

The Canadian Government has not responded properly to the changing mood in Canada. Instead it has adopted several so-called "nationalistic" policies in such a half-hearted, reluctant and confusing manner that it is hardly any wonder Americans, and others, are uncertain about what they may expect and what they may rely on. Because of its own schizophrenia, Ottawa is hardly in a position to explain these policies adequately and is often not convincing when it becomes necessary to defend them.

What, for example, could be more confusing and hypocritical than the Government's treatment of *Time* while allowing *Reader's Digest* a continued and now unique tax exemption? Is it any wonder that Americans, and others, are confused about investing in Canada when the Government sets up screening for some forms of foreign investment, and then its ministers travel the world telling investors not to worry about the FIRA while, at the same time, the Bank of Canada and Department of Finance set policies designed to attract record foreign capital inflows? And while the FIRA's Commissioner explains that the agency's real job is to facilitate foreign investment rather than to hinder it? What could be more confusing than to have a provincial premier set out to nationalize the American-owned potash industry and then travel to New York asking for the American capital he needs for the takeover?

All the while, though, apparently out of sight of most politicians and many civil servants, a major change has been taking place in every region of Canada. Consistently, increasingly, year after year since 1964 poll after poll after poll, Canadians are making it clear they think Canada already has too much foreign ownership, does not need more foreign capital, and should be more independent from the U.S. in the future. Asked last year if they thought Canada could use more U.S. capital, 71 per cent of Canadians surveyed said no; only 16 per cent said yes. Twice as many Canadians think the U.S. and Canada are moving further apart as think they are drawing together. Only 41 per cent of Canadians think U.S. money already in Canada has been a good thing; 84 per cent are against further foreign ownership.

For years the so-called "nationalists" have been telling Canadians that they have been financing the foreign takeover of Canada themselves. The July 1975 issue of *Survey of Current Business*, published by the U.S. Department of Commerce, contains some interesting statistics. From 1970 to 1973, American ownership in

Canada grew by about \$8 billion. In 1970, only 11 per cent of this growth was financed by U.S. funds, in 1971 it was only 4 per cent, in 1972 only 6 per cent, in 1973 only 9 per cent. In other words, well over 90 per cent of the growth was financed from either retained earnings or funds raised in Canada. Obviously the polls indicate that the "nationalist" message is getting through.

So the mood in Canada has been and is changing. There is no major anti-Americanism here. And what is happening would hardly be thought of as nationalism in any other country. It is certainly not aggressive or chauvinistic or xenophobic or flag-waving or breast-beating super-patriotism. Rather it is a maturing confidence combined with a realization that we have already sold off much more of our country than we should have, or could really afford to.

Eventually politicians in Canada will have to respond to public opinion, and even sooner to urgent economic pressures. Americans would be wise to accept the inevitability of this response and plan for it now.

*Politicians  
will respond  
to public opinion  
and economic  
pressures*

#### **Ignorance of Canada**

My point about American ignorance of Canada might best be illustrated by Senator George McGovern's question to William Porter when the Ambassador stopped off in Washington on his way to his new posting in Saudi Arabia. Why, the Senator wanted to know, was Canada not being criticized for phasing-out oil shipments to the U.S. in the same way Saudi Arabia was during the oil embargo two years previously? Why indeed! For any Canadian this kind of question from a leading American political figure has to be utterly dismaying. Except for one thing, it would probably have been the subject of much comment in Canada. It wasn't, of course, because it was so very typical of just how poorly informed U.S. politicians are when it comes to their "great northern neighbor, our friend and ally, our biggest trading partner". Canadians are used to it. There are so many similar and familiar examples to make it hardly worth while listing others.

American indifference and Canadian timidity must be held jointly responsible. It is easy to explain, but the consequences are most dangerous. Canada's failure to articulate its policies properly can be traced to a variety of causes, including confusion in Ottawa about what it is exactly that we are trying to do in our bilateral relations and, many would add, what we are trying to do domestically.