

PART I—BASIC ISSUES

1.01 *Introduction* Within the terms of its broad mandate “to hear evidence and to consider Canada’s policy with references to defence and external affairs”, the Committee decided to devote its principal effort during the second session of the 28th Parliament to a basic examination of Canadian relations with the United States. While the Committee recognized the difficulties involved in a review of this magnitude, it believed such a review was essential because of the basic importance of our relations with the United States in any consideration of our foreign policy.

The vital role of our relations with the United States had been emphasized by many witnesses who appeared before the Committee in the course of its earlier reviews of our defence policy relating to our Nato and Norad alliances; and the Committee was also aware of growing concern among many Canadians with respect to the degree of Canada’s dependency upon the United States.

A final reason for making the review was effectively expressed in the paper presented informally to members of the Committee by Professor Ramsay Cook. Referring to recent public concern with respect to Canadian foreign policy, he said:

“It is also important for the Canadian Government . . . to let the public in on much more of its thinking about foreign policy . . . Since Canadian-American relations are the most sensitive area of Canadian diplomacy, it is extremely important that the public . . . should be taken more fully into the policy-making process”.

The Committee hopes this Report will contribute to such a development.

1.02 *Scope of the Report* The extent of the subject of Canadian-American relations and the limits on the Committee’s time made it necessary to accept severe limitations on the range of study. Extensive evidence with regard to military relations between the two countries had already been received by the Committee in the course of its earlier Nato and Norad reviews. The Committee therefore decided, on the one hand, to undertake a general review to assess the attitude of Canadians to relations with the United States and to their own country and its independence, and on the other, to identify and explore certain key areas of the relationship where dangers may exist, including the important cultural and economic areas. In each instance the Committee has attempted to reach some general conclusions about the implications of these close connections for Canada’s future development and its relations with the United States and for the conduct of relations between the two countries.

In addition to the helpful evidence which the Committee received from the numerous witnesses who appeared before it, it has also relied to a large extent upon the large body of literature on this subject, including in particular the Report of the Task Force on Foreign Ownership and the Structure of Canadian Industry (the Watkins Report), a number of studies undertaken by the Canadian-American Committee, the Merchant-Heeny Report made in 1965 to the Joint Ministerial Committee on Trade and Economic Affairs and a number of regular Government reports including those published under the Corporations and Labour Unions Returns Act and by the Department of Industry, Trade and Commerce.

The report is divided into the following Parts:

Part I—Basic Issues including a general review of Canada’s position vis-à-vis the United States—Pp. 7 to 13.

Part II—General review of Canada’s economic dependency on the United States—Pp. 14 to 20.

Part III—Review of specific problems resulting from American control of important Canadian industries—Pp. 21 to 53.