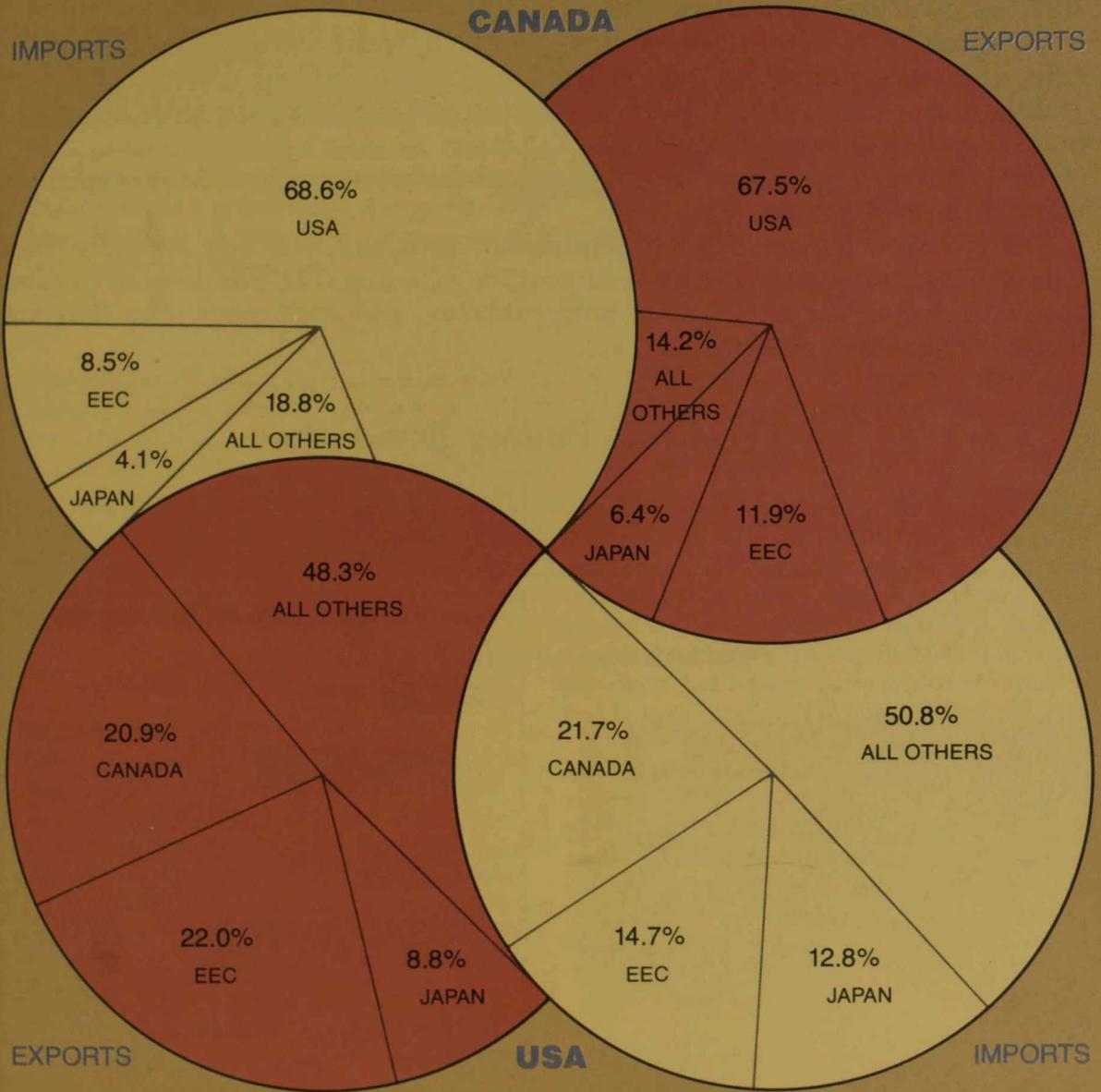


CANADA

TODAY / D'AUJOURD'HUI



Borderlines

[THE CURRENT STATE OF OUR RELATIONS]

Lyndon B. Johnson said that Canada and the United States were such close neighbours that their problems were "kind of like problems in the hometown."

Familiarity can breed acceptance as well as contempt. The relationship between the US and Canada is flexible. It has been called special and, more recently, unique. Some have likened it to the experience of a very small animal in bed with a large one; both are warm but the small one is anxious.

It may be a mistake to try to pin the relationship down with a word or an analogy. It is complex. It is demanding. It is unique. The small bedfellow is not that small—he is a tenth as large as his companion; and the companion has anxieties too. The two countries share responsibilities and goals; but each also has responsibilities, goals and frustrations of its own.

There are problems of trade, of energy, of land, water and air. There are problems of communications—both in the broad sense that one country does not always hear, clearly, what the other is saying and in the specific sense of books, magazines and television commercials.

There are also solutions. The strength of the relationship is in its enduring ability to solve problems.

The problems are not exactly "hometown" problems, but they are more than balanced by the enormous number of positive exchanges. In this issue of CANADA TODAY/D'AUJOURD'HUI we examine both problems and harmonies. The first are limited and the last are legion.

The Great Energy Exchange

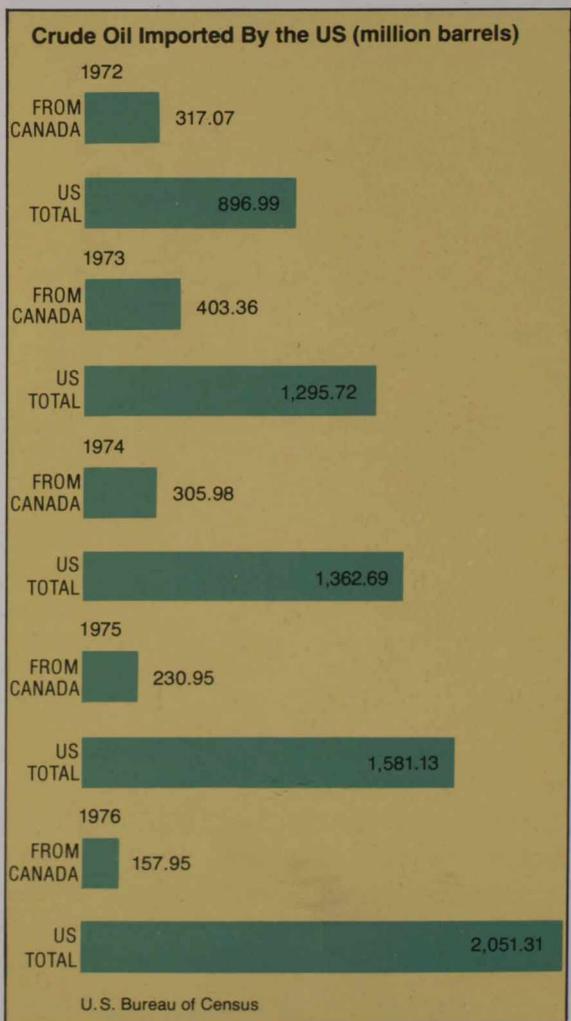
Canada and the United States are major producers of energy—oil, natural gas, coal and electrical power. They are also the greatest energy consumers in the world. Each country consumes more oil than it produces. (Canada became a net importer in 1975.) Each is developing new, expensive resources in remote areas on land and in offshore seas, but neither hopes to be self-sufficient as long as petroleum remains the basic fuel.

