

economic and cultural interaction. Cooperation in defence was marked by a series of agreements running from the 1940 Ogdensburg Agreement which established the Permanent Joint Board on Defence to the 1958 North American Air Defence Command Agreement which established an integrated anti-bomber system in response to the Soviet threat. In the economic field, the pull of continentalism was magnetic. There occurred that phenomenon with which we are all familiar - the rapid expansion in United States control and development of Canadian industry, particularly in the extractive industries like mining and petroleum. The cultural penetration of Canada through television, radio, films and publishing during this period was also heavy.

But while United States influence on so many aspects of Canadian life was growing during this period, changes in the international environment, within Canada and the Canadians' perceptions of their national identity and independence were also occurring. These developments were eventually to lead to a change in relations with the United States.

This new feeling of being Canadian is reflected very sharply in the economic field. The issue is our economic independence. I have already cited figures showing the degree to which we are dependent on the United States in trade and investment. A cross-section of various polls taken in 1972 indicated that 88.5 percent of Canadians thought it important to have more control over our economy and that two out of every three Canadians considered the then level of American investment in Canada as being too high. This growing pre-occupation with the economic vulnerability of Canada was greatly increased with the introduction of the United States economic measures of August 1971. Although global in impact, the effect in Canada was great, in part because of the high concentration of our trade with the United States and the affiliated structure of our industry. Clearly, no country, concerned with its independence, could accept passively a situation in which it found itself so exposed to a major and unexpected change in the terms of its economic relations with a powerful neighbour.