

portant to us, too, but we are less reluctant to accord a participatory role to government. The Canadian National Railway, a Crown corporation, helped to complete the opening of our West and to knit the country together. Air Canada is our largest airline and one of the world's most effective and profitable. Atomic Energy of Canada Limited has developed the unique CANDU nuclear reaction system — one of the world's most advanced and safest.

Our countries have different constitutional structures. In your country, any treaty undertaken by the United States Administration requires ratification by the Senate, but then becomes the law of the land. In Canada, international treaties are concluded by the government without further reference, but implementation requires subsequent legislation. In recent months we have become pointedly aware of this difference through the fate of the boundaries and fisheries treaties. After several years of difficult negotiation and bargaining, we concluded an agreement with the United States Administration. Today, however, Senate continues to insist on re-negotiation, but we have no intention of negotiating on the floor of the Senate.

Canadians also look to their governments to ensure a degree of economic equality — hence the concept of sharing our wealth among the rich and less rich provinces. Through our social programs we try to achieve a society with a comparatively small gap between its rich and its poor.

The United States has roughly ten times the population of Canada. The United States' gross national product is ten times Canada's. Similarly, United States' investment in Canada outstrips Canadian investment in the United States. Twenty per cent of your exports go to Canada; 70 per cent of Canada's exports go to the United States. Hence, your economic strength is part of the Canadian consciousness, and the risk of being overwhelmed is ever present. You need to import those Canadian products just as we need to sell them. But our need is probably greater than yours. It is for this reason that the dangers of protectionism preoccupy us. "Buy American" legislation — state or federal — directly affects Canadian exports to the United States. Frequently, the intention of the law-makers is to safeguard American industry against the unfair trading practices of distant countries. But the impact is often more heavily felt in Canada, and Canadians can be excused for viewing these initiatives with a certain degree of cynicism.

#### **Auto pact**

Another trade issue of vital interest on both sides of the border is the auto pact. The automotive sector is central to both our economies and so it is natural that Canada should want to ensure that it obtains an equitable share of the benefits of the North American motor vehicle industry as it converts to the new generation of automotive technology. Canadian and United States' officials are now discussing this question together with the Canadian concern that any possible United States' response to competition from off-shore manufacturers takes into account our needs as part of the North American industry.

Although the automotive sector perhaps presents the general problem in its clearest terms, the fact is that most major United States' policy decisions have an effect, intended or accidental, on Canada. This characteristic of the relationship shows up in