



Bulletin

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ECONOMIC NATIONALISM

The following passages are from an address by the Secretary of State for External Affairs, Mr. Mitchell Sharp, to the American Management Association in New York on February 3:

As one of those who supports liberal trading and investment policies, I find no contradiction in supporting some limitations on the operations of foreign-controlled corporations in Canada. I would see grave dangers, for example, in United States domination of the Canadian banking system, for in any country domestic control of the banking system is a central instrument of economic policy. I would see grave dangers in permitting our daily newspapers, many of them in a semi-monopoly position, to be controlled by non-Canadians. I feel the same as so do my fellow Canadians about television and radio networks and stations.

As a Canadian, I am equally and quite legitimately concerned when a foreign government tries to use its home-based multinational corporations as a

means of implementing its own foreign or domestic policies. That is why, for example, Canada has taken the strongest exception to the efforts of the United States to apply its Trading with the Enemy Act to Canadian subsidiaries of United States corporations, and to apply its anti-trust legislation extraterritorially.

I submit, therefore, that if irrational ideas and policies about foreign investment are to be successfully resisted there must be acceptance of the need to meet legitimate concerns of this kind, concerns shared by many who want, first and foremost, to preserve a liberal environment for investment and trade.

Multinational corporations are not the old merchant adventurers – the East India Company that ruled the teeming Indian sub-continent for nearly 200 years, or the Hudson's Bay Company that for so long controlled the empty vastness of Northwest Canada. They performed tremendous feats of adventure and accomplishment but along a narrow front of economic exploitation of local resources. Moreover, in their own territories they were a law unto themselves.

To operate effectively, today's multinational corporations must be broadly-based and flexible in their approach, ready to tailor their operations to local conditions, local sensitivities, and local needs. Obviously they must work within the laws of the host country – more than that they must identify with and contribute to the aims and priorities of the host country.

Many corporations have acquired a good deal of sophistication in coming to terms with the varying and often conflicting circumstances they face. But many have yet to grasp the basic implications of multinationality, continuing to be more imperialistic than international and treating their foreign operations as colonial outposts of the home office.

It is well over a century since the East India Company supplied its sepoy's with pig's fat to grease

CONTENTS

Economic Nationalism	1
New Mint in Winnipeg	3
Grants to Learned Publications	4
Doctors' Earnings Rise	4
Funds for Caribbean Laboratory	4
Cabinet Shuffle	5
Figure-Skating Stamp	5
Quebec Boosts Exports	5
Food-Aid Pledge	6
Supply of Teachers Exceeds Demand	6
Indians Claim B.C. Lands	7

their rifles but today, even in Canada, we see sharp local reaction to multinational corporations' shortsightedness in such sensitive matters as local language issues, local cultural patterns, air and water pollution and plant location.

Opportunity for advancement to the highest level for locally-recruited staff is an obvious necessity, as is participation as a corporate citizen in the social and cultural life of the local community. Perhaps less obvious is the need to rid management of branch-plant mentality and a tendency to see everything in terms of the parent-subsidiary relation. It is asking for trouble, for example, to concentrate research, development and design in the home country, denying to the host nation opportunities to strengthen its own scientific and technological capabilities and to give their own experts the chance to develop at home their special talents and skills. It may also be very poor business.

My concluding thought on the subject of multinational corporations is that we should all — governments and corporations alike — be thinking constructively about the development of guide-lines and standards — international law if you like — for regulating the methods and activities of multinational corporations. Just as governments see advantage in international arrangements covering the conduct of their affairs abroad, so these corporations, with their considerable influence on international situations and relations, stand to benefit from co-operative efforts to build up a body of ground rules.

IDEAL FOR ECONOMIC NATIONALISM

What is at issue in the debate about economic nationalism is a reconciliation between two principles — 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 from all around the world, and the principle that the people of each sovereign state should have as much control as possible over their own economic destiny.

It is my belief and it is the burden of my remarks to you today that a reconciliation between these two principles is possible without imposition of harmful restrictions upon trade and capital movements.

My belief is based on what has been happening in the world since the war; a period that has witnessed the most rapid rise in standards of living in history. It has witnessed the emergence of dozens of new states, each intent on controlling its economic destiny. It has been a period without the kind of world-wide depression that occurred periodically before the war.

And this is the point — during this same period there has been a dramatic reduction in barriers to international trade, an enormous increase in the volume of trade and an unprecedented and ever-

growing movement of capital and technology across national boundaries.

