

Many of those whom I counted as close professional colleagues, indeed close personal friends, did not come from America's heartland as I did, but from the heart of Canada, as did most of you in this historic chamber.

Art Linkletter, Glenn Ford, Raymond Massey, Walter Pidgeon and Raymond Burr are but a few of your countrymen who are celebrated in our entertainment industry.

I believe I know the very special relationship between Canada and the United States. But with all respect to those few I have mentioned, I can do better than that. A young lady once came to Hollywood from Toronto. Before long, little Gladys Smith was embraced by our entire nation. Gladys Smith of Toronto became Mary Pickford. And I know you will forgive us for adopting her so thoroughly that she became known the world over as "America's sweetheart".

Some hon. Members: Hear, hear!

Mr. Reagan: America's sweetheart was Canadian.

Affinity, heritage, common borders, mutual interests—these have all built the foundation for our strong bilateral relationship. This relationship has grown to include some of the strongest economic links among the nations on this earth.

Some 16 per cent of America's total world trade is done with Canada. Our joint trade amounts to about \$90 billion Canadian, annually. This is greater than the gross national product of some 150 countries.

It's estimated that three quarters of a million United States workers are employed in exports to Canada and, in turn, Canadian exports to the United States account for one sixth of our gross national product.

Not only is the vast bulk of this trade conducted between private traders in two free economic systems, but more than half crosses our borders duty-free. Our seaways, highways, airways and rails are the arteries of a massive, interconnecting trade network which has been critically important to both of us.

Thus, while America counts many friends across the globe, surely we have no better friend than Canada.

Some hon. Members: Hear, hear!

Mr. Reagan: And though we share bilateral interests with countries throughout the world, none exceeds the economic, cultural and security interests that we share with you.

These strong and significant mutual interests are among the reasons for my visit here. Already I have shared with Prime Minister Trudeau very helpful discussions across a range of issues, to listen and to ensure that these important ties shall not loosen.

I am happy to say that in the recent past we have made progress on matters of great mutual importance. Our governments have already discussed one of the largest joint private projects ever undertaken by two nations—the pipeline to bring Alaskan gas to the continental United States. We strongly favour prompt completion of this project based on private financing.

Some hon. Members: Hear, hear!

Mr. Reagan: We have agreed to an historic liberalization of our trade in the Tokyo Round of the multilateral trade negotiations.

We have continued our efforts, begun with the Great Lakes Water Quality Agreement of 1972, to protect our joint heritage in the Great Lakes. We want to continue to work co-operatively to understand and control the air and water pollution that respects no borders.

Some hon. Members: Hear, hear!

Mr. Reagan: During my visit here, I have had the pleasure of participating in the conclusion of two other important agreements. We are renewing the North American Aerospace Defence Command Agreement for five more years. For more than two decades now, NORAD has bound us together in our common defence with an integrated command structure symbolizing our interdependence. This agreement represents continued progress in our relations and mutual security.

Second, we have concluded an agreement regarding social security benefits for those of our citizens who combine work in both nations. With this new agreement, those people who are employed in both countries can be eligible for the combined benefits, and the workers will be eligible for those benefits in whichever country they choose to live.

Some hon. Members: Hear, hear!

Mr. Reagan: Our deep and long time bilateral economic interests lead me to depart from the norm today and give to you a report on America's progress toward economic recovery.

Five weeks ago, I reported to the American people that the U.S. economy faced the worst economic mess since the great world-wide depression. We are a proud people, but we are also realists. The time has come for us to face up to what I described as a potential economic calamity.

I raise this issue today because America holds a genuine belief in its obligation to consult with its friends and neighbours. The economic actions we take affect not just us alone but the relationships across our borders as well.

As we examined America's economic illness, we isolated a number of contributing factors. Our federal government has grown explosively in a very short period of time. We found that there had grown up a maze of stifling regulations which began to crush initiative and deaden the dynamic industrial innovation which brought us to where we are. We saw unbelievable deficits, this year alone reaching up to nearly \$80 billion, including off-budget items.

We found that these deficits got in no one's way because the government found it easy to fuel inflation by printing more money just to make up the difference.

The American taxing structure, the purpose of which was to serve the people, began instead to serve the insatiable appetite of government.

Some hon. Members: Hear, hear!