

and see no reason why it need become an issue dividing us.

As to the trade irritants, it is impossible to say now what the outcome of the next round of negotiations may be. Nor can I tell you the details of the Government's negotiating position. I can say, however, that the offer the Government made to the United States several months ago was perfectly reasonable. If some of these issues remain unresolved, it is not because of any rooted refusal on the Canadian side to bargain sensibly.

While I cannot speak for the United States, I would warn against seeing patterns in various actions by the United States where none exist. The fact that there are by now a number of outstanding issues to be negotiated is, to an important degree, fortuitous. Without seeking to belittle these problems, I suggest that none of them -- not even the auto pact -- goes to the heart of the relationship between the two countries. In so complex a relationship, we should not be surprised at any particular time to find a question of the order, say, of the Michelin Tire problem awaiting solution. But there are no fundamental differences of principle between Canada and the United States in these matters. Canada has every sympathy for the United States Government's desire to correct imbalances in its trade. By allowing the Canadian dollar to float upward months before President Nixon announced his new economic policy, we gave evidence of our willingness to contribute to the necessary process of multilateral adjustment.

In Canada, the most controversial of these economic questions is obviously that of foreign ownership. I have already drawn attention to the fact that this is more our problem than it is a bilateral problem. I venture to say it is more a problem of federal-provincial relations than of international relations. All we can expect from the United States is sympathetic understanding of the difficult choices which confront us. At the moment, I should say that we have that sympathetic understanding. Whatever future developments there may be in this field, I expect Canada to remain liberal in its economic policy. Therefore, I see no reason why we should forfeit this understanding. While debate will continue in Canada -- often intense debate -- I do not expect the fact that Canadians must go on struggling with this issue to become in turn an issue in relations between the two Governments.

It hardly needs saying that there is no national consensus on this question. The warmth of the continuing controversy is proof enough of that. Some regions of Canada are vigorously searching for capital and enterprise and are less concerned about its origin than about the availability. All regions are understandably concerned that national policy should recognize their particular needs and aspirations. The Federal Government considers that Canada can now afford to be more selective about the terms on which foreign capital enters the country. Some 17% of the net annual capital inflow to Canada has been going to purchase existing concerns rather than to develop or expand industries. This sort