The historical evidence is certainly that freer trade and access to capital, technology and ideas reinforces the ability of individual countries to control and improve their economic performance. I cannot resist adding that the policies of economic nationalism that were so widely practised during the pre-war period did not protect individual countries from the effects of the Great Depression. In fact the reverse was true. Moreover, during this recent post-war 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.

* * * *

CANADA-U.S. INTERDEPENDENCE

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 dollars 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.

American ownership of so much of our economy largely results from the operations of American multi-

NEW MINT IN WINNIPEG

A new mint that will produce coins for domestic use and for export will be built in Winnipeg, Manitoba at a cost of \$16 million.

James Richardson, Minister of Supply and Services, who made the announcement on January 20, said that \$3 million would also be spent to improve the present facilities at the Royal Canadian Mint in Ottawa. The gold-refining operation will continue in Ottawa with an increased production of coins for collectors. Mr. Richardson stated that Canada's present minting capacity is inadequate for the production of circulating coins, and is even less able to supply the potential export market for circulation coins and to meet the growing demand for numismatic coins.

The new Winnipeg facilities, which will occupy an area of more than 90,000 square feet, will have an output capacity of more than one billion coins a year, compared to the present average production of about 400 million.

Mr. Richardson points out that of the 105 countries with recognized coinage systems, only 40 operate mints of their own. The 65 countries that do not have their own mint purchase more than 3 billion coins a year, which provides a substantial world market.

ADVANTAGEOUS LOCATION

The largest requirement for domestic coins is in the more heavily-populated areas of Ontario and Quebec; the major export market is in South America and the Pacific, through the Port of Vancouver. The new Winnipeg mint will therefore be ideally situated

between the major export market and the major domestic market.

As well as being potentially profitable for the mint, the proposed exports will result in the manufacture of copper and nickel on the Prairies and will help reduce the amount of these metals now being exported from Canada in unfinished form.

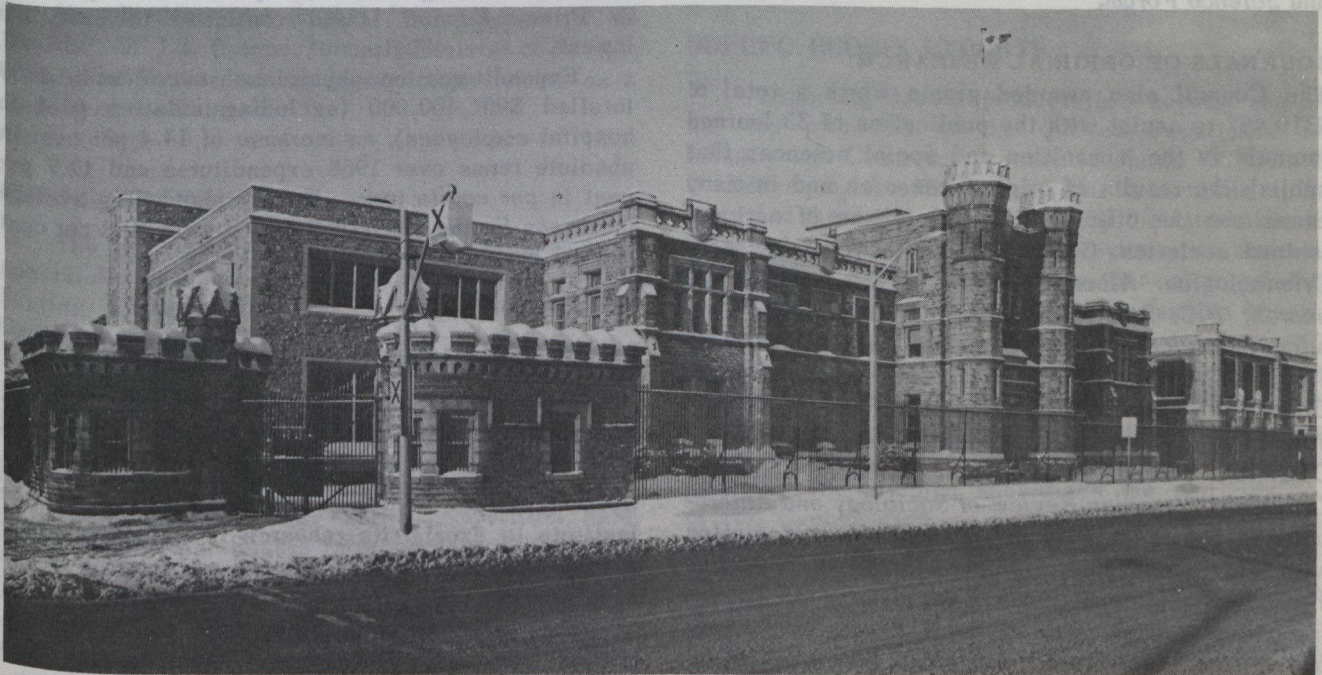
Mr. Richardson noted that the only Canadian manufacturer of nickel strip (the rolled metal from which coins are manufactured) is located in the Prairies at Fort Saskatchewan. So far, however, the largest purchases of nickel strip made by the Royal Canadian Mint have been from a plant in the United States. By locating the new coin-production facility in Western Canada, the Canadian supplier will enjoy a significant advantage in the cost of transportation over that of the United States manufacturer, which should result in increased manufacturing of Canadian metals in Canada.

