

In both our countries we share the same basic economic and political and social philosophies. We are both committed to maintain growing economies and full employment in what we still insist on calling conditions of free enterprise. We both recognize that capital - for growth and employment - will flow to places where conditions - economic and political - are most attractive. Canada is such a place, and we would not have it otherwise. We know that, if this flow has resulted in so much U.S. ownership as it has, this is not the result of any foreign "conspiracy" - or grasping, old-fashioned, great-power economic imperialism.

What may not be so well understood in the United States is that the normal working of the system, to which we both adhere, in the particular circumstances of Canada and the United States, can give, and has given, rise to very serious problems for the smaller country. We think that Washington does not always appreciate the unique nature of these bilateral problems - perhaps because it has so many bigger ones to worry about in other parts of the world. As a consequence, financial and economic protective action may at times be taken by the United States Government through measures of general application when Canada - because of its special situation - should have been exempted from such action, even in the interest of the United States itself. In any such action, the United States should remember that we are by far your largest market, that in each of the last ten years, for example, your exports of goods and services to Canada have exceeded your purchases from us by more than a billion dollars a year. Each year we run a huge current-account deficit with you, to be covered, in part, by what we borrow from you. I doubt if there is any country, year in and year out, that gives your balance of payments greater support than we do.

These are facts in our economic relations.

While we are worried about this situation, this does not mean that we think "complete" economic independence, based on narrow nationalism, is a feasible or sensible course for us - or, indeed, for any country -, especially in today's world, dominated by swift technological developments and by changing relationships, especially between the super-powers.

All Canada's postwar international policies testify to our belief in the conceptions of interdependence and internationalism - both economic and political. We have consciously preferred, and still do, multilateral to regional arrangements - especially the kind of regional arrangement with the United States in which Canada might be overwhelmed, in the most friendly and neighbourly way, of course. We need the maximum of international contact in the widest possible world.

Even when we talk about economic nationalism as we do, we are often thinking more in terms of the political and cultural preservation of our own identity than of the increase of our wealth and resources. It is national feeling, more than national income,