

during the prewar period did not protect individual countries from the effects of the Great Depression. In fact the reverse was true. Moreover, during this recent postwar period we have seen a dispersal of economic power, not a concentration. The United States, once a giant among mortals, is now only one of the great, sharing its economic power with the new Europe and Japan.

Another reason for my belief that a reconciliation is possible is that the extremes are being abandoned. Protectionism, as such, is no longer respectable as an economic doctrine, no longer acceptable as a means of increasing national wealth. At the other extreme, the art of trade negotiation is improving so that the removal of trade barriers is being managed with less pain. Turning to foreign investment, the argument is no longer in terms of black or white. It is usually presented as a matter of degree, or a matter of behaviour of multinational corporations, or of the degree of control exercised by the government of the parent company, or the sector of the economy in which the investment is being made.

I am impressed, as I am sure you are, by the growing interdependence of the community of nations. The ability of any country -- even the most powerful (even the United States) -- to control its economic destiny is limited. There is no way in which any one country can insulate itself from external economic events, and if it were to try it would probably find that it had lost more than it had gained.

The conflict which might be assumed to exist between the principle that the peoples of the world will be more prosperous if they trade freely with one another and have access to capital, technology and ideas and the principle of total control by a country over its economic destiny is probably more apparent than real. The true options are much more limited in scope. A dramatic illustration of the truth of this hypothesis is to be found in the policies of the highly-controlled socialist countries of Eastern Europe, and particularly the Soviet Union. With all the economic "clout" that group of countries has, they have learned that self-sufficiency, whether in trade or technology, is not a viable goal in an interdependent world.

Let me conclude by applying some of these generalizations to my own country, Canada, where the debate about economic nationalism is probably as intense as in any other country.

With you we share the North American continent north of the Rio Grande. Our economies are interdependent to the point where they might better be described as interlocked. Total trade between us exceeds \$20 billion annually; each is the other's best customer. If we were economies of the same order of magnitude, the problem would be different and certainly less acute. But we are not; there is a factor of ten or more to one in your favour in terms of our populations and our gross national products. In *per capita* terms, Canadian investment in the United States exceeds American investment in Canada. The difference is that your investment in Canada results in some 50 percent American control of our manufacturing industries -- in some sectors, including automobiles and petrochemicals, the percentage is much higher. On the other hand, the degree of Canadian ownership of the American economy is negligible.