Included in the improvements to the Ottawa mint is an enlarged coin museum as well as a small theatre as an added attraction to tourists.

In addition, a large and more modern numismatic division in Ottawa will increase production of coins that do not enter into commercial use but which are sold to the highly profitable collector market.

Until the Winnipeg mint is in operation in about two years, all coin production will continue in the mint in Ottawa.

All employees whose jobs will be transferred to Winnipeg will be offered continued employment there, including relocation allowances. Those not wishing to move will be assisted in securing other jobs.



The Royal Canadian Mint, Ottawa, which has been in operation since 1908. The Federal Government will spend \$3 million to improve and enlarge the present facilities and \$16 million on a new mint in Winnipeg.

GRANTS TO LEARNED PUBLICATIONS

Grants worth \$706,634 for publications in the humanities and social sciences were announced recently by the Canada Council. The Council also offers publication grants in its arts programs.

Most Canada Council support of scholarly-book publication is channeled through the Humanities Research Council and the Social Science Research Council of Canada, which were awarded block grants worth a total of \$341,375 – more than double the previous year's subsidy. The Social Science Research Council also receives \$7,000 to publish a feasibility study for a data clearing-house in the social sciences, and a grant of \$3,970 is made jointly to the two Councils for the publication of *Guide to Scholarly Publishing in Canada*.

Laval University's Centre d'études nordiques will receive a \$9,400-grant to publish a volume of Eskimo oral literature, one in a projected series of books presenting the history and legends of Eskimo tradition in the Eskimo language, with an interlinear French translation. The texts, which are produced as part of what is called the UNIPKAQ Project, are the result of more than 30 years' research among the Eskimos in the Arctic.

A special grant of \$15,000 will enable the Pontifical Institute of Mediaeval Studies, Toronto, to reprint 11 volumes of mediaeval studies. *Dialogue*, the Canadian Philosophical Association's bilingual journal, receives \$2,000 towards the preparation of an index for the years 1962 to 1971. Special grants for publications amounting to \$17,432 go to three periodicals: *Journal of Canadian Studies*, *Pacific Affairs* and *Science Forum*.

JOURNALS OF ORIGINAL RESEARCH

The Council also awarded grants worth a total of \$310,457 to assist with the publication of 33 learned journals in the humanities and social sciences that publish the results of original research and in many cases are the official bilingual organs of national learned societies. Grants will be received by: *Acta Criminologica*; *Alberta Journal of Educational Research*; *B.C. Studies*; *Canadian Cartographer*; *Canadian Historical Review*; *Canadian Journal of African Studies*; *Canadian Journal of Agricultural Economics*; *Canadian Journal of Behavioural Science*; *Canadian Journal of Economics*; *Canadian Journal of History*; *Canadian Journal of Political Science*; *Canadian Literature*; *Canadian Review of Sociology and Anthropology*; *Canadian Slavonic Papers* (in association with *Slavic and East European Studies*); *Canadian Yearbook of International Law*; *Dialogue*; *Etudes françaises*; *Etudes internationales*; *Etudes littéraires*; *Humanities Association Bulletin*; *Industrial Relations*; *International Journal*; *Laval Théologique et Philosophique*; *Mosaic*; *Ontario Archaeology*;

Phoenix; *Recherches sociographiques*; *Seminar: A Journal of Germanic Studies*; *Social History*; *Sociologie et Sociétés*; *SR: Studies in Religion*; *University of Toronto Law Journal*; *University of Toronto Quarterly*.