The two countries exchange a lot of energy. Canada annually sends over \$4.5 billion in energy products to the US, and the US sends some \$686 million worth of coal (16 million tons) to Canada. Electrical grids extend across the border; the current tends to flow southward in the summer for air conditioning and northward in the winter for heating.

[OIL]

Canadian oil exports increased rapidly during the 1960s and early 1970s, peaking in 1973, when they

reached 1.2 million barrels a day or six per cent of US consumption. In 1973, after a rapid rise in exports to the United States had raised the pros-



High Note

In January, President Jimmy Carter sent Prime Minister Pierre Trudeau a nice note which said, in part, "I would like to express my deep appreciation for your Government's quick and generous response to the energy problems brought on by our unusually cold weather. I am all the more appreciative because I know that Canada too has been experiencing a particularly hard winter."

pect of supply problems at home, Canada decided to limit them. Later, the National Energy Board found that the discovery rate of new fields and the productivity of old ones were less than anticipated and would not supply the traditional domestic markets as well as part of the Montreal area beyond 1982. It was then decided that exports should be phased out. The phase-out was designed to provide time for US refiners to develop new supply sources. Since Canada pays international prices for oil imported into eastern Canada, an export tax was applied to crude oil exported from western Canada to raise it to international levels. Revenues from the export tax (now \$5.60 a barrel) are used to compensate oil import costs.

[NATURAL GAS]

The situation in natural gas is somewhat different. Exports to the US continue at a high level — forty per cent of Canada's production goes south — but no new long-term export licences have been granted since 1970. Recent discoveries in western Canada have increased the conventional gas supply, and as a result, Canada authorized emergency

exports of about 40 billion cubic feet of gas above the normal flow to American consumers last winter. However, the possibility that exports may be reduced in the 1980s to reflect the rise in domestic needs still exists.

[COAL]

Canada imports about 16 million tons of coal from the US annually and exports about 13 million tons (half of its own production) to Japan. This reflects geographic and economic realities; eastern Canadian consumers are closer to the Appalachian fields than they are to those in western Canada.

[ELECTRICAL POWER]

Traffic in electricity has been modest in recent years, varying from a small net Canadian import in the late 1960s to a net export of 5.3 per cent of Canadian generation in 1973. A variety of factors affect the flow — including surplus Canadian hydro-electric production in times of above-average water flows, emergency needs and differing patterns of demand.

The Folger Connection

In 1970, when O. B. Hardison, Jr., director of the Folger Shakespeare Library in Washington, DC, began to show films in its in-house theatre, the first choice was a Norman McLaren documentary from Canada's National Film Board. It was the absent-minded beginning of a trend.

When the Folger began poetry readings in its Elizabethan theatre, two Canadian poets — Mar-



Screen Test

It is when you see their faces high on the silver screen, all made up and larger than life, that Canadians and Americans seem most alike.

Which of the people below are, or were, Canadian?

Ben Blue, Geneviève Bujold, Raymond Burr, Hume Cronyn, Fifi Dorsay, Marie Dressler, Deanna Durbin, Glenn Ford, Lorne Greene, Woodie Guthrie, Ruby Keeler, Beatrice Lillie, Rich Little, Gene Lockhart, Raymond Massey, Mary Pickford, Walter Pidgeon, Christopher Plummer, Mort Sahl, Norma Shearer, Alexis Smith, Donald Sutherland and Eva Tanguay.

ANSWER: All except Woodie Guthrie.

garet Atwood and Frank Scott — were invited to read. When it began producing modern plays, it offered the American premiere of *The Complete Works of Studs Edsel*, written by an American, Percy Granger, who lived in Canada (the play's locale) during the Vietnam War and had several plays produced on CBC-TV in Montreal. *Creeps*, by David Freeman of Toronto, which had previously won the Floyd S. Chalmers Award as the best Canadian play of 1972, followed.

The next year the Folger had the premiere of *The Collected Works of Billy the Kid* by Canadian Michael Ondaatje.

The Poculi Ludique Societas (Cups and Games Society), a University of Toronto drama group, performed a ribald sixteenth-century play, *Fulgens and Lucrece* by Henry Medwall, at a Folger fund-raising dinner, and their more genteel *Officium in Nocte Resurrectionis* was part of the World Petrarch Congress marking the six-hundredth anniversary of the Italian poet and humanist.

The Canadian involvement is as intense in the scholarly side of the Folger as it is in the theatrical. Dr. Richard J. Schoeck, for many years chairman of the English department of St. Michael's College

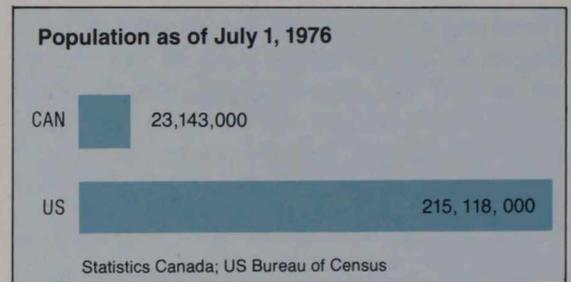
of the University of Toronto, was the Folger's director of research activities; and the Italianist Beatrice Corrigan, also of that university, has served on the Folger's editorial board.

Today fourteen of the library's sixty-five official readers are Canadians. Dr. Hardison said the unplanned connection is secure and growing. "I'd like to explore the possibility of increased relations with the Stratford, Ontario, Shakespeare Festival — there might be some natural point of contact — such as their sending down a couple of actors or even a director."

