

An indication of the extent to which the two countries continue to share common interests was offered by the signing, during the President's visit, of the Great Lakes Water Quality Agreement.

### Options for the future

The economic decisions taken by the United States in August of 1971 underlined the vulnerability of the Canadian economy to sudden changes in the U.S. situation and in U.S. policy. As a result and in pursuance of the main themes outlined in *Foreign Policy for Canadians*, the Canadian authorities undertook a broad study of the Canada-U.S. relationship with the object of identifying the alternatives available to the Canadian Government in determining the future development of those relations. A general summary of the principal elements of that study was presented by the Secretary of State for External Affairs in a study entitled "Canada-U.S. Relations: Options for the Future", which appeared last October in a special issue of the External Affairs review *International Perspectives*. It set forth three options:

- Canada can seek to maintain more or less its present relations with the United States with a minimum of policy adjustments;
- Canada can move deliberately toward closer integration with the United States;
- Canada can pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life, reducing in the process the present Canadian vulnerability.

The first option was not thought to be in complete accord with new perceptions of the relationship evolving in both Canada and the United States. Moreover, its precise implications would be difficult to predict, as they would vary significantly with policy developments in the United States. It was not felt that this policy would sufficiently reduce Canadian "vulnerability".

The second option, while appearing to have potential economic advantages, seemed likely to increase rather

than decrease the extent to which domestic decisions in the U.S. would influence Canada. The inherent logic of the option, moreover, might make some form of political union inevitable, if not essential, to enable Canada to have an appropriate voice in the decision-making process. Such an outcome was not judged to be politically acceptable to the majority of Canadians.

The third option is basically directed toward reducing the vulnerability of the Canadian economy to external factors, in particular to the impact of the United States, and, in the process, to reinforcing Canada's capacity to advance domestic goals and strengthen its national identity. Pursuit of this option probably has more implications for domestic than for foreign policies. The main thrust of the option would involve the development of a balanced and efficient economy through a deliberate, comprehensive and long-term strategy. It was recognized that the full benefits of this option would take time to materialize, and that a conscientious and deliberate effort would be required to maintain the Canadian economy on this course. It was also acknowledged that there were limits to the speed and extent of the process because no economy could be made substantially immune to international developments in an era of growing interdependence.

Canada will continue to depend for a large portion of its national wealth on the export of goods and services, which in turn implies assured terms of market access. The United States will remain Canada's best customer but a better balance of trade with all markets will provide a stronger basis for Canada to "continue secure as an independent political entity".\*

Lastly, the third option aims at a relative decline in Canadian dependence on the United States but not a distinct change in the relationship. It is compatible with the view advanced by President Nixon during his address to the House of Commons that "no self-respecting nation can or should accept the proposition that it should always be economically dependent upon any other nation".

\* *Foreign Policy for Canadians*, P. 10.