

period, Canada bought 22.7 per cent of your total exports.

Canada is the biggest – and best – customer of the United States by far. Looking at our situation from the supply side, the United States provides 72 per cent of our total imports and we supply you with 28 per cent of your total merchandise imports. In the first seven months of this year, our imports from your country (\$6 billion) were greater than the purchases of your next three best customers – Japan (\$2.36 billion), Germany (\$1.73 billion) and Britain (\$1.4 billion) – combined.

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(2) *We exchange technology.* You, of course, are the major source of technology for the Canadian industry. But we have made and are making useful contributions too. I have already mentioned a few in the oil equipment field, but I could add – short take-off and landing aircraft (STOL), which I was pleased to see in operation today by the Houston Metro Air Lines; small lightweight gas turbine engines, i.e., the PC twin PAC engines developed by United Aircraft (this is the engine which powers the Huey Helicopter manufactured by Bell); cobalt radiation units for the treatment of cancer; snowmobiles; microwave systems; nuclear reactors; hydro-electric equipment; forest fire-fighting machinery; hydrofoil ships; subway underground construction techniques; road and rail equipment; aerial surveys...A very recent development is a new laser beam which creates a temperature hotter than the sun's surface for half a microsecond....

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(3) *We exchange services.* In transportation – several U.S. carriers serve eight Canadian cities and two Canadian air carriers serve ten U.S. cities. Nearly 14,000 boxcars are in common service between our countries, about 10,000 Canadian in your country and 4,000 U.S. Canadian rails. In sports: we provide you with hockey players – you provide us with football and baseball players. In culture: your travelling road shows, ballet groups and symphony orchestras also visit the larger Canadian cities. You are by far our greatest source of supply of published works – in 1970 we bought \$168 million of your books and magazines. We exported to you in the same year only \$16 million of the same....

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(4) *We exchange capital.* The “book” value of U.S. direct investment in Canada at the end of 1970 was about \$21 billion. This is concentrated in the mining and manufacturing industries, and this control at the end of 1968 amounted to 51 per cent of all assets in the mining industry and 43 per cent in manufacturing. The degree of U.S. control in certain sectors of manufacturing is even higher, e.g., rubber products, 84 per cent; petroleum refining, 76 per cent; transportation equipment, 73 per cent. In the mining industry, the highest concentration of U.S. control is

in petroleum mining with 67 per cent. Canadians have invested in the U.S. more than \$3 billion. On a *per capita* basis, each American has invested in Canada about \$100 and each Canadian has invested in the U.S. approximately \$150.

(5) *We visit each other* – and that is a big item in our balance-of-payments figures. Last year we had more than 37 million visits from U.S. citizens and Canadians made nearly 36 million visits to your country (on the basis of ten to one population, you should have made 370 million visits). You spent \$1.08 billion in Canada last year and we spent \$936 million in the United States. On a *per capita* basis, this is \$5.40 expended *per* American and \$46.55 for each Canadian.

(6) *We exchange people.* Periodically, we have waves of emigration between our two countries. For example, the movement of French Canadians into the New England States has been a continuing process over many decades and estimates suggest that more than 2.5 million people – in New England only – are of French Canadian descent.

The “drain” of university graduates from Canada to the U.S. in the years after the Second World War was followed by the more recent inflow of U.S. professors to Canadian universities. In 1970, 15 per cent of all full time academic staff in Canada held U.S. citizenship.

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In 1970, 26,850 Canadians emigrated to the U.S. and 24,424 U.S. citizens emigrated to Canada.

(7) *We do economic things together* – so many that it would take hours to list them. We help to build U.S. commercial jetliners...and we buy them too. (Air Canada will take delivery of ten Lockheed *Tristar* aircraft in 1973 and 1974 and has an option to buy nine more.)

Your rockets launch our Canadian satellites (*Alouette* – research satellite; *ISIS* – research satellite; *ANIK* (to be launched late 1972), communications satellite).

We work together to contain and remove pollution from the Great Lakes (although we don't always agree on what causes it). Our labour unions work together (62 per cent of all unionized labour in Canada belongs to unions that are affiliated with unions in the U.S.).

Have I said enough to indicate the close ties in every sense between our two countries, to demonstrate the unique character of our economic relationship?

Decisions taken in the United States always had and will continue to have enormous impact on Canada's economic growth. Is it fair to treat us like any other foreign country?

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U.S. SURCHARGE

We do appreciate and are fully aware of the nature and seriousness of the balance-of-payments problems