

At the same time as we are each other's best customers, we are in numerous sectors each other's strongest competitors, in your market, in ours and in others. And we watch very closely to see whether the other guy is getting an unfair advantage. For example, do the different taxation systems, banking laws or investment regulations in Canada and the United States provide a relative advantage to businesses in one country or the other?

It is not an easy question to answer. The incompatibility of laws and regulations is a frequent source of disagreement between our two countries. And since laws and regulations express and protect national mores and interests, resolving incompatibilities is much more difficult than lowering tariffs was in the old days.

And Canada, as the smaller country, feels the greater pressure to conform to a single standard of behaviour. For Canadians this possibility of a loss of control or sovereignty is understandably worrying.

Canadians are interested in more than their economic well-being. The Canadian vision of the New World is different from the American view. It is based on our own values, born of our culture, our history, our climate and geography. And there is no doubt that the vast majority of Canadians insist that their government preserve these values and protect them.

But does interdependence really threaten what we are, our quintessential Canadian'ness? There are trade-offs between economic benefit and political control. We would delude ourselves if we thought otherwise. But at the same time as interdependence has grown so has the expression of our nationhood. We have continued our nation-building and patriated our Constitution. The arts -- Canadian literature, painting, theatre and film -- are prospering as never before in our history. Our discussions with the Americans on sectoral free trade arrangements would not be possible without this growth of national self-confidence.

In any case, interdependence is a reality, not an option. We cannot reverse it but we can try to shape it. We can build counterweights to American influence, at home and abroad, while cooperating with the United States to our mutual benefit. "Interdependence" need not be a modern synonym for America's "Manifest Destiny".