

Part IV—Review of problems resulting from the influence of American-based (“International”) trade unions—Pp. 54 to 61.

Part V—Review of certain limited aspects of the cultural relationship including communications—Pp. 62 to 64.

Part VI—Review of Institutional Arrangements—Pp. 65 and 66.

Part VII—Summary of conclusions and recommendations—Pp. 67 to 75.

In addition to the complete summary of conclusions and recommendations in Part VII, there is a summary at the end of each Part containing the conclusions and recommendations reached in that Part.

1.03 *Degree of Interdependency.* As was pointed out clearly in the Merchant-Heeney Report, the relationship between Canada and the United States is probably closer than between any other two independent countries in the world and the impact of the relationship, though unequal in its incidence on the two sides of the boundary, extends into virtually every aspect of the national life of each. The volume and variety of mutual involvement are without parallel. There is the vast network of personal and family connections. Each year, millions of Americans and Canadians head north or south for work or play with little formality or inconvenience. There is a myriad of other close links between Canada and the United States. In religion, in the professions, in business, in labour, in education and in the arts, the pattern of organization and exchange straddles the boundary.

The trade crossing the Canadian-United States borders is the largest between any two countries in the world. Access to the United States capital market has been of vital importance to the Canadian economy and private United States investment continues to play a significant role in the rate of Canadian growth.

The interdependency of the two economies was clearly explained by Dr. John Deutsch in evidence given to the Committee.

“At the present time, there are what you might call four great industrial regions in the world in the more advanced nations. There is Western Europe, there is Russia and Eastern Europe, there is North America and there is Japan... It has been a feature of the post-war world that the economic integration of countries in these regions has been increasing since the end of the Second World War. This is a general phenomenon and part of the developments of our times...

The result has been, as far as North America is concerned, that the degree of integration has probably gone further here than it has anywhere else. Certainly there are no two countries in the world in which economic relations are more massive and more all embracing than they are between Canada and the United States. Each country is the other's chief customer by far.

Also, there are more inter-relations financially between these two countries than anywhere else. In fact, in Canada and the United States, there is one financial market. The financial market is highly unified between these two countries. Also, there is a larger volume of investment in both directions between these two countries, having regard to relative size, than there is between any other two countries in the world by a large margin.

Also, with regard to institutional arrangements in the business world and in many other social institutions, including trade unions, the degree of integration here is unmatched anywhere...

Of course, this degree of integration that has been going on and a particularly pervasive character between Canada and the United States has raised questions in the minds of people for a long time about the