

is that we see no good future in either exclusive North American or European continentalism. We believe that the peace and security of the world, as well as the self-interest of both continents - Europe and North America - and of the individual nations that compose them, are best served by frank recognition of the requirements of an increasing and a widening inter-dependence.

Naturally, it is the first responsibility of the Government of Canada - as of any government - to ensure that our national purposes are achieved; that our economic and material progress is continued; and that its benefits are spread as widely and as equitably as possible among all our people; and that our economy does not fall under external, by which we mean American control. We will never discharge our national responsibility, however, by ignoring our continental and world responsibilities; by pretending that national policies alone can ensure our progress or even our survival.

U.S. ECONOMIC INFLUENCE

We, in Canada, acknowledge and appreciate the important part American enterprise and American capital have played, and are playing, in the development of our country. It is neither ingratitude nor unneighbourliness that makes us worry about the outcome of your having played that part so well that, today, a greater proportion of Canada's resources and industrial productions come under foreign - largely American - control than is the case with any other industrial country in the world. Today, non-resident interests - almost entirely in the United States - control almost 60 per cent of our manufacturing. Naturally, this - and other facts about your share in our progress - worries us because of the effect it could have on our economic and our political development as a separate, independent state.

Our anxiety in Canada in these matters is perfectly natural. It is also increasing. It has been the subject of a debate in our country for many years. Nor is the debate unrelated to our domestic dialogue about our future as a united country.

There are those who say why worry about problems of Canadian federation and unity if we are going to be swallowed up anyway by "Uncle Jonah", in one form or another. There are others who say why get excited about the U.S.A. absorbing Canada when we ourselves don't know what kind of Canada is going to be absorbed.

These are the views of a somewhat cynical minority. Let's look at the problem more soberly, as most Canadians see it.

ECONOMIC FACTS

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, it is not the result of any foreign "conspiracy", of 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, in the particular circumstances of Canada and the United States, can give, and has given, rise to very serious problems for the smaller country; and 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, in the interest of the United States itself. In any such measures, the United States should remember that we are your largest market. In each of the last ten years, for example, your exports of goods and services to us have exceeded your purchases from us by more than a billion dollars. 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....

NARROW NATIONALISM REJECTED

While we are worried about the 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 - in today's world dominated by swift technological developments and by changing relationships, especially those between the super-powers.

All Canada's post-war international policies testify to our belief in the conception of interdependence and internationalism - economic and political. We have consciously preferred 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 contacts in the widest possible world.

Even when we talk about economic nationalism, 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 that impels the great majority of Canadians to reject the notion of economic union with the United States. We think, and rightly, that political independence would not last long within any such framework.

I repeat, however, that, if we have these worries about economic domination and even absorption by the U.S.A., the remedy is not to fall back on inward-looking economic policies, aimed at self-sufficiency under the guise of nationalism. It is not in the creation of a parochial Canada, sheltering behind tariff walls and cultural curtains with an occasional timid peek over at "Uncle Sam", that we can find salvation, or any cure for complaints we may have.

A policy of national exclusiveness, of a "little, self-contained Canada", would be not only foolish