

'Why is it, then, that every time I pick up a newspaper, I seem to read about a new issue between Canada and the United States?' some of you may ask. Sometimes the tussel is over an environmental question, sometimes over energy, or trade or some other economic issue -- the so-called "irritants" in Canadian-American relations. We Canadians feel that the real state of affairs between our two countries has been somewhat over-dramatized recently. There has been a lot of talk about those "irritants"; but little has been said about the wide range of "lubricants" that still ease to a very considerable extent the day-to-day interface between our governments and indeed every segment of our two societies.

But the problems are real. They reflect the high degree of interdependence between Canada and the United States. They also result from new policies and approaches in Canada flowing from a process of national self-definition -- or redefinition -- and a reassessment of just what our national interests are. In pursuit of our respective national interests, decisions are made in either Canada or the United States that have an impact on the other, sometimes a very serious impact. Yet for Canadians there is an important additional dimension to the situation; for although they are interdependent, our two economies are not of the same order of magnitude.

Let us look at some basic economic facts which reveal the imbalance between our countries. First, there is a ten to one ratio in your favour, roughly, between the two countries' population and G.N.P. Second, the United States provides markets for about 67 per cent of Canadian exports, but these make up about a quarter only of your imports. Third, the United States supplies about 69 per cent of our imports, but this is only a fifth of your overall exports. In fact, you absorb about 35 per cent of all goods produced in Canada; yet we buy less than 2 per cent of your output. The United States accounts for over 80 per cent of the total volume of foreign direct investment in Canada, while Canadian direct investors own less than one half of one per cent of your corporate assets.

The United States' large-scale involvement in Canada has been a major post-war phenomenon and had reached the levels I have just cited by the early seventies. Consequently, we needed to reassess the impact of such a high degree of economic dependence upon a single country, as well as the attendant and similarly lop-sided socio-cultural interaction between our two societies.

This was very much on our minds during the Canadian Government's 1970 foreign policy review; and the impact of an economic relationship with the United States which is too exclusive were placed in even sharper focus by the