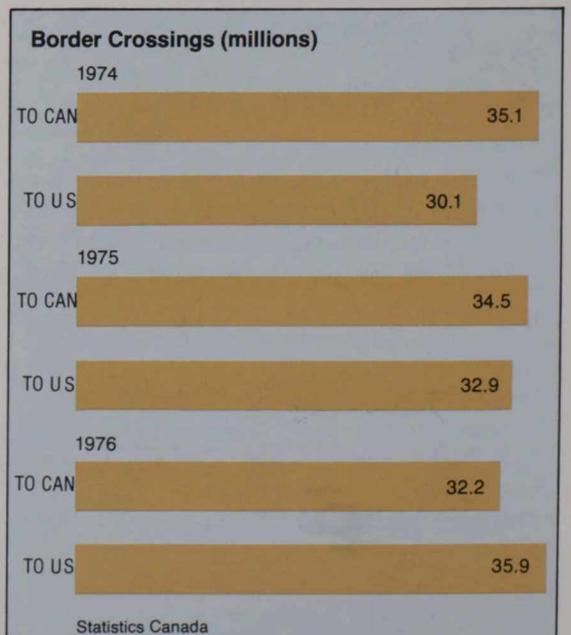
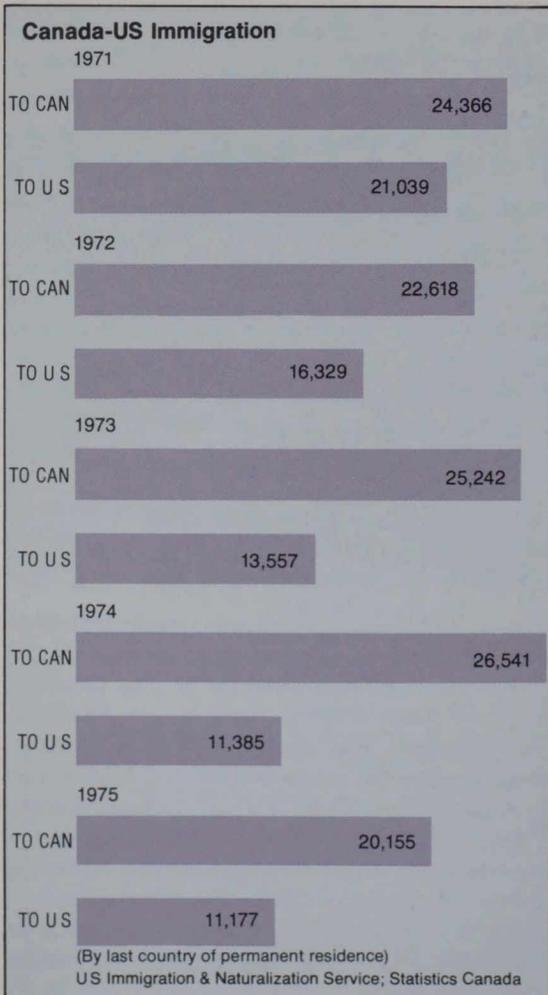
Migrants

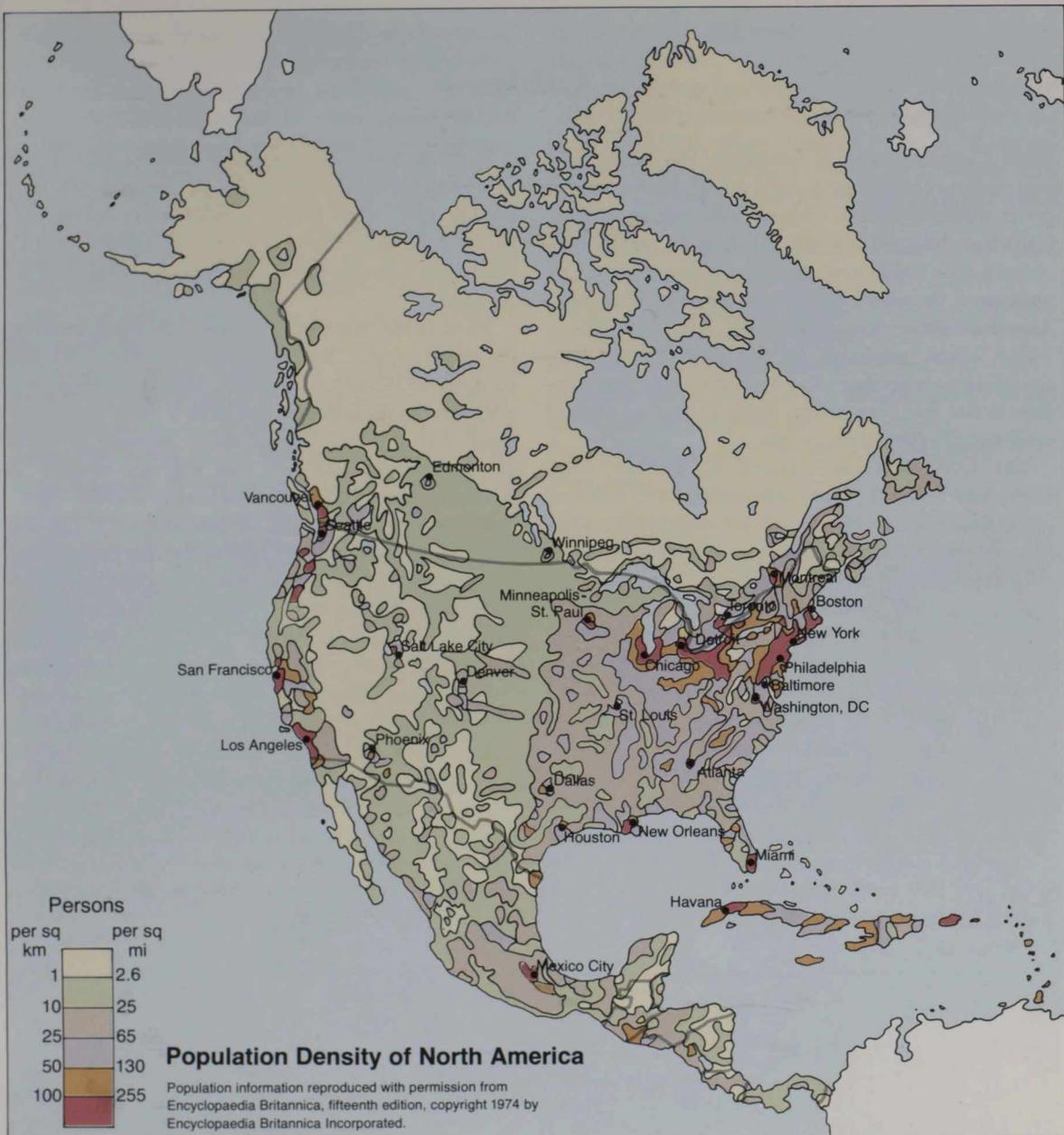
Canada and the United States exchange citizens in ways and on a scale which may be unique. In 1975 some 20,155 persons left the US to live in Canada, and at the same time 11,177 left Canada to live in the US.

The two-way flow is historic. British loyalists fleeing the aftermath of the American Revolution settled New Brunswick and Ontario, and train-



loads of American farmers moved to Canada's prairie provinces in the late nineteenth and early twentieth centuries. Between 1897 and 1930 over 1,435,000 Americans went north — 120,000 in one year, 1912. Meanwhile, Canadians were leaving home for the United States in similar, if less conspicuous, waves. There are at least two million people of French-Canadian origin in New England, the descendants of those who came to work in the mills in the mid-nineteenth century.





The exchange grew significantly after World War II. The greater flow was first to the south — during the fifties an average of around 19,000 Canadians settled in the United States each year — but the number of American migrants grew steadily, even when the number of immigrants to Canada from other countries dropped. It has advanced from 7,799 in 1950 to over 20,000. In the early 1970s the balance was very close with some 20,000 persons moving annually from each coun-

try to the other, but recently the number of Canadians migrating has dropped sharply.

Canadians admit immigrants on the basis of a point system (points, for example, are added for education and subtracted for years over thirty-five), and Americans going north in recent years have been youngish and well educated. Of the 20,155 who went over the border to stay in 1975, some 391 were classified as entrepreneurs, another 1,088 as managers or administrators and 1,066 as teachers.

There were, of course, more casual visitors. During 1975, some 34,582,241 short excursions were made from America to Canada, and 32,962,814 from Canada to the United States. (Since there are only 22 million Canadians, some, obviously, came more than once.)

