

surmount overnight Canada's heavy dependence on the United States for trade, investment and technology. But there is no reason why we should not aim, in the context of an expanding economy and expanding trade prospects, to achieve relative shifts that, over time, could make a difference in reducing Canada's dependence on a single market and, by extension, the vulnerability of Canada's economy as such. The stronger Canada that might be expected to emerge from the pursuit of such a policy is the objective of the third option. It is eminently clear, however, that for diversification to be achieved, even within the modest scale here suggested, trade policy will need to be harnessed to other policies — such as an industrial-growth strategy and a policy to deal with aspects of foreign ownership — that address themselves to the special factors at play in the North American situation.

There is one final point to be made about Canadian independence. There are those who believe that the growing trend toward regionalism in the world, coupled with the narrowing focus within which the United States may be induced to interpret its national interests in a period of retrenchment, will inevitably increase the continental pull exerted on Canada. Against this, however, it is arguable that, in the world foreshadowed by the Nixon Doctrine—a world in which power is likely to be more diffused and in which United States commitments may be tailored much more closely to resource capabilities and public attitudes in the United States —, the prospect of Canada's achieving its national objectives, domestically and internationally, will be enhanced rather than diminished.

Various options have been identified for the future management of the Canada-U.S. relationship. All these options have one common denominator: the need for the relationship to be harmonious. This is not only because no policy option is likely to be tenable in any context other than that of a harmonious relationship between Canada and the United States. It is also because, over a very wide spectrum, the interests of the two countries as continental neighbours and in the international environment are, in fact, in close harmony.

In particular, Canada and the United States would appear to have a very strong common interest in promoting improvements in the international trade-and-payments system. We have made common cause in these matters in the past and

there is every reason why we should continue to work constructively together. It would be a pity if the existence of some irritants in our bilateral trade relations were to create the impression that, on the big questions, Canada and the United States found themselves in opposing camps.

### No anomaly

The foreign policy review speaks of living distinct from but in harmony with the United States. There is no anomaly in this proposition. The concept of distinctness is taken for granted as the natural context for international relations and no qualitative inferences should be drawn from it one way or the other. There are many countries in the world that certainly regard themselves as being distinct and have no difficulty in living in the closest harmony of purpose and endeavour with other countries. There is no intrinsic reason, therefore, why Canadian distinctness should in any way inhibit the continued existence of a fundamentally harmonious relationship between Canada and the United States.

It is fair to assume that, in the 1970s and 1980s, Canadian-American relations may become more complex than they have been in the past. It is part of the trend toward increasing complexity in the relationship that a larger number of issues may arise between us that engage the national interest on each side. It is also to be assumed that, if the national interest were interpreted in a new and possibly narrower focus, the issues arising between us would, on occasion, be judged to bear more critically on it than when the relationship was more relaxed. Finally, as governments on both sides of the border are more and more being drawn by their various domestic constituencies into areas of social and economic activity that involve the shaping of national goals, the nature of the issues between us and the means of resolving them may change.

There is nothing in all this that should be thought to imply a scenario for greater contention. Far from it. There will, of course, be issues, such as Canada's policies on foreign ownership and perhaps in relation to energy and other resources — and in many other areas — where perceptions will differ. The same will almost certainly be true of United States policies as that country continues to grapple with secular and structural problems of economic adjustment. On occasion, as Secretary of State Rogers recently put it, each govern-