

sumer to buy a particular piece of merchandise. The United States Government does not place goods in Canada as part of a state-directed programme.

"This aspect of our trade is the natural consequence of two private enterprise economies working side by side and trading with each other.

"Then, we should also remember that the free world represents a multi-lateral trading community. To try to balance our books once a month or once a year with every nation with which we trade would stifle rather than expand trade. I assume that Canada is as interested as we are in the expansion of world trade rather than in its artificial re-direction. Both our peoples want to buy and sell in a climate of economic vigor and expansion. An imbalance in trade with one country, in such a climate, is usually balanced or largely offset by the state of the accounts with other trading nations.

"This is the case with Canadian trade. Your export deficit to the United States is offset by export surpluses to other countries and by the flow of investments to Canada. The promotion of healthy multi-lateral trade, as opposed to artificial bilateral balancing, is an important objective of the International Monetary Fund and the General Agreement on Tariffs and Trade, to which both Canada and the United States belong.

"I want to address myself as well to the other side of the trade equation, namely your exports to the United States. Here you can rightly say that, through quotas and tariffs, our governmental policies can either expand or restrict your opportunities to sell to us. The same is of course true of actions taken by your Government which can affect the volume of our exports to Canada.

"Neither of our countries is a 'free trader' in the classical economic sense. Each of us feels a responsibility to provide some protection to particular sectors of our economies which may be in distress or are for other reasons deserving of governmental assistance. We have taken some actions of this sort. So has Canada.

"Oil imports into our country contribute a case in point. We believe that to insure adequate supplies of oil in an emergency, it is necessary that exploration to develop oil reserves be carried forward with vigor. A healthy domestic oil producing industry is vital to our national security. We recognize that our security and yours are inseparable. We have been keenly sensitive to that fact in considering the nature of the voluntary restrictions on oil imports that have been put into effect by oil companies in the United States, and have minimized their impact on your economy.

"Our restrictive action with respect to oil is not in any sense reflective of a change in the fundamental trade policy of the United

States. Such actions must be viewed in perspective.

"For example, since the so-called 'escape clause' was incorporated in our trade agreements legislation in 1951, there have come from industry in the United States a number of requests for the imposition of quotas or higher tariffs. In about a dozen cases Presidential approval for some relief has been granted. In only one of these cases was Canada directly affected as an exporter. We have always conscientiously sought to take account of your interests as well as our own in seeking the best remedy to these problems. I am sure that a study of the record will bear this out."

On the matter of US investment in Canada, Mr. Eisenhower said:

"The flow of investment funds from the United States into Canada has led to expressions of concern on your part. These funds have been attracted to your country by the business opportunities Canada offered. Though they may raise questions in specific cases respecting control of an industry by American citizens, these industries are, of course, subject to Canadian law. Moreover, these investments have helped you to develop your resources and to expand your industrial plant at a far faster rate than would have been possible had you relied wholly on your own savings. They have thereby helped to provide employment, tax revenues and other direct benefits. These funds have also helped Canada to finance with ease its recent surplus of imports from the United States, a fact that is testified to by the premium of the Canadian dollar over the United States dollar.

"I am confident that if there are some defects in this investment process, ways will be found to correct them. That is in the interests of both our countries."

Of the foreign trade policy of the United States, Mr. Eisenhower said:

"In 1934 the United States took an historic decision to embark on a positive policy of fostering trade with the launching of the Reciprocal Trade Agreements programme. This policy we continue to support and practice. The Government of the United States, after a public searching of soul at times of renewal of the Trade Agreements Act, has consistently reaffirmed this policy. Have no fear that the United States will abandon so well established a policy. The problems I have been discussing concern our economic lives. Our points of economic contact are varied and numerous, as they of necessity must be under our chosen system of private enterprise.

"Our governments have a responsibility to compose difficulties, but we must not forget that thousands of individual citizens of Canada and the United States must themselves find in their diversified activities the answers to many of these problems.