

ating the United States and secondly because they thought it involved very little of economic and political interest.

### Interdependence

Interdependence implies that the United States needs Canada as much as Canada needs the U.S. This notion is the opposite of the continentalism advocated by the Americans, in that it does not imply a pooling of resources. Continentalism does nothing to help change the structure of our economy; instead, it guarantees the growth of the United States. Interdependence implies a search for a common market with our natural partner. In order to achieve this, we must renegotiate our trade agreements with the United States from a position of strength.

In 1965, when the Auto Pact was negotiated, Canada and the United States were experimenting with interdependence in one sector. At the time, we had considered the possibility of nationalizing the auto industry in order to put an end to the trade deficit and to ensure the development of this industry in our country. On their side, the Americans were pursuing the goal of rationalizing the production and distribution of automobiles in North America in order to resist foreign competition more successfully. The most original element of the Auto Pact was the principle of a minimum level of Canadian content in each car sold in Canada. The results of this new form of agreement were increased production and employment in the country's automobile sector and, in addition, the transformation of the trade deficit into a \$197-million surplus.

In its present form, NORAD does not constitute an exercise in interdependence, even though it concerns the mutual defence of the two nations. NORAD could have adopted the principle of minimum Canadian content not only in the equipment used in Canada and the United States for the defence of the northern hemisphere but also in all technological research and development related to defence. In addition, Canada's contribution to the defence of North America should have been valued at more than 50 per cent, taking its strategic position with regard to the Soviet Union into account. The principle of minimum Canadian content would thus have been measured not in terms of spending or population but in terms of true value.

In 1971, the benefits of the Auto Pact were cancelled by unilateral American protectionism. Canada had little or no means of countering the ill effects of this action. In 1973, during the Arab oil embargo,

Canadians had an opportunity to renegotiate their trade agreements with the United States. This opportunity missed because our government leaders and academics were alert to international circumstances. Today, we are satisfied that the NORAD treaty has been renegotiated on the same terms as in the past. We continue to strive for independence from the United States by limiting our other relations with the United States to a strict minimum.

What Canada needs to do now is to consider its external relations in terms of its internal problems. These are concerned with changing the structure of the economy and taking up the slack in the labour force, as well as reducing regional disparities that result from the fact that the central part of the country monopolizes industrial development to the detriment of the provinces on either side. The future of the country will probably depend on the success of our governments in forcing the United States (which buys 65 per cent of our exports and provides us with the capital and technology we need) to assist the development of new industries around our natural resources.

### Different goals

In order to achieve interdependence with the United States, Canada must learn to know its partner. It is clear that the goals of the two nations are different. More than anything else, it is in the best interests of the U.S. for us to realize our goals, since a politically stable and economically strong Canada ensures advantages for the United States in its international negotiations. A common market is only as strong as its weakest member. The new role of our diplomats in the United States will therefore be to explain this point of view to the Americans. So far, they have been interpreting the existing strategy, which tries to pull us away from continentalism by promoting either independence or diversification. This strategy involves diversifying financial commercial markets and screening American investments in order to reduce dependency on the United States. It does not take the emergence of new markets in the world into account.

Another strategy advocates total interdependence and envisages the pooling of resources in North America. Such a strategy is not in the best interests of the majority of Canadians, although some of us seem to feel that our debt to the United States guarantees our standard of living and that our reserves of natural resources will permit us to carry such a debt for a long time. The alternative to

*Auto Pact emerged from interdependence experiment*