DOCTORS' EARNINGS RISE

The net earnings of self-employed doctors averaged \$30,861 in 1969, according to a report by the Department of National Health and Welfare. The rise of 7.8 per cent over the 1968 figure was equal to the average annual rate of increase over the preceding ten years.

Of all occupational groups indentified by the Department of National Revenue, self-employed physicians continued to receive the highest net income from all sources. They also continued to widen the gap between their income and that of other self-employed professional groups.

The study, entitled *Earnings of Physicians in Canada, 1959-1969*, was based on grouped income-tax data. It shows that doctors with a net income greater than \$15,000, which included the majority of full-time practising physicians, had in 1969 average net earnings of \$35,951.

The average gross earnings before expenses were \$46,328 for all doctors, an increase of 8.3 per cent over 1968 earnings. The average annual rate of increase in the period from 1959 to 1969 was 7.3 per cent. Gross earnings of physicians with net incomes of \$15,000 and over averaged \$53,281.

As in earlier years, Ontario, Alberta and Newfoundland doctors had higher average net earnings than their colleagues in other provinces. Physicians in Prince Edward Island continued to have the lowest.

Expenditures on physicians' services in 1969 totalled \$901,400,000 (excluding salaries paid to hospital employees), an increase of 14.4 per cent in absolute terms over 1968 expenditures and 12.7 per cent in *per capita* terms. The corresponding average increases for the 1959-1969 period were 10.8 per cent and 8.7 per cent, respectively.

FUNDS FOR CARIBBEAN LABORATORY

Canada is contributing \$100,000 towards construction of a new laboratory for the West Indian station of the Commonwealth Institute of Biological Control in Trinidad. The new laboratory will enable the Institute to expand its research into finding permanent solutions to insect and weed problems by means of biological rather than chemical controls.

The contribution is being paid out of the \$5-million Agriculture Development Fund for the Commonwealth Caribbean, which is being administered by the Canadian International Development Agency.

CABINET SHUFFLE

At a press conference on January 28, the Prime Minister announced the following changes in the Cabinet:

Mr. Arthur Laing, formerly Minister of Public Works, becomes Minister of Veterans Affairs.

Mr. Edgar J. Benson, formerly Minister of Finance, becomes Minister of National Defence.

Mr. John Turner, formerly Minister of Justice, becomes Minister of Finance.

Mr. Bryce Mackasey, formerly Minister of Labour, becomes Minister of Manpower and Immigration, retaining responsibility for the Unemployment Insurance Commission.

Mr. Donald S. Macdonald, formerly Minister of National Defence, becomes Minister of Energy, Mines and Resources.

Mr. Jean-Eudes Dubé, formerly Minister of Veterans Affairs, becomes Minister of Public Works.

Mr. Ronald Basford, formerly Minister of Consumer and Corporate Affairs, becomes Minister of State for Urban Affairs.

Mr. Robert K. Andras, formerly Minister of State for Urban Affairs, becomes Minister of Consumer and Corporate Affairs.

Mr. Otto Lang, formerly Minister of Manpower and Immigration, becomes Minister of Justice and Attorney General of Canada, retaining responsibility for the Canadian Wheat Board.

Mr. Martin P. O'Connell, formerly Minister of State, becomes Minister of Labour, retaining responsibility for Information Canada.

Mr. Patrick Mahoney will become Minister of State.

Mr. Trudeau stated that "for reasons of ill Health", Mr. J.J. Greene, formerly Minister of Energy, Mines and Resources, would no longer remain as a member of the Cabinet.

FIGURE-SKATING STAMP

The first issue of the 1972 stamp program is a special 8-cent stamp commemorating the World Figure Skating Championships, which are being held in Canada this year from March 6 to 12.

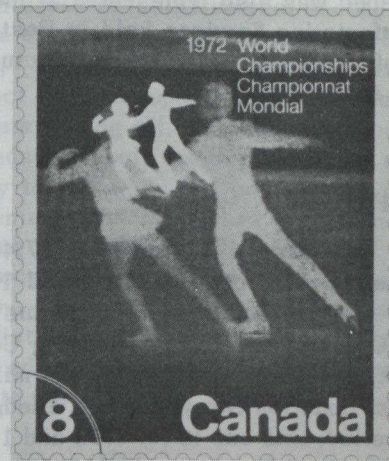
Twenty-five million of the stamps will go on sale on March 1, five days before the week-long Championships open in Calgary, Alberta.

