

OPTIONS FOR THE FUTURE (Pages 13 to 20)

A substantial degree of interdependence between the two countries is both inevitable and profitable for Canada. The real question is whether: "interdependence with a big, powerful, dynamic country like the United States is not bound, beyond a certain level of tolerance, to impose an unmanageable strain on the concept of a separate Canadian identity, if not on the elements of Canadian independence." (page 13)

The first option, maintenance of the present relationship with a minimum of policy changes (pages 13 and 14), represents a pragmatic policy of adjustments to present policies, when and if required. It presumes that present and foreseeable future changes in the Canada-U.S. relationship are not of sufficient magnitude to require a basic reorientation of Canadian policies, particularly policies vis-à-vis the United States. The general thrust of trade and industrial policies and the present practice of dealing with problems as they arise, would be maintained. This option would seek to avoid further increases in our dependence on the United States. The underlying risk in this option is that a purely pragmatic policy might, in fact, result in our being drawn more closely into the U.S. orbit with this option thereby becoming untenable.

The second option, closer integration with the United States (pages 14 to 17), comprises a range of possibilities from partial or sectoral arrangements (in such areas as the chemical industry), through a free trade area or customs union to political union. The underlying premise is that present and future economies of scale in manufacturing and trade require markets of continental size. The basic risk with any move in this direction is that such moves are likely to encourage further similar moves while limiting our capability to develop our relations with other areas.