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New stage in Canada/United States relations calls for consultative approach

In an address to the Winnipeg branch of the Canadian Institute of International Affairs on January 23, Secretary of State for External Affairs Allan MacEachen discussed "one of the most important themes of Canadian foreign policy, namely Canada/United States relations".

The Minister first reviewed Canada's general approach to external relations, pointing out that one of the most important conclusions of the 1970 foreign policy review was that Canadian foreign policy was an extension abroad of domestic policy. "The objectives of foreign policy must be relevant to Canadian national needs and interests if it is to attract the support of the Canadian people," he said.



Allan J. MacEachen,
Secretary of State for External Affairs

Two major points of concern were linked with this conclusion — one was the question of maintaining national unity, the other was the "very complicated problem of living distinct from but in harmony with the world's most powerful nation, the United States... the problem is to manage the relationship in such a way as not to undermine Canadian national identity and independence".

Mr. MacEachen pointed out that Canada/U.S. trade amounted to about \$40

billion a year and that, while the U.S. provided the market for 67 per cent of Canadian exports and supplied 69 per cent of our imports, Canada took 21 per cent of U.S. exports and supplied 25 per cent of U.S. imports. He said that the U.S. market absorbed up to 35 per cent of all goods produced in Canada and that, by contrast, Canada bought less than 2 per cent of all goods produced in the U.S. "By the end of 1971," he continued, "U.S. investors controlled 27 per cent of the assets of all non-financial Canadian corporations. In some key industries the U.S. control is over 75 per cent. Canadian direct investors in the U.S. own less than one half of 1 per cent of U.S. corporate assets."

Figures like these, said the Minister, "brought home to us the need to reconsider our relations with the U.S. in order that we Canadians might determine where we should be going."

The Third Option

Of three options considered in 1972 by the Canadian Government (maintenance of the *status quo*; closer integration with the U.S.; and strengthening of the economy and other aspects of national life in order to secure our independence) Canada had chosen the third and with it, said Mr. MacEachen, "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 U.S."

The Minister emphasized that this decision did "not entail isolationism or protectionism". "On the contrary," he said, "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 U.S. represent our most important external relationship."

To reduce the "vulnerability to continentalism", Canada had sought to strengthen relations with Europe and Japan. Mr. MacEachen spoke of the