Americans like their kissin' cousins, the Canadians, a lot better than the Canadians like them. The reason is simple. We can take the Canadians or leave them alone. They have to take us.

JENKIN LLOYD JONES, *Tulsa Tribune*, June 16, 1964.

Cables

Most Canadians watch American TV. Many who live close to the border pick it up off the air; others get it through cables. (About fifty per cent of all Canadian households are serviced by cable television.) The cable systems offer a broad range of programs, including those originated by the major American networks—NBC, CBS, ABC and PBS.

The cable operators do not pay for the programs they transmit. Cable companies are supported not by advertising revenue (no ad time is sold) but by subscription fees.

The US television stations in Buffalo, New York, and Bellingham, Washington, have received some \$20 million a year in advertising revenue from Canadian firms, which reach Canadian markets through transmitted programs. (This is equal to about ten per cent of all Canadian television ad revenue.) Some spokesmen contend that many US firms which now reach Canadian consumers through their US ads would otherwise use Canadian stations. (This represents another \$50 million in estimated lost Canadian revenues.)

The Canadian Radio-Television and Telecommunications Commission—which regulates broadcasting—recognized the dilemma. It was committed to the widest possible choice of programs but feared that curtailment of revenue could slow the growth and reduce the quality of Canadian programming.

In 1971 the CRTC suggested that the cable operators might delete US program commercials and fill the time with public service announcements. In 1973, Rogers Cable TV Ltd. of Toronto began randomly deleting those broadcast by three Buffalo stations.

Most cable companies opposed deletion because its effectiveness has not been proven and the equipment is very expensive. Some Canadian advertisers have opposed the policy too; many argued that revenue flowed south because time on major Canadian stations was sold out months in advance. The affected US stations protested vigorously and brought suit against the CRTC. (The case is awaiting decision before the Supreme Court of Canada.) Some US interests argued that interference with "the free flow of information" was involved. Canadians replied that this had nothing to do with it since the only thing ever blacked out was commercials, and this for economic reasons.

The Canadian and US governments held consultations. In the end, Canada decided to postpone further implementations of the policy, and in the meantime it is investigating alternative means of encouraging Canadian broadcasting. For example, Canadian advertisers may no longer charge off their US television costs as business expenses on income taxes.

Seaway

The United States and Canada are considering a hike in St. Lawrence Seaway tolls. Since Canada operates thirteen of the sixteen locks — including eight on the Welland Canal — it has much more at stake. The Canadian system has an accumulated debt approaching \$850 million. The United States' part of the operation had its interest forgiven by the US government in 1970 but will probably be unable to meet its bond redemption schedule by 1978.

When the seaway opened in 1959, Montreal/Lake Ontario tolls were set at four cents a gross registered ton (GRT), plus forty cents a ton of bulk cargo, and ninety cents a ton of general cargo. The Welland Canal tolls were two cents a GRT, two cents a bulk ton and five cents a general ton. (Bulk cargo consists of grain, iron ore, coal and liquids such as petroleum. General cargo is manufactured commodities.)

The revenue from tolls was designed to cover operation and maintenance costs, interest payments and capital repayment. When this objective was not met, Canada recommended toll increases in 1964 and 1967, but the US did not agree.

On the Welland Canal a fixed lock fee of \$800 a ship, regardless of size or cargo, was phased in between 1967 and 1971, following a short period in which no tolls were collected. But it has not produced nearly enough revenue to cover costs. Until 1973 the operating surplus produced by the Montreal/Lake Ontario section covered the Welland deficit, though there has never been enough to pay interest and repay capital. If tolls are not raised now, it is estimated that the over-all Canadian deficit could reach \$1 billion by 1981.

In view of these factors, the Canadian government has decided to convert the \$625 million loan debt to equity, convert the \$220 million owed in

unpaid interest to an interest-free loan that would be forgiven, and receive a one per cent payment on the \$625 million investment each year. This requires that tolls be raised to cover operating and maintenance costs and the one per cent payment. Canada, therefore, has proposed to the United States that the tolls on the Welland should be set at the same level as those on the International Section and that a mechanism be set up that would allow the new toll structure to be reviewed periodically. The two governments are now negotiating this question.

The seaway has proved an enormous success despite current financial difficulties. Paul Normandeau, president of Canada's St. Lawrence Seaway Authority, noted in his last annual report: "This bleak financial record gives a false impression of

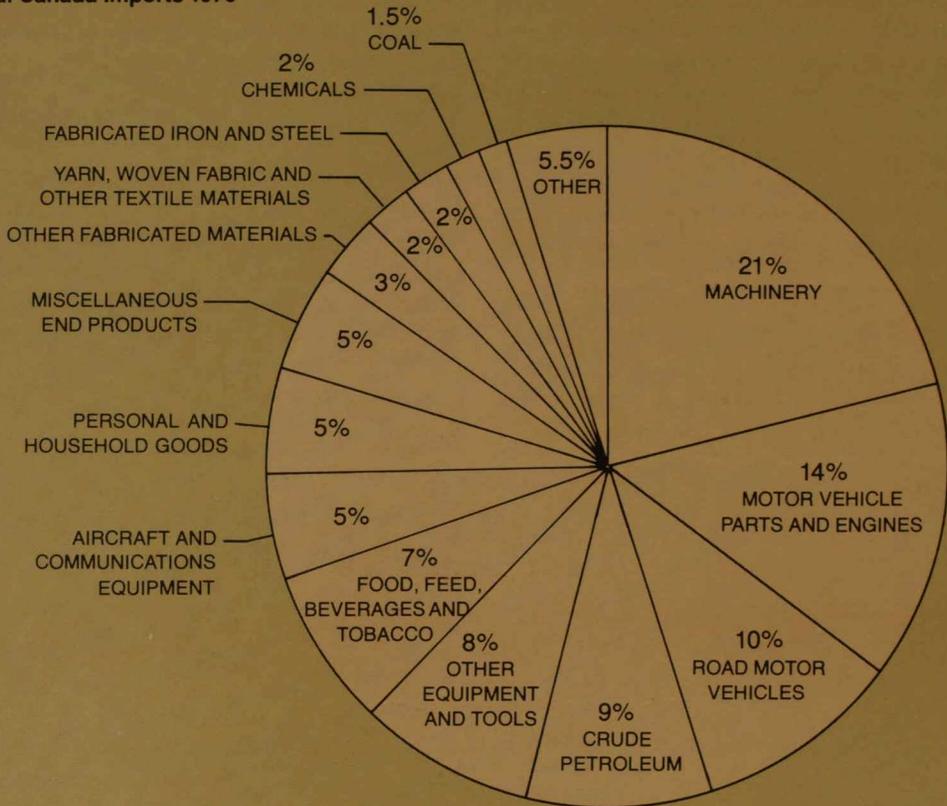
the water-way and obscures . . . [its] overall economic viability. . . . Traffic on the Montreal/Lake Ontario section has increased from an average of some 12 million tons in the years immediately prior to 1959 to 57.6 million tons in 1973. . . . Comparable increases reaching a level of 67.2 million tons in 1973 have been recorded on the Welland Canal section."

