

national product of Canada. In military terms it is a superpower, in economic terms a giant. Because of this disparity, Canada is more dependent, more sensitive and more vulnerable to the state of the relationship than is the United States. For Canada, it is by far the most important of all its external relationships.

The report goes on to deal with the changing concept of the relationship.

Honourable senators will recall that in recent months and years there has been a good deal of discussion about the special relationship between Canada and the United States, and a good deal of discussion on what is meant by "special relationship." The committee's report, in dealing with this matter, and after examining it in some detail over several pages, concludes with this paragraph:

How, the Committee asks, in the light of the geographic ties, the affinities and interchange of the two peoples, the ease of communications, the similar institutions, and the extent of trade, cultural and other links can the relationship be considered anything but a "unique" one? Canada no longer seeks a "special treatment", but it cannot deny a "special relationship" does exist with its southern neighbour.

We then deal with current problems. I wish to emphasize that the list of problem areas, if I might use that term, is not meant to be exhaustive. It is by way of example only, and is not meant to be a precisely balanced list. The report lists two or three pages of typical irritants that exist at the moment. Those irritants are changing from month to month, as some are solved, others go away by themselves, and others we learn to live with.

We thought we should set forth some examples to give an indication of how extensive are the irritants; understandably they apply between two nations which carry on an extensive relationship, and the irritants or problems should be kept in the perspective of the immensity of that overall relationship.

I might comment here that some people like to say that our relationship with the United States is worsening. I prefer to say that it is becoming much more complex. It was comparatively automatic for many years, but during the last 10 or 15 years it has become infinitely more complex with the emergence in the world of problems relating to energy, shortage of resources, exhaustion of fish stocks, pollution, and so on.

All of these things have given rise to problems between our two countries, and the report therefore deals with the mechanisms for dealing with these problems, and makes a number of recommendations as to how these mechanisms can be improved—as they need to be improved—to deal with a heavier workload in this area than we have had to deal with in the past.

At the end of the report, reference is made to the fact that the committee will now proceed with the second phase of its study—which will be the subject of the second volume, of its report—in these words:

The next phase of the study will deal with Canadian Trade Relations with the United States.

I might take a moment to deal with that part of the study. As I have said, to the press and others, this study is

[Senator van Roggen.]

of the total picture of the exchange of goods and services between our two countries.

I stress that because there is a tendency, when one speaks of trade with the United States, to think immediately of trade in manufactured goods, tariffs, free trade, and things of that sort. There is no question but that the report of the Economic Council of Canada, which was made public last July, will play a very significant part in our study of trade between the two countries. It will not be the whole subject. In fact, it will represent only a comparatively small, although very important, part of it.

I might say to Senator Desruisseaux, who spoke last night on this subject, that Dr. Raynauld, the Chairman of the Economic Council of Canada, has already appeared before the committee, and undoubtedly will appear again.

The study, however, will go well beyond that. We speak in terms of trade with the United States, so far as exports are concerned, as being 50 per cent in manufactured goods. The auto pact accounts for approximately two-thirds of that, leaving approximately only one-sixth of the total in manufactured goods outside the auto industry. Therefore, a very important part of our study will have to concern itself with trade in unprocessed goods, both renewable and non-renewable resources; semi-processed goods, manufactured goods, tourism, invisibles, capital flows, and so on. All those items have been looked at individually on several occasions in different studies, but ours may be the first study to endeavour to put all of those exchanges of goods and services in one perspective.

It will be a large task, but we shall do our best, following our first volume, to deal with this subject in our second volume.

● (1510)

I shall not take the time of honourable senators to review Volume 1 of the report in detail. I trust that many of them will take the time to read it. It is not overly long, but we feel it is reasonably meaty and will make interesting reading. It contains a number of important recommendations, which have not caught the eye of the press, relative to such things as the operation of the International Joint Commission, the establishment of provincial departments of intergovernmental affairs, the resolution of our salt water boundaries with the United States, and so forth.

Two recommendations which seem to have attracted the attention of the press in particular—and which, I agree, are certainly among the most important—include the point we make on the importance of the government and the Department of External Affairs to recognize more fully the manner in which the pendulum of power in Washington has swung from the Executive to the Congress.

If I may, I will read the first paragraph on page 80, under the heading, "Legislative Channels":

For a variety of reasons, the Canadian government has been reticent in developing an active programme of liaison with influential Congressional figures. The Committee learned that other major countries' governments feel much less constrained than Canada by the fact that their ambassadors are accredited to the Executive Branch. Canada may be overestimating the importance of this factor while underestimating the significance of the U.S. constitutional division of