The 30 mm by 36 mm purple stamp was designed by the Design Workshop of Toronto, Ontario.

The first international skating competition, held in St. Petersburg, Russia (now Leningrad) in 1890, was won by Louis Rubenstein, a Canadian and the first president of the Amateur Skating Association of Canada (which later became the Canadian Figure Skating Association).

In 1905, the first Canadian National Championships were held and, in 1924, Canada was represented

for the first time in World and Olympic Championships. The Canadian Figure Skating Association became an elected member of the International Skating Union in 1947. That same year Canada won its first World Championship when Barbara Ann Scott became Ladies' World Champion for 1947 and again in 1948.



Since then, top honours have gone to several other Canadians. In pairs competition Frances Dafoe and Norris Bowden, Barbara Wagner and Robert Paul, and Maria and Otto Jelinek have all won one or more world championships. Donald Jackson, Donald McPherson and Petra Burka have all been world champions in singles events.

Calgary is the third Canadian host city to the World Figure Skating Championships. In 1932 the Championships were held in Montreal, Quebec, and in 1960 in Vancouver, British Columbia.

QUEBEC BOOSTS EXPORTS

"Exporting Quebec products has become one of the top priorities of the Quebec Department of Industry and Commerce," recently stated Mr. Gérard D. Levesque, the Minister of that department, in a review of the work accomplished by the International Division of the DIC during the previous two months. During that period, the division has arranged the itinerary of a group of United States fashion buyers visiting Montreal, held a fashion show for them and put 20 U.S. buyers in touch with Quebec manufacturers. In addition, members of the division had accompanied four Quebec manufacturers to Los Angeles and San Francisco in the quest for new markets. The division subsidized the participation of two Quebec clothing manufacturers in the Salon international du Prêt-à-porter in Paris and arranged for a technical mission to attend that show, as well as garment exhibitions in London and Düsseldorf, in preparation for a similar exhibition to be held in Montreal in 1972.

A large-scale advertising program, designed to establish Montreal as an international fashion centre,

will be launched by the division in the United States during 1972.

Ten Quebec manufacturers exhibited at the National Association of Men's Sportswear Buyers Show in New York, six at the National Office Products Association's Show in Chicago and another six at the International Building Exhibition in London. Quebec was also represented at the Exhibition of Manufacturing Services held in Boston at the beginning of December by six manufacturers who participated in the exhibition.

FOOD-AID PLEDGE

Canada has pledged \$34 million, \$7,480,000 in cash, the balance in food, to the World Food Program. The pledge, made by Agriculture Minister H.A. (Bud) Olson at the recent Pledging Conference in New York, has been increased by \$4 million from Canada's last donation two years ago. Pledges cover a two-year period; this one is for 1973 and 1974.

The World Food Program, which is run jointly by the United Nations and the Food and Agriculture Organization, has experienced some difficulty in achieving an appropriate protein-calorie balance in the food-aid it offers. Mr. Olson said that Canada would continue to aim at improvement in this balance.

Canada has remained the second-largest contributor to the World Food Program since it was started in 1962. Mr. Olson noted that Canada and the United States had carried more than two-thirds of the load in the past, and urged other participants to increase their share of the total.

"Canada recognizes its responsibility in making intelligent use of food, of meeting its objective as a member of the World Food Program, of overcoming food shortages in many poor countries, and of solving the protein deficiency problem that is currently being given high priority by the United Nations and the Food and Agriculture Organization," Mr. Olson declared.

SUPPLY OF TEACHERS EXCEEDS DEMAND

The Canadian Education Association reports that, only seven years ago, one of every 80 Canadians was a teacher. According to a UNESCO survey, Canada was at the top of the list in the ratio of teachers to population (followed closely by the U.S. with 1:81, New Zealand 1:92, and the U.S.S.R. with 1:93), when the average for industrial nations was 1 in 100.

But for a long time, since the start of the Second World War in fact, Canada has regarded teachers of all types as being in short supply. Now, however, there is talk of the supply exceeding the demand, of a glutted market and of unemployment.

Most of the "forecasters" say that the total demand for teachers will "level off", or even drop slightly. At the same time, the numbers wishing to become teachers will increase.