No, let us go our own gaits along parallel roads, you helping us and we helping you. So long as each country maintains its independence, and both recognize their interdependence, those paths cannot fail to be highways of progress and prosperity.

PRESIDENT WARREN HARDING in Stanley Park, Vancouver, 1923.



Total Canada Imports 1976



Statistics Canada

The Greatest Exchange in the World

In 1976 Canada bought goods worth \$25.66 billion from the US, and the US bought \$25.78 billion worth from Canada. The US sales in Canada are larger than all its sales in Latin America, than its sales in Germany, Britain, France and Italy combined and almost as large as those in Asia, including Japan. Between 1970 and 1974 they increased 115 per cent.

Most of the goods sold directly to Canada are produced by half a million Americans in twelve states. Eight — Michigan, Ohio, Pennsylvania, Wisconsin, New York, Minnesota, Illinois and Indiana — are on the border, and the others — California, New Jersey, Texas and Massachusetts — are centres of heavy industry.

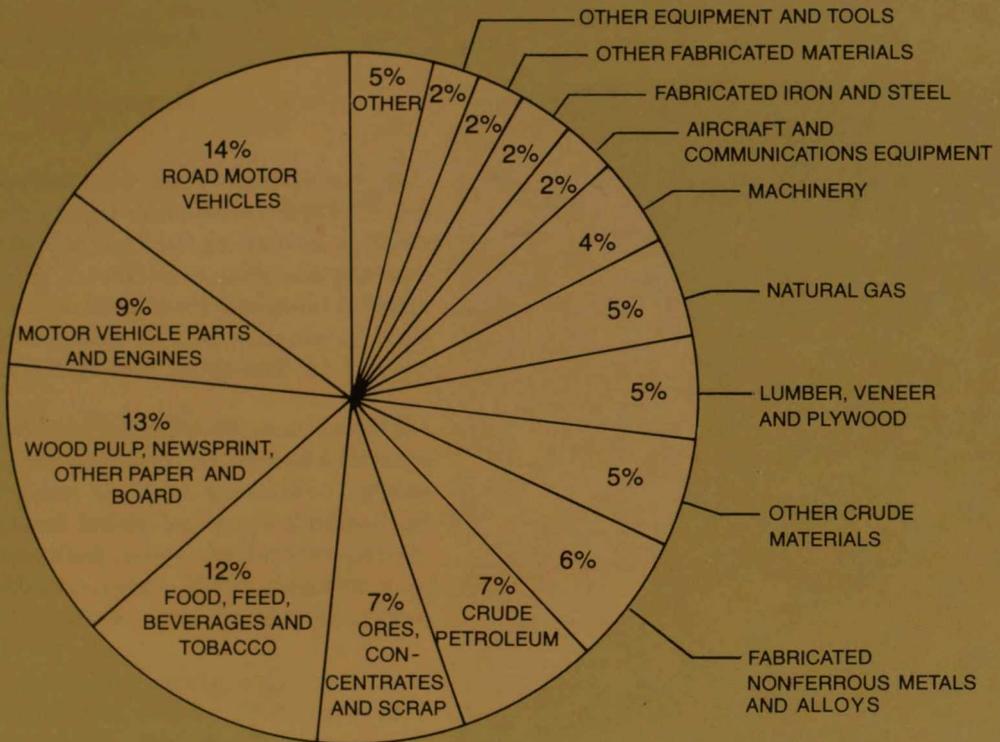
The statistics below were compiled by the Battelle Columbus Laboratories and cover the period from 1971 to 1973. Since they are the result of computerized calculations involving a number of variables, approximations and assumptions, they are broad rather than precise. The states are listed in the order of exports to Canada, the greatest first.

MICHIGAN exports \$3,549,000,000; employs 59,507 persons. Automobile production accounts for \$2,551,000,000. Other important export areas are machine tools and stampings, and primary iron and steel.

OHIO exports \$1,841,700,000; employs 47,838. Motor vehicles and parts account for \$370,000,000; other major areas are in primary iron and steel, machine tools and stampings, general industrial machinery, construction machinery, metal-working machinery, other fabricated metal products, field and orchard crops, and computing and related machines.

ILLINOIS exports \$1,316,200,000; employs 35,251. Major areas are in motor vehicles and parts; primary iron and steel; construction machinery; machine tools and stampings; radio, television and communications equipment; farm machinery; food; primary aluminum; and organic and inorganic chemical products.

Total Canada Exports 1976



Statistics Canada

NEW YORK exports \$1,301,900,000; employs 35,257. Widely diversified products include motor vehicles and parts, pulp and paper products, photo equipment and supplies, and primary copper.

PENNSYLVANIA exports \$1,115,600,000; employs 31,341. Pittsburgh steel accounts for a quarter of the total. Other products include motor vehicles and parts, glass and glass products, and industrial controls.

CALIFORNIA exports \$1,087,600,000; employs 30,111. Field and orchard products account for \$157,000,000, and aircraft and aircraft parts for \$108,000,000. The rest is greatly diversified.

NEW JERSEY exports \$699,500,000; employs 18,271. Its main exports are industrial chemicals and motor vehicles and parts.

INDIANA exports \$683,000,000; employs 17,780. Motor vehicles and parts account for \$155,000,000, and primary copper for \$21,000,000.

TEXAS exports \$614,200,000; employs 12,334. Exports include petroleum, natural gas, aircraft, fruits and vegetables, chemicals and plastics.

WISCONSIN exports \$567,900,000; employs 14,233. Motor vehicles and parts account for a quarter of

the total; construction, farm and electrical machinery for much of the rest.

MASSACHUSETTS exports \$417,700,000; employs 13,890. The heaviest trade is in computers and related machines.

MINNESOTA exports \$353,000,000; employs 9,158. Iron and ferroalloy ores, cycles and trailers are among the exports.

The [Canadians] don't, I think, suffer in an economic sense [from American domination of Canadian industries] or even for that matter in a technological sense. It is because of American capital investment, and the technology that came with it, that we enjoy one of the highest standards of living in the world. . . . Certainly they suffer in the sense that they would prefer to see the Canadian economic environment less subject to foreign control. It is a trade-off that each country has to make. Does it want foreign capital and the technology that comes with it, or would it rather remain more independent from that capital and technology, and more poor?

PRIME MINISTER PIERRE TRUDEAU in 1971.

The Visitors at Home

Among products exchanged are hockey and football players.

ART ROSS



A. H. (ART) ROSS: Ross, born in Naughton, Ontario, in 1886, a celebrated player, promoter, coach, manager and referee, established hockey in Boston, coaching the Bruins to three Stanley Cups. He refereed in the days when officials used bells instead of whistles, and he invented the Art Ross net and Art Ross puck, both still in use today.

FRANK BOUCHER: Boucher, born in Ottawa in 1901, joined the North West Mounted Police as a seventeen-year-old but decided he'd rather play hockey. He bought his way out of the force for \$50 and then signed up with Ottawa for \$1,200 a year. He went to the New York Rangers in 1926 and stayed until 1944, in later years as coach.

H. G. (BILL) QUACKENBUSH: Quackenbush, born in Toronto in 1922, played first with Indianapolis, then with the Detroit Red Wings for six years and finally with the Boston Bruins. He was always a gentleman, and his average of 0.12 penalty minutes per game is a low never approached by any other defenceman.

