

takeovers or federal initiatives to "buy-back" American-owned firms. Similarly, American measures to apply controls on exports of capital were judged improbable. A general bilateral understanding was expected concerning Canadian policies on new foreign-equity investment. On the other hand, U.S. opposition to measures aimed at increasing Canadian ownership was regarded as probable, as was continued opposition to regional-economic-expansion subsidies for export-oriented industries. The Canadian Government was also expected to attempt to counter poor branch-plant performance by greater involvement in industrial research and development. Perhaps more important were the forecasts that Canada would attempt to encourage raw-material processing through trading resources for access to foreign markets for processed goods, and would enter into joint-venture agreements with the EEC and Japan involving greater processing of Canadian exports.

At the political level, the Delphi participants believed there would be an increase in "mutual perceptions of differentiation" between the two countries and their respective policies, a considerably less sympathetic U.S. perception of the Canadian-American relation, and an increased U.S. tendency to link issues together in negotiations with Canada. The U.S. was not expected to become significantly protectionist or to withdraw into a "new isolationism". Similarly, Canada was not expected to become isolated economically or to adopt an inward perspective. The panel could come to no consensus on whether Canadian economic nationalist sentiments would grow considerably stronger or whether a separatist government would gain power in Quebec (although a majority thought the latter likely).

It is by no means certain that any firm, concrete conclusions can be drawn from these Delphi Exercise results. Although the participants were requested to, and to a certain extent did, provide justifications for their responses, the extent of (anonymous) "debate" about any particular development was limited. These forecasts thus remain relatively unsubstantiated consensus speculations. Nevertheless, their general tenor seemed clear. The general conclusion that was drawn was a pessimistic one with respect to the Third Option, namely that *over the coming decade the Canadian society and economy would probably be more, not less, integrated with those of the United States and the two governments would probably have more, not fewer, conflicts.* The conclusion was pessimistic in a dual sense; it implied that the net direction of Canadian-Ameri-

can relations in the mid-term future would be closer to that implied by the Second Option (closer integration) than the Third, and it denied the hope of the "options" paper for a more harmonious relation.

It is not difficult to find reasons why the mid-term future may indeed unfold in these directions. Third Option rhetoric aside, there appear to be few possible specific measures aimed at lessening Canada's dependence on the United States that do not involve significant costs of one kind or another, and thus that are not ultimately unattractive for a pragmatic leadership. First of all, the more effective the possible measure, the greater the likely American reaction. "We are also trying to get this message across," said American Ambassador Enders in 1976. "Canada can't simply unilaterally cut back on its relations with the United States and expect there won't be reaction from us." The message, it is safe to say, got across. Another cost, explicitly mentioned by former Ambassador Porter, is that of a general loss of American goodwill towards Canada. In addition, domestic groups and regional interests within Canada do and would oppose many measures – as, for example, the restricting of foreign investment. Even before Ottawa's calculations of costs and benefits had progressed very far in a particular situation, its belief in the law of anticipated reaction – already well-substantiated in Canadian-American relations by such examples as the 1963 link between the "Gordon Budget" and the U.S. Interest Equalization Tax – would generally be sufficient to kill many a prospective dependence-lessening measure.

On the other hand, the shelving of the Third Option will not mean the conscious pursuit – explicit or otherwise – of closer integration. Despite charges of opportunism by nationalists, the 1972 "options" paper was not mere pre-election posturing. There is considerable recognition in both political and bureaucratic circles of the problems, and even dangers, inherent in Canada's present dependence on the U.S. The events of 1963 and August 1971 paradoxically both confirmed for Canadian officials the need to anticipate U.S. reactions and led many to the belated realization that dependence was not only self-perpetuating and occasionally acutely uncomfortable but also self-exacerbating. This realization, coupled with a traditional diplomatic wariness regarding formal bilateral arrangements with the U.S., will render unlikely much Canadian interest in major possibilities for integration – as, for example, continental energy or resource schemes. Moreover, some of the possible integrative developments – but by no means all – would find little favour in the

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