dustry in both countries prospered. The balance of auto trade remained in the United States' favour (except in 1971 and 1972) growing from $426 million in 1973 to $1 billion in 1976. (This surplus is the result of a $2.5 billion surplus in auto parts and a $1.5 billion deficit in assembled vehicles.) Parallel studies of the North American auto industry, authorized by the two governments in December 1974, were recently completed and will serve as the basis for future discussions.

Blithe Spirits

The great twentieth-century US/Canada rum-running trade first flowed north — from Montana to Alberta.

Canadians, traditionally as prohibition-minded as the citizens of the US, had debated the idea of outlawing liquor since the mid-nineteenth century. During World War I all the provinces passed laws of varying severity in the name of conserving grain. (Quebec, the last and the least severe, permitted beer and wine.)

Alberta's law passed in 1916, and soon enterprising men — such as Emilio Picariello, the owner of the Alberta Hotel in Blairmore — were running spirits from Montana.

The US Eighteenth Constitutional Amendment went into effect in 1920. In 1921 Quebec, British Columbia and the Yukon discarded their prohibition laws. Manitoba followed in 1923, Alberta in 1924, Saskatchewan in 1925, and Ontario and New Brunswick in 1927. Nova Scotia waited until 1930, and Prince Edward Island, never precipitous, kept prohibition until 1948.

Edmund "Butch" Fahey, a Spokane, Washington, tavern owner, was among the first to take advantage. He would drive west a hundred miles from Spokane to Wilbur, then north through the Colville Indian Reservation to the Columbia River, then across the border bridge and fifty miles northeast to Fernie, British Columbia, where there was an official government Export House full of high spirits. The trip back was more perilous, but well-paid farmers and ranchers warned him when the US Border Patrol was near. During the twenties more than one million gallons of taxed spirits were officially exported from Canada, and the provincial governments were greatly enriched. The prices, fixed by the governments, were basically reasonable. Scotch, wholesale at $32 to $36 a case in British Columbia, could be resold, wholesale, in the US for $78. Bourbon cost $50 and went for $100. Beer was the most profitable; a "barrel" (actually three burlap sacks, each with twenty-four quarts) cost $20 in Canada and sold for $70 in the US. One auto trip — with fourteen barrels of beer and five cases of whiskey — brought Butch, who later sold them drink by drink, a profit of some $2,500.

Mr. Fahey's individual enterprise was a small part of the whole. In time most whiskey moved south by ship, across the Great Lakes or down the east coast, from Quebec, the Maritimes and the French Islands of St. Pierre and Miquelon. Organized crime moved in, and Mr. Fahey and many others grew discouraged. In 1930 Canada began closing the Export Houses, and in 1933 the US passed the Twenty-first Amendment which repealed the Eighteenth.