basis. This was intended to assist Canadian exports, mainly of agricultural, mineral and forestry products. At the same time, it became apparent that Canada's secondary industry needed access to large markets if it was to be competitive. For reasons of proximity, convenience and size, it was natural that Canadian exporters should concentrate their efforts on the United States. The pursuit of trade liberalization was dictated in part by a desire to diversify Canadian trade. In practice, it was accompanied by an increasing interdependence with the United States. To some extent this reflects geographic forces, but this trend has also been supported by special man-made factors favouring continental ties, including the attractions of the large and dynamic U.S. market, the large U.S. ownership of Canadian industries and the impact of the multinational corporation.

**U.S. share climbed**

The cumulative impact of all these factors is evident in Canadian trade and balance-of-payment statistics: in the last 20 years the U.S. share of Canadian exports increased from somewhat under 60 per cent to around 70 per cent. On the import side, the U.S. share, which had been higher, rose beyond 70 per cent. The U.S. share of foreign portfolio investment and direct investment in Canada rose to some 80 per cent of the total. U.S. ownership and control in both primary and secondary industries in Canada grew rapidly, reaching average levels in 1967 of 45 per cent in manufacturing, 56 per cent in mining and smelting, and 60 per cent in petroleum and natural gas, with much higher percentages in individual sectors. Canadian dependence on the U.S. capital market also became substantial as provinces, municipalities and business enterprises made extensive use of this market to meet their growing needs.

While these few figures attest to the growing Canadian interdependence with the United States, the Canadian economy at the same time gained in strength, balance and maturity. The Canadian balance of payments on current account improved markedly, largely as a result of a fairly steady improvement in the trade balance. The generation of domestic savings in Canada has also increased significantly. This strengthening of the current account position has reduced Canada's dependence on net capital inflows.

While the trend in Canada's external trade has been toward increasing concentration on the United States, the remainder of that trade has become much more diversified geographically. Japan has become a major trading partner and trade with that country in both directions has been increasing at a very rapid rate. Canadian trade with the European Economic Community has also steadily increased, although less rapidly. The U.S.S.R., China and many other countries are becoming significant trading partners for Canada.

These are positive developments, but they have done little so far to mitigate the overwhelming continental pattern of Canada's trade. In particular, the United States continues to be far and away the largest market for Canadian manufacturing exports, on which Canadian efforts are likely to be increasingly focused in the years ahead.

**Cultural influences**

The impact of U.S. cultural influences has been another source of public concern in Canada. Here again, the dominance of the United States is inadvertent, a function of its large size and power, of the communications explosion and of various other factors. For many students of politics, this is in the long run the most crucial area in terms of maintaining Canadian distinctness, the more so since the spread of U.S. interests and values is so diffuse and yet so difficult to identify and measure. While it is clear that there is a widening concern over the extent of economic dependence on the United States, there would seem to be less apprehension among the general public about U.S. cultural penetration. To a large extent, very much the same economic and commercial factors which account for U.S. penetration also explain the cultural penetration. This is because television, radio, films, periodicals, books, publishing and other media form part of a communications industry which responds to market forces much as other industries do. In addition, of course, the cultural impact of the media has become greatly enhanced by modern communications techniques. Consumer tastes, public values and social norms are assuming a degree of uniformity throughout the continent and are largely shaped in the United States. The nature of the dilemma was well delineated in the report of the Massey Commission.

There could be no question of imposing controls over the movement of ideas; instead, an essentially positive approach has evolved that relies mainly on the provision of public support and incentives to Canadian cultural activities but also, where