

Now let me comment on some of the developments I have listed from the Government's point of view....

As to the question of exchange-rates, it has been a great success for the Minister of Finance and for his predecessor to have so solidly established the case for allowing the Canadian dollar to continue to float. At the same time, the Government's recent measures to encourage lower interest-rates ought to prevent our dollar from moving upwards to the point where exports are seriously affected. With the problem of parities resolved, attention can now turn in monetary matters to reform of the international monetary system. Canada will be making its contribution to that process. Reform is not, of course, a matter for today or tomorrow. For our purposes today, let me simply record that I expect Canada to work in close consultation with the United States on this question and see no reason why it need become an issue dividing us.

As to the trade irritants, it is impossible to say now what the outcome of the next round of negotiations may be. Nor can I tell you the details of the Government's negotiating position. I can say, however, that the offer the Government made to the United States several months ago was perfectly reasonable. If some of these issues remain unresolved, it is not because of any rooted refusal on the Canadian side to bargain sensibly.

While I cannot speak for the United States, I should warn against seeing patterns in various actions by the United States where none exist. The fact that there are by now a number of outstanding issues to be negotiated is, to an important degree, fortuitous. Without seeking to belittle these problems, I suggest that none of them -- not even the Auto Pact -- goes to the heart of the relationship between the two countries. In so complex a relationship, we should not be surprised at any particular time to find a question of the order, say, of the Michelin Tire problem awaiting solution. But there are no fundamental differences of principle between Canada and the United States in these matters. Canada has every sympathy for the United States Government's desire to correct imbalances in its trade. By allowing the Canadian dollar to float upward months before President Nixon announced his new economic policy, we gave evidence of our willingness to contribute to the necessary process of multi-lateral adjustment.

In Canada, the most controversial of these economic questions is obviously that of foreign ownership. I have already drawn attention to the fact that this is more our problem than it is a bilateral problem. I venture to say it is more a problem of federal-provincial relations than of international relations. All we can expect from the United States is sympathetic understanding of the difficult choices which confront us. At the moment, I should say that we have that sympathetic understanding. Whatever future developments there may be in this field, I expect Canada to remain liberal in its economic policy. Therefore, I see no reason why we should forfeit this understanding. While debate will continue in Canada -- often intense debate -- I do not expect the fact that Canadians must go on struggling with this issue to become in turn an issue in relations between the two Governments.