GORDON HOWE: As the late Prime Minister Lester Pearson once said, Gordie Howe's sportsmanship and competence are "an example to us all." Howe, born at Floral, Saskatchewan, joined the Detroit Red Wings in the 1946-47 season and stayed with them for a quarter of a century, until he retired from the National Hockey League. Since then he and his two sons, Mark and Marty, have played with the Houston Aeros in the World Hockey Association.

W. A. (BILL) GADSBY: Gadsby, born in Calgary, Alberta, in 1927, began his professional career with the Chicago Black Hawks before going, in time, to the New York Rangers and the Detroit Red Wings. After retiring as a player, he coached the Red Wings in the 1968-69 season.

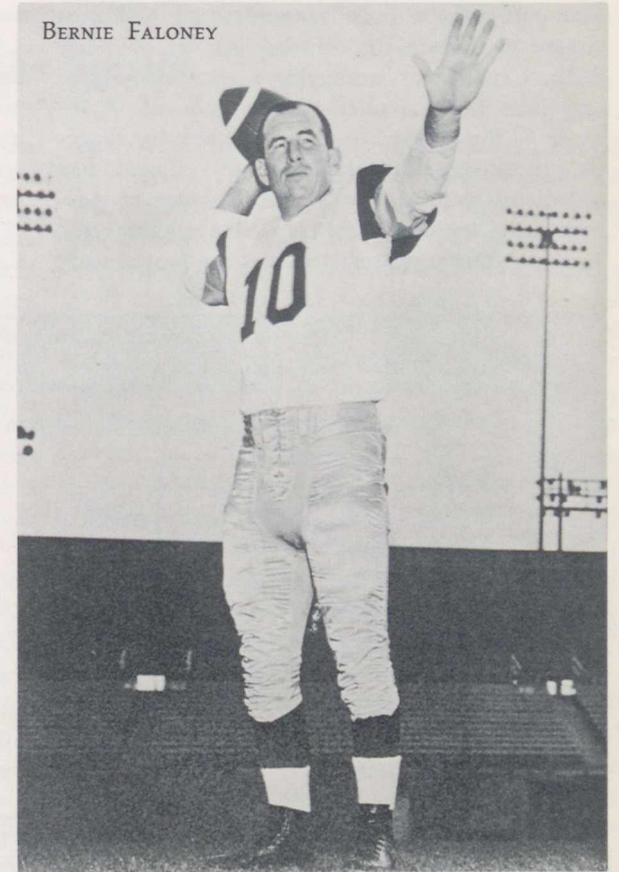
Hockey pictures courtesy of The Hockey Hall of Fame, Toronto, Canada. Football pictures courtesy of The Canadian Football Hall of Fame, Hamilton, Ontario.

The favorite Canadian sport after hockey and contemplating the national navel is taking a dim view of the United States. . . . I am convinced that if there had been no United States, Canada would have had to invent one. PROFESSOR MASON WADE at the University of Rochester, New York, June 11, 1965.

[HOCKEY]

[FOOTBALL]

BERNIE FALONEY



CARL CRONIN, Back: Cronin, who came from Chicago, was the first American to play professional football in Winnipeg. He joined the club in 1932 and was soon coaching too. The team won the Western Canadian title. In 1935 Cronin moved to Calgary to coach the Bronks (now the Stampeders) where he stayed for five years.

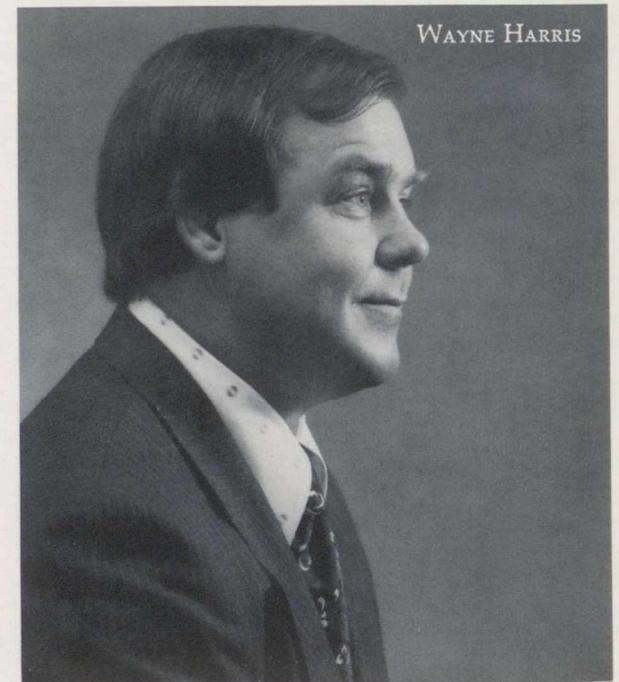
JOHN BRIGHT, Running Back: Bright, an All-American at Drake, came to Calgary in 1952 and moved to Edmonton where he and his backfield mates, Normie Kwong and Jackie Parker, led the team to three consecutive Grey Cups. In 1958 he set a rushing record, 1,722 yards in 296 tries. In thirteen seasons he gained 10,909 yards, the second highest mark in CFL history.

BERNIE FALONEY, Quarterback: Faloney, an All-American from Maryland University, came to Edmonton in 1954 where his passing and running brought the Eskimos a Grey Cup. He joined the Hamilton Tiger Cats in 1957. He led the team to the Grey Cup finals six times before moving to Montreal in 1965 and finished his career with the British Columbia Lions in 1967. He won the Schenley Trophy in 1961 as Canada's outstanding player and was the runner-up in 1959.

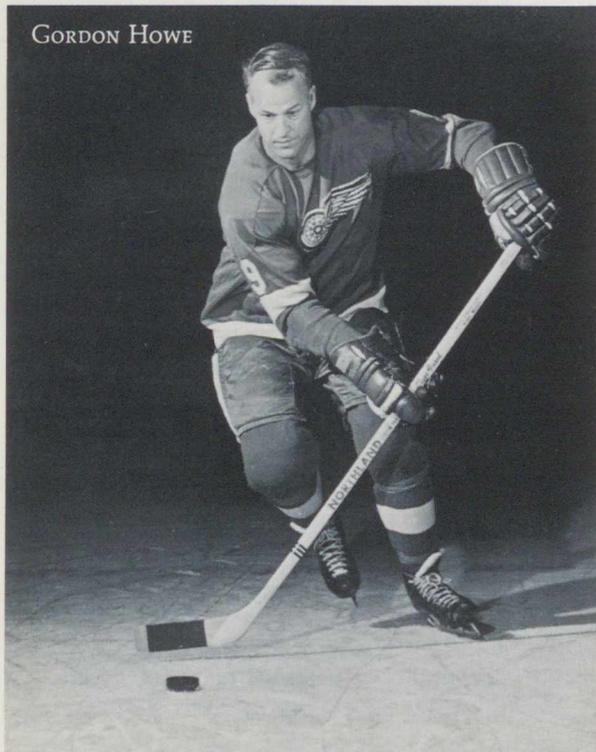
JOHN BARROW, Tackle: An All-American from the University of Florida, Barrow joined Hamilton in 1957, stayed fourteen years and was named All-Canadian sixteen times. (In four consecutive years, 1957-60, he was named to both the offensive and defensive teams.) After leaving the Tiger Cats, he was managing director of the Toronto Argonauts for four years.

