

tegrity and our national status, and was unacceptable to the Canadian Government. This position is, I think, well understood and is now generally accepted.

But the power to determine its economic destiny, which a national must have if it is to realize its full potential, involves more than legal considerations. It involves also the degree of influence which Canadians have in the policy-making councils of the major corporations doing business in this country. For this reason, it is natural and proper for Canadians to be concerned about the increasing amount of foreign ownership in our economy.

You will be aware of what the Government is doing to meet and remedy the situation: to establish a code of good corporate behaviour for foreign subsidiaries here, and to encourage greater Canadian participation in companies which operate in this country. In achieving this second objective, the Canada Development Corporation will have an important role to play.

I look forward to the day when we will no longer be so dependent on foreign capital inflows. I do not think we have yet fully exploited all the possibilities of encouraging a greater flow of domestic savings, nor of so regulating our affairs as to promote greater Canadian ownership.

GUIDING PRINCIPLES

In recent years, there has been a healthy controversy concerning the role of foreign capital in Canadian economic development. There is now emerging a consensus on this much-debated topic, which can perhaps best be stated in four principles:

- (1) We must not discourage or penalize the foreigner who has had the faith and imagination to invest here.
- (2) We must provide the legal and policy framework in which the foreign investor can make the maximum possible contribution to our national welfare.
- (3) We must facilitate efforts by Canadians to devote increasing amounts of their ingenuity and resources to productive investment in this country.
- (4) We must encourage the legitimate and natural aspiration of Canadians to own more of their country's industry, and to exercise greater influence in the making of decisions concerning it.

In considering the question of foreign investment in Canada, we should not lose sight of the fact that Canadians have long been active as investors in other countries. Indeed, in the United States alone, we Canadians have invested more in proportion to our population than the United States has invested in Canada. In other parts of the world — for example the Caribbean — Canada is among the most important sources of foreign investment. We have, therefore, a twofold interest in preserving freedom of capital movement across international frontiers....

LOWER TARIFFS ADVOCATED

No other developed country is so dependent on world markets as Canada. It is only in these world markets that the fullest potential for some of our new and highly specialized products, as well as our traditional exports, can be realized. With this in mind,

the national Government is determined to continue its vigorous and active support for the lowering of world tariff levels and the dismantling of other trade barriers.

The "Kennedy round" of trade negotiations in Geneva is now entering its decisive phase; we are hopeful that it will result in a substantial step forward. With the end of the "Kennedy round", we must be prepared to show imagination in finding ways to liberalize trade still further. We must be prepared to show courage in adapting the Canadian economy to the changes we must expect in the international market place.

We are also very much aware of the potential opening up for Canadian exporters in the Soviet Union and Eastern Europe. During my visit there last fall, I was able to observe at first hand the winds of change which are stirring, and in particular to note the more flexible and decentralized techniques of economic management which are being adopted. Canadians must be alive to the opportunities this will present for more diversified trade, in addition to our present exports of grain and flour. We must be prepared to adapt our normal trading techniques if we are adequately to develop markets for our products in these state-trading countries.

In speaking of the challenge of economic development, I have referred to the vital role which the Federal Government is called on to play in the fields of foreign investment and international trade policy. But economic development within Canada is not in itself sufficient; we must also be concerned with economic development on an international scale.

EXTERNAL AID POLICY

Unless we can, as a nation, dedicate ourselves to translating into reality throughout the world the economic well-being which we consider essential within our frontier, our own prosperity will remain vulnerable. Unless we recognize the principle of redistribution of wealth, which is the basis of Canadian social values, our own social and cultural progress may be imperilled. Unless we place at the disposal of the less-developed countries some of the wealth of human and material resources which we possess, our own security cannot be assured.

It is my personal conviction, which has been strengthened by years of experience in the field of foreign affairs, that aid constitutes one of the best and most constructive instruments we have in our quest for international peace and stability. Self-interest dictates that we should maximize our aid effort and improve the quality of our aid to the greatest possible extent.

It so happens that, as we increase and improve Canadian aid, which is usually provided in the form of Canadian goods and services, we are at the same time making an increasing contribution to agricultural, industrial and technological development in Canada. This is only natural, for aid is a co-operative endeavour, and its success depends on the availability in developed countries of highly qualified human resources, and of a highly developed industrial potential.