The general pattern across Canada shows a marked drop in first-year enrolments in elementary teacher-training programs this year. A spot check of several teachers' colleges and university faculties of education indicates that the trend is related, directly or indirectly, to the supply-and-demand situation.

In some cases, enrolments have been arbitrarily restricted, while higher qualifications for entry into elementary teacher-training have had a significant effect. And there are signs that the current talk about poor job prospects in some areas has been at least partially responsible for the enrolment decline.

NOVA SCOTIA

Although the Nova Scotia Teachers' College reported one of the most noticeable drops (by 50 per cent), their enrolment this year was purposely limited to 250 because, says NSTC's principal, Dr. Verl Short, they are in the process of lengthening their program to three years and because they want to keep in line with estimates of supply and demand during the next three years.

(However, in Nova Scotia, the supply-and-demand problem recognized by the teachers' college hasn't influenced the prospective student too much, as Dr. Short reports that four times the number finally accepted were eager to enter the course.)

NEW BRUNSWICK

In New Brunswick, where all teacher-training is expected to take place in university by 1973-74, fewer students are enrolled in both l'Ecole Normale de Moncton (a 49 percent drop) and in the New Brunswick Teachers' College (36 percent decrease).

"This is because," says Yvan Albert, Moncton's principal, "the market for teachers is saturated and because this year the provincial government has begun charging fees to the first-year teacher-training students."

ONTARIO

All but one of the six teachers' colleges polled in Ontario had a substantial fall-off in enrolment, largely explained by the higher admission requirements that came into effect in 1971 for elementary teacher-education. The new requirements call for one year of university beyond Grade 13; for 1972 it will be two years of university, and by 1973 all those admitted to elementary teacher-training will be required to have a university degree. These changes, coupled with the widespread belief that there is a surplus of elementary teachers in Ontario and that employment prospects are a bit tight, were cited by more than one principal as factors in accounting for the decrease.

All three of Ontario's recently "integrated" colleges of education also found themselves with fewer students this year. Brock University College of Education's first year enrolment dropped by 63 per cent, the University of Windsor's elementary teacher-training course went down 54 per cent, and the first year école normale program's enrolment at l'Université d'Ottawa decreased 27 per cent.

Principal R.S. Devereux of the University of Windsor's faculty of education gives three factors to account for the drop. The first is, again, the higher admission requirements. He points out, though, that "in our enrolment last year approximately 48 per cent of our students had one year or more of university - which, if taken on a *pro rata* basis would give us approximately the same enrolment, not counting the people here from Grade 13".

And, once more the economic factor is cited: "There has been considerable publicity," he says, "given to the fact that many teachers may not obtain positions after they graduate."

"The third factor, which may be even more important, is the psychological one. Once a student from Grade 13 starts on an Arts degree he is likely to continue with it. This would apply to most of the fairly successful students, and, of course, these are the ones we hope to have as teachers eventually."

Brook's College of Education Associate Dean R.B. Moase says that some 90 per cent of their students hold first degrees. "This would indicate," he says, "a trend for teaching applicants to obtain the full degree rather than interrupt their studies for the year of professional training."

In the west, where teacher-training for both elementary and secondary teachers is within the universities, generally in four- or five-year programs, decreased enrolments, particularly in the elementary programs, also show up.

SASKATCHEWAN

The Regina Campus of the University of Saskatchewan's Faculty of Education reports a 43 per cent drop in elementary-program enrolment, as well as a 22 per cent drop in their secondary program.

ALBERTA

At the University of Alberta - where the basic program is four years - the first year elementary enrolment has declined 22 per cent, but in the second year this decline drops off, through the third to the fourth year, where there is an increased enrolment this year. The total enrolment in all four years of U of A's elementary program numbers 1,400 - about the same as last year. In the four years of the secondary program enrolment is 1,768, up slightly over last year's enrolment.

Dean Coutts comments that Alberta's Faculty of Education has made a study of the employment picture with respect to those of their undergraduate and graduate students who were enrolled in the 1970-71 session. "The results of this study," he says,

"do not seem to verify the exaggerated figures which appeared in the press earlier."

BRITISH COLUMBIA

A different story comes from the University of British-Columbia, where there was a 34 per cent drop for entries into their elementary program, but a 14 per cent increase in their five-year secondary program.

