

the bargain be clear and well penn'd/That they may continue Friends to the End". We should all do well to look at the details of any general understanding and to take precautions against misunderstandings and disputes before they prejudice an entire relationship. That relationship has in any case changed over the years in response to the dynamics of developments in each country.

The Member for South Grenville on the shores of the St. Lawrence warned his fellow legislators in 1865 that: "To use their own expression, the Americans are 'making history very fast' and it is impossible that eventful history can be manufactured in a territory separated from our own by little more than an imaginary line, without our having eventually some part in its pages, for good or for evil". Walter Shanley could not have foreseen all the ways in which the two countries have been involved in common ventures or in which the smaller nation has been affected by the larger in the intervening century, but he was right in thinking that the great surge of American power beginning in the nineteenth century would provide a constant source of influence on Canadian society and that an "imaginary line" would not provide much of a barrier.

There can be no doubt that, in scale and in economic and social importance, the movement of goods, people and knowledge between Canada and the United States will not diminish but will probably continue to increase. I stress the word "between" in case it appears that I am painting a very gloomy picture in which the power of the larger nation is set only against the passivity or weakness of the smaller one. Statistics for the movement of goods and investment capital in *both* directions demonstrate the high degree of mutual interest in a very close economic relationship.

The Canadian economy, both in its constant expansion and in its diversification, has become, in relation to population and in comparison even with industrially-developed nations, a powerful one. Given a state of relative political tranquillity at home and avoidance of global war, its potential for continuing expansion would appear to be fairly considerable.

We are therefore discussing a continental relationship between two economies, both of which, with due regard to all the obvious differences of scale, are powerful, expanding and diversified. It is natural that the two economies should become very closely interrelated as both private and governmental agencies seek the greatest advantage possible from a sophisticated use of resources and development of markets, both through competition and through co-operation. If you wish illustrations of the complexity of the economic relationship, consider the automotive products agreement of 1964 introducing essentially free-trade conditions in a particular sector or the trade in oil, in which Canada exports its products to the United States in the West and imports from outside the continent in the East.

In both cases, normal and current market forces create a trading pattern with a high degree of integration but not without control by, or negotiation between, governments to ensure what they consider to be a balance of benefits or to support long-term political or security interests that are never the same in two independent states. Reconciliation of differing interests