

image-boosting booklet, for wide dissemination in U.S. schools and libraries, explains the differences between the two countries. When a Russian satellite fell out of the skies over the Northwest Territories, Mr Trudeau's then foreign-affairs adviser, Ivan Head, was awakened by a call from Zbigniew Brzezinski to set in motion a mammoth multimillion-dollar joint recovery operation in the Far North.

The personal good fellowship between Mr Carter and Mr Trudeau is real, but their combined front against the problems plaguing North America and the world is not always as solid as it appears — precisely because many of the internal problems of Canada can be traced to the underlying strains of the relation.

Adrift

The powerful force exerted by the nationalism of the early 1970s on Canadian politics is now adrift in the wake caused by inflation and high unemployment. But, while the general economic malaise has slightly lowered the profile of American investment here, Canadian public policy is still preoccupied with developing a manufacturing and resource-processing base in the American shadow.

Fears about the long- and short-term stability of Confederation have also added new strains to this relation.

Quebec separatism has largely supplanted domestic preoccupation with American activities, but it has also made Canadians uncomfortably aware of the impact Americans can have even when they do nothing. U.S. investment in Quebec has not appreciably declined since the November 15, 1976, election of the Parti Québécois government. However, the fear that an international loss of confidence would have a nation-wide impact propelled Mr Trudeau and members of his Cabinet into a series of reassuring trips south of the border last spring.

The third cause for strain after economic development and Quebec separatism is a new regionalism on both sides of the border. The situation is most obvious when Canadians watch promises made by the Carter Administration being undercut by the lobbying of border-state U.S. Congressmen. The American mood of protectionism, seen in measures ranging from anti-dumping legislation to tax reform on business reductions, threatens to have devastating effects on Canada — almost by accident.

Section 602 of the U.S. Tax Reform Act of 1977 sharply reduced the number of tax deductions businessmen were eligible to claim for business trips abroad. A

reform-minded Carter was out to restrain high-living expense-accounts, but he may also ruin the Canadian convention industry. Canada argued for an exemption from the provisions, claiming the measure would cost as much as \$200 million in lost convention business, adding even more to the nearly \$1-billion annual tourism deficit Ottawa holds with the U.S.

U.S. policy-makers barely had time to offer sympathy before they were deluged by lobbyists from their television industry, who argued that Canada's Bill C-58, deleting U.S. commercials from trans-border stations, was costing them millions in lost business. Though Canadians insisted that C-58 was a cultural, not an economic, move, one American Congressman responded drily that Canada was paying "a lot for principle".

Decentralizing forces across Canada — fuelled by reaction to Quebec — have blurred the differences between regional and national issues in bilateral bargaining. Fishermen in British Columbia found themselves declared "off-limits" on U.S. salmon fisheries off the coast of Washington because of Washington State court settlements with native Indians and differing standards on conservation. A bad situation turned worse when Canadians complained Americans were over-fishing on both the West and East Coasts in an effort to stack the odds in upcoming fish-quota agreements. Both countries, which were trying to come to grips with the implications of their new 200-mile territorial limits, found themselves overtaken by events.

On June 2, Canada banned all U.S. commercial fishing in its territorial waters. Two days later, the U.S. followed suit. The resulting "fish war" captured the jokes and the headlines of early summer.

The mechanism for negotiation that had already been established to develop new fishing-quota agreements and a maritime-boundary treaty between the two nations was used to cool things down. Ambassadors Marcel Cadieux of Canada and Lloyd Cutler of the United States put the dispute at the top of their agenda for maritime talks in Ottawa on June 19. Canada's move — intended to provoke a short-term settlement on the narrow issue of fishing quotas — won regional support. But it could have quickly flared into an unmanageable crisis (Canadian sports fishing in U.S. waters threatened to become affected by the U.S. ban) if Cadieux and Cutler had not managed to press it back into the framework of negotiations for a long-term maritime treaty.

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