WAYNE HARRIS, Middle Linebacker: Harris, "The Thumper," an All-American from Arkansas University, came to the Calgary Stampeders in 1961 and stayed twelve years. He was All-Western Conference eleven of those years and All-Canadian in nine. He won the Schenley Award for Outstanding Linesman four times.

WAYNE HARRIS



GORDON HOWE



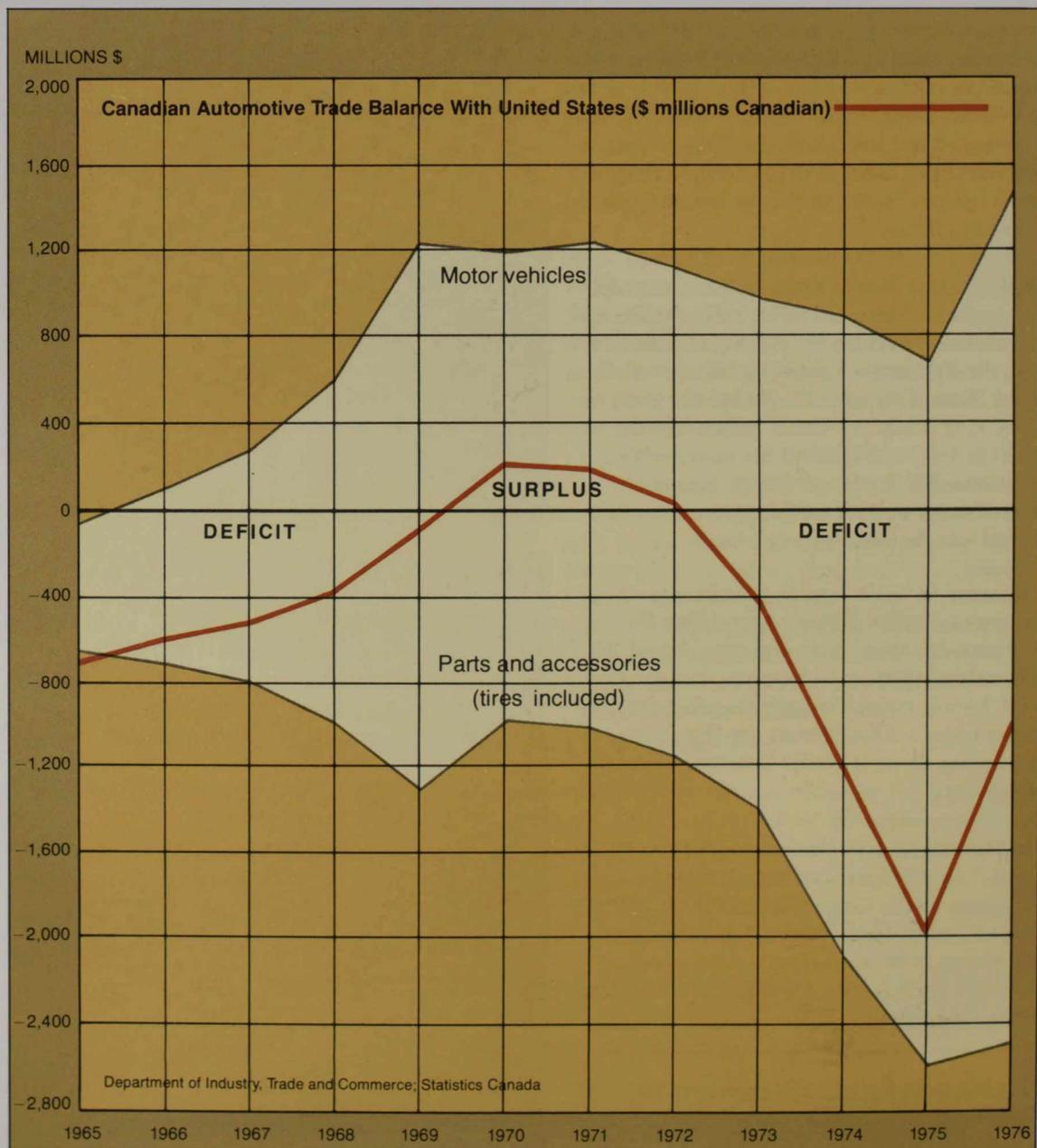
Auto Pact

American automobiles (such as Fords, Chevys and Plymouths) have been manufactured and purchased in Canada for decades, but by the early sixties Canadians were buying a great many more cars than the Canadian plants produced. Autos made in the US cost less, even though the wages paid there were thirty per cent higher. Canada had a growing deficit in its related balance of payments. Rather than adopt restrictive solutions, the two governments concluded that the best remedy

was to negotiate an agreement to free trade for autos in North America.

The 1965 Automotive Agreement removed duties and created an integrated market for the manufacturers. The new freedom allowed the Canadian plants to specialize production and consequently increase efficiency, lower costs and become competitive.

Automotive trade (now one third of all US-Canadian trade) increased eightfold, and the in-



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.)

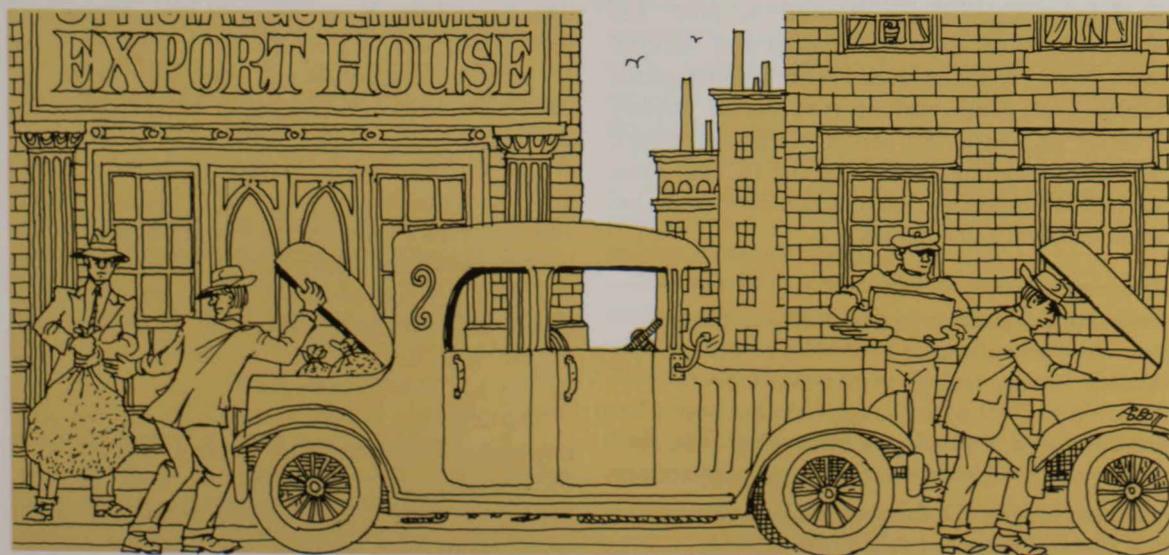
Alberta's law passed in 1916, and soon enterprising men — such as Emilio Picariello, the owner of the Alberta Hotel in Blairmore — were running spirits from Montana.

