

of 1971, United States investors controlled 27 per cent of the assets of all non-financial Canadian corporations. In some key industries, the United States control is over 75 per cent. Canadian direct investors in the United States own less than one-half of 1 per cent of United States corporate assets.

It was figures of this kind that had been with us for a long time that had brought home to us the need to reconsider our relations with the United States in order that we Canadians might determine where we should be going. And this process got under way at the beginning of the Seventies. The economic measures adopted by the United States in August 1971 gave special urgency to this need. Consequently, we undertook a comprehensive reassessment of Canada-United States relations.

We considered three options:

- (1) maintenance of the *status quo*;
- (2) closer integration with the United States; and
- (3) strengthening of the economy and other aspects of national life in order to secure our independence.

The decision was taken to adopt this third alternative, usually referred to as the Third Option. With it we have chosen to develop a comprehensive, long-term strategy intended to give direction to specific policies and programs, which will reduce Canadian vulnerability to the magnetic pull of the United States.

Before I discuss what steps we have taken so far to carry forward this decision, I wish to deal with some of its implications. They have been discussed on previous occasions, but their importance merits repetition. This policy does not entail protectionism or isolationism. On the contrary, it really means a greater involvement for Canada in the rest of the world. It is definitely not anti-American. The decision to adopt the Third Option was taken in the knowledge that our links with the United States represent our most important external relationship. The effect is to strengthen these links, by developing policies that contribute to Canadian maturity and self-confidence, and thereby remove those irritations in Canada that could, if not dealt with, manifest themselves in anti-American feelings.

But what have we done so far to reduce Canadian vulnerability to continentalism? The logic of the situation suggested that we