

directed against the United States, and that the American threat is clearly inadvertent, not a malevolent design. American sources, including President Nixon, are invoked to justify the new orientation as a normal national aspiration. Distinctiveness from, but harmony with, the United States is the goal, the United States is assured, and no drastic change is contemplated in the bilateral relation. These reassuring statements are important, but once again they raise more questions than they answer. Like Canadians outside Mr. Sharp's immediate entourage, Americans are curious to know what this "deliberate, comprehensive and long-term strategy" implies in practical terms. What, in his view, is "the optimum range of interdependence" between the two countries that he is seeking?

Nixon policies

Option Three must also be assessed in the light of the present economic policies of the Nixon Administration. In this respect, at least, the United States has accepted the fact that Canada is a separate country and is determined to reduce the imbalance, currently running in Canada's favour, in payments between the two countries. Washington is nettled by the Canadian surpluses under the auto pact and the defence production sharing agreements, the lower Canadian tourist allowances and indirect Canadian subsidies to exports, as in the Michelin tire case. Americans argue that the Canadian industrial strategy, evoked by former Trade and Commerce Minister Jean-Luc Pepin, will further aggravate the balance-of-payments situation since more than 80 per cent of Canadian manufactured goods are sold in the American market. But the most important factor affecting the bal-

There is no intrinsic reason . . . why Canadian distinctness should in any way inhibit the continued existence of a fundamentally harmonious relationship between Canada and the United States.

. . . 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. . . . In the main, however, we should expect both countries to manage change in a spirit of

ance of payments is the huge amount of Canadian borrowing on the United States money market.

Conceivably, a Canadian policy inspired by Option Three could reduce borrowing south of the border, limit government assistance to industries selling in American markets, cancel the defence production sharing agreements and the auto pact. Those steps would go far to meet Mr. Sharp's objectives of distinctness and harmony between the two countries. But would their consequences be acceptable to Canadians? In any measure, Canadians themselves are setting the limits on their independence from the United States by their desire to enjoy the benefits of an open-border relationship. There is a price tag on Option Three. Mr. Sharp wants to make it official policy; he should first explain how much it will cost; then Canadians can make up their minds about it, according to how much they are willing to pay.

Mr. Sharp has made a good beginning in enunciating a Canadian policy toward the United States. He, or his successor, should be encouraged to flesh out the intellectual skeleton he has presented. And he should certainly be encouraged to pursue the public debate that he has stimulated.

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harmony and without doing unnecessary damage to interests on the other side. Above all, it is in Canada's interest to work closely with a dynamic and outward-looking United States whose influence and the leverage it can bring into play will continue to be critical to the achievement of some of Canada's principal objectives in the international environment.

In the final analysis, harmony is not an extraneous factor in the Canadian-United States relationship. It has marked the relationship because it is based on a broad array of shared interests, perceptions and goals. . . . (Excerpts from "Canada-U.S. Relations: Options for the Future").