

Other issues are not as simply bargained down. The "Ford affair", which broke into the open weeks later, demonstrated the fragility of such long-standing bilateral agreements as the Auto Pact when regional issues are heated up.

The request by the Ford Motor Company for a \$75-million subsidy to open a new engine-assembly plant in Windsor, Ontario, could not be dealt with in government-to-government negotiations.

Canada, which has been running a deficit for most of the last 12 years under the automotive agreement, hoped things would finally turn its way when the "Big Three" auto firms announced that they had increased their ten-year investment plans to \$55 billion. Officials of both countries insist the pact is working well, but they admit an increasing amount of new auto business is being lured to Southern U.S. "sunbelt" states by attractive packages of cheap labour and tax advantages.

It was in that atmosphere that Ottawa originally agreed to tack on an extra \$30 million to convince Ford that it was good economics to build its \$533-million plant — with an estimated 2,600 new jobs — in Ontario. But Ford claimed it needed \$75 million in order to make the Windsor site competitive with another projected site, in Lima, Ohio.

The situation drove Ottawa head-on into a quarrel with the Ontario government, as the "feds" offered to split the cost half-and-half. Ontario claimed it should pay only one-third of the cost, arguing that similar arrangements had been worked out in the financing of a General Motors plant near Montreal under the terms of the Department of Regional Economic Expansion.

The spectacle of the Federal Government, a province and a state squabbling, with one another over the activities of a multinational firm raises issues too complicated to be discussed at length here. Nevertheless, it poses obvious problems for the future, even as Canada undertakes to begin another exhaustive review of the Auto Pact.

A show of bargaining strength by Canada triggers a corresponding show of strength by the U.S. Canadians can expect that, over the next decade, "maturity" in the relation will come to mean something quite different from what it means now.

#### New tensions

Three areas, in particular, are likely to be the source of new tensions: the inter-relations of unemployment and changing

investment patterns, the drive for an equitable sharing of continental resources and transnational problems related to the development of new technology.

Some of the signs are already with us. The Ford case shows how sensitive both countries are to actions affecting industrial expansion and job creation. Canadians worry that anti-dumping legislation against low-priced zinc imports (directed primarily against Japan) will wreak havoc in the Canadian zinc industry. Americans are anxious about a flood of New Brunswick potatoes into Maine and the prospect of a Canadian chicken-marketing board.

Hidden among the issues behind the "fish war" was a crucial problem affecting good relations between the two countries: how to share the continent's vast mineral and metal resources as North America works towards increased energy self-sufficiency.

Maritime negotiators are wading their way through a maze of conflicting claims on rights to offshore hydro-carbon exploitation, particularly in the rich Georges Bank area off the East Coast. The area holds an estimated 530 million barrels of oil and 3.5 trillion cubic feet of natural gas.

The \$10-billion gas pipeline across Canadian territory from Alaska is perhaps the outstanding example to date of how the two countries can plan a joint project. Yet it may be a unique instance of co-operation that cannot be repeated.

Canadians are concerned about the prospect that future technology from the United States will be stopped at the border. A 1977 amendment to the U.S. Export Administration Act was inspired by U.S. labour to study the effect of the technology drain on domestic employment. In the widening community of interest between the U.S. and Canada, diplomats are likely to find the old forms of the "special relation" are inadequate.

Pollution is one such issue that cannot be confined to one side of a border. Ottawa worries that increasing sulphur-dioxide emissions from U.S. plants are carrying air-pollution across the border and threatening the health of Canadians. Twenty-four million tons of sulphur-dioxide emissions were measured in Canada — an estimated 20 million of which came from the United States. By 1990, the emissions could increase as much as 20 per cent. Whose standards apply to whom?

U.S. border states have their own grudges. Amendments to the U.S. Clean Air Act have stiffened pollution-controls on power-plants, but the standards are much higher than those for Canadian

*Canadians concerned that technology may be stopped at the border*