

views expressed by Mr. Connor, Secretary of Commerce, on January 17, as reported in the New York Times of that day. He said that the voluntary balance-of-payments programme should be ended by February of next year. The more important part of what he said is the following, as outlined in this article:

In discussing the ending of the program a year from now. Mr. Connor said the Government recognized that restraint on direct investment, in particular, was against the longer-run interest of the nation and of the balance of payments, because it would ultimately reduce both exports and income from investments.

On that point I think there is agreement between the Government of the United States and the Government of Canada... that these measures are not in the interests of the United States in the longer run. I think we must take it for granted that the United States has adopted these policies temporarily and that they are not part of a new orientation of United States thinking.

The third point, and one that I have emphasized before in this House but which I should like to emphasize again, is that it is in Canadian interests and in the interests of the Western alliance that the United States should overcome its difficulties. Our attitude as Canadians should be one of co-operation by all reasonable means. This does not mean we should be reluctant to express our views with frankness and vigour to the United States Government, as we have done. I have no complaint at all about the fact that others in this country have been expressing very vigorous views about the application of these policies to Canada.

It does seem to me, however, that we should not go out of our way to increase the difficulties of the United States, because we do want them to overcome their problems so that they can resume the policies they were following when there were no restraints on the movement of capital in or out of the United States.

Finally, I do wish to make it clear once again, as I did in answer to a question today, that the Canadian Government did not accept the application of United States guidelines on direct investment to Canada. These guidelines on direct investment did not form any part of our understanding with the United States Government. In December, I announced the terms of the agreement with the United States Government which related to access to the United States market for long-term funds and freedom from the United States interest-equalization tax, in return for which we agreed to try to achieve a target on our reserves. This was our agreement.

So far as the guidelines are concerned, we are free to take whatever action seems to be appropriate to protect Canadian interests, including, if necessary, as I suggested earlier today, guidelines of our own. For example, the Minister of Trade and Commerce, at my suggestion, is examining the effects of these guidelines upon the trade of Canada and