

they could best express the public will, curb private power, and advance the general welfare. It is a reasonable generalization to say the the US political culture was rooted in "liberal" values, the Canadian in "conservative" values.

But over the past dozen years, Canadian interests have changed. It is thought desirable now to have a Charter of Rights and Freedoms to protect the people from the abuse of power by authority. Respect for Parliament has declined, and it is widely thought that the judiciary is a surer defender of the public. The system of cabinet government in which policy is made by ministers and reviewed by Parliament is no longer understood. The popular demand is that Parliament should be more like the US Congress, in which the members share with the President the responsibility for making policy. The news media in Canada now are less content to report the debate between government and opposition and instead offer their opinion on affairs. Taking their example from the US media, they seek to be the adversaries of the government which they hope to catch in every sort of wrongdoing so that Canadians will be properly alert to the failings of authority. These changes in the Canadian political culture may prove to be for better or for worse. The point is that the new values are unmistakably "liberal," and they bring Canadian ideas more into conformity with US ideas.

Where we are

In summary, the trend of economic and of cultural affairs through the 1970s was toward increasing integration of the Canadian and US societies. The flows across the border of trade, capital and ideas all expanded, despite the efforts of politicians. This reality was obscured from time to time by nationalist and protectionist backlashes in both countries, but the underlying trend was clear. The driving force was not a conspiracy by continentalists, or a lack of nationalist zeal on the part of Liberal governments, or treason in the business community. It was the new technologies that were eroding the national borders established in simpler times. The technologies created new opportunities to increase wealth or to enjoy a broader range of entertainment, and the private impulse to take advantage of those opportunities overrode the attempts of governments prompted by nationalists to protect sovereignty and identity.

We seem now to be in a new stage of accelerating technological change. Satellites and computers are again transforming the processes of communication without much regard for political boundaries. The means of production and distribution are changing, the international economy is being restructured. In the developed democracies, governments, business and perhaps labor are looking for a new relationship so that they can better manage what may be called post-industrial capitalism. And governments, recognizing the limits of national sovereignty, are attempting to discuss their differences and coordinate their policies in all sorts of international organizations. In such circumstances, it is a dangerous delusion to pretend that Canada can somehow disentangle itself from the United States, achieve greater economic independence and develop a distinctly different culture and way of life. Canadians have been trying to do that for a dozen years under the

banner of the Third Option, and the reality is that the country is worse off in every respect than when it began the attempt.

The Right Option

The Third Option strategy failed not merely to reduce the vulnerability of Canada to economic events in the United States; it left Canada more vulnerable at a time of particular danger. Canada continues to be heavily dependent on the US market for its exports, but it has endangered much of the goodwill it used to enjoy in Washington, at a time when Congress is discussing protectionist measures intended to protect US jobs against foreign competition.

Canada's nationalist policies and its claim to be a wholly independent country with values diverging from those of the United States did not go unheard in Washington. Americans who used to think of Canadians as close cousins are now more inclined to accept the Canadian claim to be quite a different breed. Canadian policies designed to discriminate against US investment have, not unnaturally, strengthened the idea that if circumstances demand, the US will be justified in discriminating against Canadian interests. In short, if economic problems persist and the United States attempts a protectionist policy, Canada will not automatically be granted an exemption, or even the courtesy of special consideration. Canada may well be treated as just another foreign competitor seeking access to the US market, and the US government, if it is willing to negotiate at all, will drive a hard bargain. That might be extremely damaging to Canada, even catastrophic.

Canada is the only major industrial country without guaranteed access to a market of over 100 million people, and so is more dependent than most countries on the goodwill of its trading partners for access to markets. Despite the Third Option policies, that still means access primarily to the US market, and any US measures that seriously interfere with Canadian exports quickly result in unemployment and falling living standards in Canada. The impact on national unity would be serious if the provinces or regions, in desperation, were tempted to try to make their own deals with the United States. Canada has of course some strength in economic negotiations with the United States: it is the largest market for US exports, an important source of raw materials, and is the depository of billions of dollars of US business investment. But the uncomfortable fact remains that the United States is more important to Canada than Canada is to the United States, and in a clash of economic nationalisms, there is not much doubt which country would suffer more.

Burying the Third Option

Apparently realizing the danger of the position, the Liberal government backed away from its more openly nationalist policies, modifying both FIRA and NEP. In addition, two of its senior diplomats and policy makers,