments on Vietnam, let me make one general observation affecting bilateral relations between your country and mine -- and it is this. It seems to me to be in the interests of both our countries that, as a member of the ICCS, Canada should be -- and should appear to the world to be -- an impartial, objective observer, reporting the facts as we see them, even if this may mean that from time to time we reach conclusions critical of the United States or its ally, the Republic of Vietnam....

As a member of the ICCS, Canada has followed what we call an "open-mouth" policy -- we have been open and direct in public statements in the belief that by so doing we can contribute to better understanding of the tasks confronting the International Commission in Vietnam.

Now let me see if I can contribute to better understanding of Canadian attitudes toward the United States by some friendly and frank talk about economic developments affecting relations between our two countries.

First, some simple and obvious facts. Total trade between our two countries exceeds \$25 billion annually. We are each other's best customer. Your overall trade with us is double that of your trade with Japan, your next-largest trading partner. We invest heavily in each other -- in *per capita* terms, Canadian investment in the United States exceeds that of American investment in Canada. This will probably strike you as a very satisfactory and mutually-rewarding arrangement. In most respects it is.

However, there is a catch -- and that is found in the disproportionate size of our economies. You are ten times larger in population and eleven times larger in gross national product. Thus the degree of Canadian ownership of the American economy is negligible, whereas U.S. investment in Canada results in about 50 percent American control of Canadian manufacturing industries. In some sectors, including automobiles and petrochemicals, the percentage of U.S. ownership is much higher.

You are the market for some 70 per cent of our total exports. We purchase about 69 per cent of our total imports from you. These figures speak for themselves about the intimacy of our economic involvement. They leave no doubt that, when Washington, Chicago or New York sneezes, the draught is felt in most parts of Canada. Conversely, a native Canadian virus is less contagious in the United States.