

nurtured by the Irish of British domination, Canadians would be less insecure about their prospects for survival as an independent, distinctive entity. The economic offensive of August 1971 was uncharacteristic of American behaviour towards Canada in this century, and did much to strengthen Canadian independence. Perhaps the kindest thing the Americans could do for Canada in their Bicentennial year would be to elect John Connally as President!

Exploitation thesis

A small number of Canadian decision-makers, and many more outside the establishment, do believe that the United States has consistently exploited Canada, or at least has inhibited the optimum development of its economic potential. They generally concede, however, that American investment was eagerly sought, and in many areas still is. Right up to the energy crisis, moreover, a strong Canadian complaint was against Washington's refusal to permit the greater sale in the United States of Canadian oil. The exploitation thesis becomes more difficult to sustain as living standards in the two countries become more comparable, and more Americans choose to move North of the border. Furthermore, the remaining discrepancy in personal incomes must be attributed in a large part to the way Canadians have strung themselves out in a narrow band along the long border, and created a tariff structure that guarantees inefficient, high-cost manufacturing. With the benefit of hindsight, it is easy to see how Canadian resources might have been better husbanded, but Canadians would not have attained their relatively comfortable material standards without extensive collaboration with Americans.

Nor does it necessarily follow that Canadians would suffer if economic interaction across the border were to increase. Without structural change, Canada faces a bleak future as a manufacturing nation, and the onus is on those who dislike the Economic Council's free-trade proposals to come up with a more palatable alternative. It is a fallacy that Canada could not enjoy the benefits of continental free trade without the loss of its political independence. Indeed, by reducing Canada's vulnerability to changes in U.S. tariffs and quotas, a free-trade arrangement might strengthen Canadian independence. We are certainly entitled to examine critically the nationalism expounded by inefficient producers, including some publishers.

In foreign capitals, Canadian independence is frequently thought to have

started with Trudeau, and he is erroneously perceived to be anti-American. This view overlooks the fact that Ottawa defied Washington more stubbornly, and roused more anger, during the worst period of the Cold War than it has since. The Third Option initiatives are at most mildly irritating to the Americans, and Trudeau has always been unduly cautious in seeking to influence American policies towards other countries. By contrast, Canada's position on such issues as the expansion of United Nations membership, the Korean War and nuclear testing were seen in Washington as threats to vital Western interests. Canada's active diplomacy was rarely played up in public, and it is difficult to prove that it had much impact on American policies, but this should not detract from the credit due Canada for independent judgment and bold, disinterested diplomacy. It should also be acknowledged that Washington abstained from tough tactics, such as economic retaliation, intended to force Canada into line.

Held its own

A significant minority of Canadian decision-makers, and even a few foreigners, believe that Canada has in recent years more than held its own in bilateral negotiations with the United States. This notion tends to be confirmed by the research of Professor Joseph Nye (*International Organization*, Autumn 1974), whose findings have probably been noted by American officials such as Ambassador William Porter. Their reaction could cast doubt on the proposition that it is in Canada's interest to persuade American decision-makers to pay closer attention to their relations with Canada. We may decide, too late, that one of our most precious diplomatic assets had been the "benign ignorance" of Canada that generally prevailed in Washington!

The Third Option is likely the most sensible way to tackle Canada's "American Problem". Instead of playing up disputes, or seeking to curtail the multitude of beneficial relations that transcend the border, Canadians should augment their involvement in the larger world. A drastic shift in Canada's alignment is neither feasible nor desired, but even a modest increase in ties with nations outside North America would counteract the debilitating conviction in Canada that our almost certain destiny is gradual absorption into the United States.

The Third Option has the advantage of building on strength. One of Canada's most distinctive characteristics, and the finest, has been its internationalism.

American investment still sought in many areas