"The decline in elementary-education enrolment this year," says Dean Scarfe of UBC, "is mainly due to the fact that job opportunities in the elementary schools are falling off, whereas job opportunities in the secondary schools are not falling off as fast; they are likely to fall when the present low enrolment in the elementary schools reaches the secondary level."

"Some of the fall-off of enrolment," he goes on, "is, of course, due to our own somewhat stricter admission standards. When teacher shortages no longer exist we can be very much more careful about those we admit and those we permit to continue from one year to the next."

INDIANS CLAIM B.C. LANDS

At their recent annual meeting, the Union of B.C. Indian Chiefs ratified a paper laying claim to non-treaty lands in British Columbia. The chiefs have been making a legal study for the past three years under the direction of their legal adviser, Mr. Davie Fulton, a former federal Minister of Justice.

The chiefs will not disclose what price they will be asking in settlement until they present their paper to Prime Minister Trudeau. The Union is laying claim to the land because they say it was never surrendered or obtained from them by treaty. It is based on aboriginal title. The chiefs are aware of the proposed settlement between the United States Government and the natives of Alaska, who will be receiving \$100 million for lands in that state.

When the Union was formed three years ago in Kamloops, B.C., Mr. Fulton was hired to research and define the provincial land question and aboriginal title. The paper passed by British Columbia's 188 Indian chiefs at this annual meeting is the result of extensive research done by Mr. Fulton. It will now be up to the Executive Council of the Union to decide when and how it will be presented to the Prime Minister.

ECONOMIC NATIONALISM

(Continued from P. 2)

national corporations. This gives us an intimate knowledge and special concern in this area. A very high proportion of our labour force works for American corporations, key decisions affecting our economic life are often made on your side of the border.

These are statements of fact, not complaints. Multinational corporations have brought to us a high degree of prosperity and a great fund of technology. But it is hardly surprising that a great many thoughtful and informed Canadians are concerned, nor is it surprising that the Canadian Government is pre-occupied with the same question.

While our approach to foreign investment in general, and American investment in particular, is and will remain a positive one, Canadians are determined that foreign corporations will serve Canadian interests, buttress Canadian priorities and respond to Canadian aspirations. In both our societies new forces are coming into play - a growing concern about the health of our physical environment, a search for new qualitative goals to supplement those that are more material, an urge to equalize opportunities and living standards in economies plagued by regional disparities. None of this is ever easy; in a federal state it is particularly difficult, as you know just as well as we do.

These new aspirations, as well as basic national interests and priorities, must be taken into account by multinational corporations if they are to continue to have the high degree of freedom of action in Canada that they now enjoy.

In its economic policy, Canada is the most internationalist of nations. This does not imply abrogation of economic sovereignty, any more than our internationalist attitude in world affairs implies abrogation of our political sovereignty.

The nations of the world have learned that they can create international economic institutions to manage economic relations. I believe that in years to come we shall be able to develop existing institutions that try to harmonize power relations - and find new ones - to the point where the intractable conflicts that characterize our times will be capable of management.

We need new, more effective and more universal institutions in both the economic and political fields.

I believe we will find them, by the usual tedious process of trial and error. They will come into being in response to changing attitudes. If international institutions are to be effective, they imply acceptance by all states of limitations upon the exercise of sovereignty, of the forces of nationalism.

The trick is to differentiate clearly between essentials and non-essentials. Narrow self-interest and outmoded notions of sovereignty threaten world prosperity and world security today. If persisted in, the threat they pose will become more menacing.

U.S. LEADERSHIP SOUGHT

I suggest to you that our common goal should be to exercise our national independence, political and economic alike, as responsible parts of a whole that can be greater than its parts, where each of us pursues his own interests and aspirations with full respect for the interests and aspirations of others.

In this endeavour, the whole trading world looks to the United States for responsible and effective leadership, without which the responsible attitudes I have been discussing cannot be translated into action. We look to you for vigorous support of multi-lateral liberalized trade based on non-discriminatory principles, further improvements in the terms of competition and the encouragement of outward-looking postures by other countries.

Recent statements by the President suggest that longer-term United States economic interests require you to continue to pursue the objectives of freer international trade and capital investment and to seek an orderly and effective international trading and monetary system, reformed and adapted to the new international situation.

And this suggests that the United States, far from turning inward, is reasserting its leadership responsibilities and charting a course for future trade liberalization that serve your own interests and that of all trading nations. Certainly in all of this you have Canada's full support.