



# STATEMENTS AND SPEECHES

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## FURTHER COMMENTS ON U.S. ECONOMIC GUIDELINES

Statement to the House of Commons on February 2, 1966,  
by the Honourable Mitchell Sharp, Minister of Finance

I intend to speak very briefly... to make a few points on the application and the implications of United States guidelines on direct investment in Canada. First of all, I should like to make it quite clear... as I did in a speech I gave earlier this session, that I am not defending the United States guidelines on direct investment. As Minister of Finance I advised the Government of the United States that I thought they were unwise, both economically and politically, to apply these guidelines to Canada. Therefore, in what I have to say, I am maintaining the position that it would be in the interests of both Canada and the United States if Canada were exempt from these guidelines.

The first general point I should like to make is that, in discussing the problem of the effect of these United States measures on Canada, we must recognize that the United States has a balance-of-payments problem and that these guidelines, as well as other measures, are related to that problem alone. Now, some experts disagree as to the nature of the United States international financial problems. However, I believe we have to recognize that the United States must be the judge of its own responsibilities and its own position.

Undoubtedly the United States Government is concerned about its balance-of-payments position. If it were not concerned, it would not be employing the extraordinary measures it is employing. This leads me to the second point, and that is that one should not make the assumption that is sometimes made, I notice, that the United States Government has embarked upon a new and permanent policy of guidelines on direct investment by international companies based in the United States. If that were so, if in fact we were convinced that the United States had embarked upon a new, permanent policy, there would be very serious cause for concern on the part of not only Canadians but the world at large.

For the time being at least, I think one ought to give the benefit of the doubt to the United States Government and accept the views expressed by members of that administration. If I may, I should like to quote the