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.

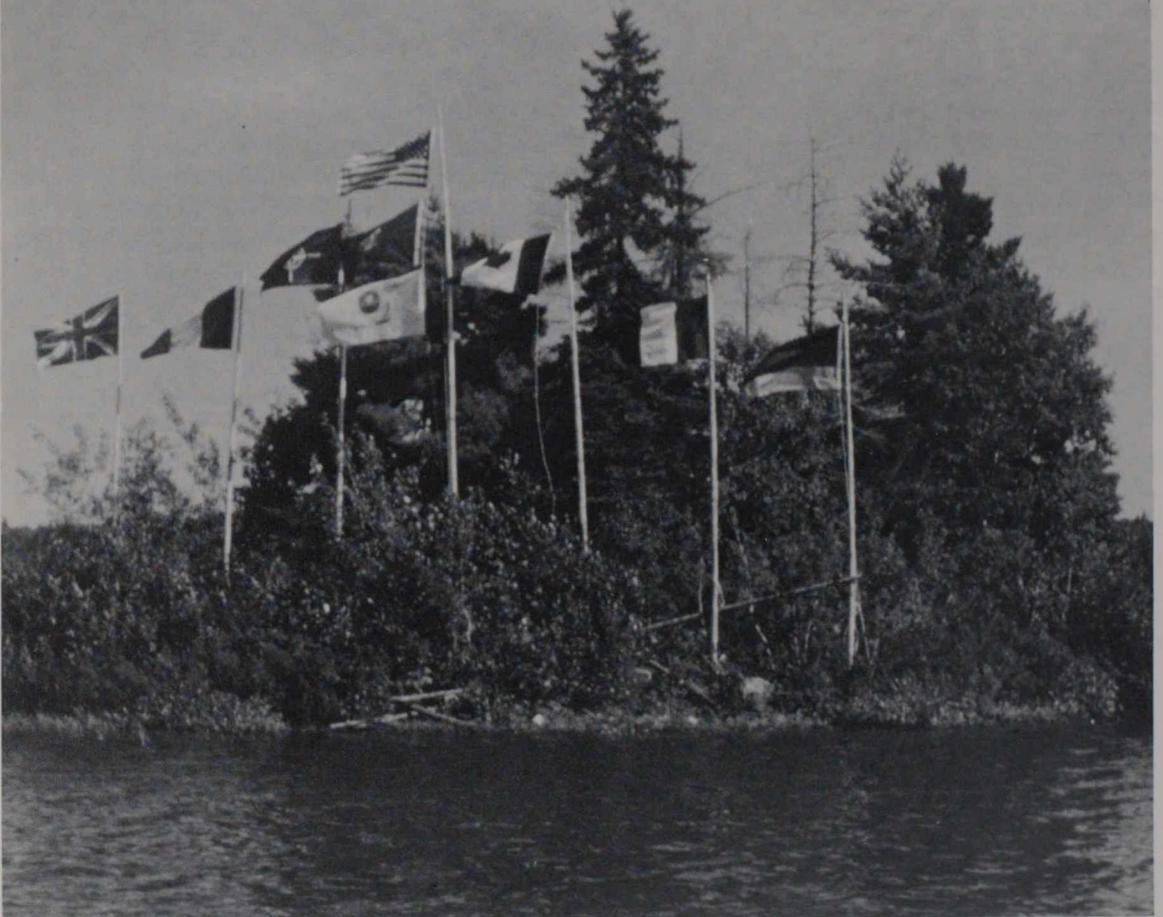
Edmund "Butch" Fahey, a Spokane, Washington, tavern owner, was among the first to take advantage. He would drive west a hundred miles from Spokane to Wilbur, then north through the Colville Indian Reservation to the Columbia River, then across the border bridge and fifty miles northeast to Fernie, British 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.



Points of Interest



Points of international contact often become points of international difference. The International Joint Commission, formed in 1909, has recognized, discussed, compromised and resolved scores. Recently pollution has become a recognized problem; and since nothing runs across borders as easily as water, the contamination of rivers, lakes and oceans has concerned the IJC and other international agencies. Each of the three cases below is technical and complex.

We have ruined ours in the States with our growth of population so that the great, beautiful rivers that flow into the Atlantic and down through the Mississippi Valley are contaminated. You should remember this, that really great water is one of your greatest assets.

PRESIDENT DWIGHT D. EISENHOWER in conversation with Ontario Premier Leslie Frost in 1953.

[THE RIVER]

The Saint John River flows in both Maine and New Brunswick, and its pollution problems have concerned many people and several governments. There has been little laying of blame and much co-operation.

The original causes of concern were a potato and sugar-beet complex at Easton Station, Maine, and two mills owned by the Fraser Company. The first dumped pollutants into a tributary of the Saint John in the late 1960s and killed all the fish. The Fraser Company paper mill in Madawaska, Maine, and its pulp mill at Edmundston, New Brunswick, also contributed for many years.

The Canadian federal government and the government of New Brunswick began a joint study on the management of the Saint John basin in 1969, and in the early 1970s Canada suggested that it could serve as a demonstration project for the

North Atlantic Treaty Organization's Committee on Challenges to Modern Society (CCMS). The United States responded, linking its own Northern Maine Regional Planning Commission Study to the Canadian one. This CCMS project encouraged the two countries to create a specific Canada/US Water Quality Committee to deal directly with the Saint John. The International Joint Commission (IJC) was asked to recommend future institutional arrangements, and in 1975 the Canada/US committee suggested that water-quality objectives and timetables be set; the IJC recently recommended that the two countries negotiate a water-quality agreement.

In the meantime, there has been progress in eliminating the actual pollution. The potato and beet processing complex at Easton Station went bankrupt, and its new owners must now meet tight environmental standards. A number of American towns on the river and its tributaries are going ahead with sewage treatment programs. The Fraser Company in Madawaska has reduced its pollution, and the Edmundston mill will convert to new production methods which will sharply reduce pollution on the international section of the river.

[THE LAKE]

Lake Champlain is the sixth largest lake in the United States. Most of it lies between New York and Vermont; a small part is in southwest Quebec, and the river which empties it, the Richelieu, flows north through Canada to the St. Lawrence.

In recent years of high lake water the Richelieu has overflowed its Quebec banks, shortening the growing seasons and seriously reducing the yields of grain and corn on six hundred farms. The flood damage in the US, though substantial, has been of less concern, since most farms are on high banks set back from the lakeshore.

In 1937 the International Joint Commission approved construction of flood-control works in southwestern Quebec. A dam at Fryer's Island on the Richelieu was finished in 1939; but the program stopped during World War II, and that dam has not been used since.

In 1968, when the recent high water levels began, Quebec farmers asked that the control program be completed. However, a new consciousness of possible environmental effects had developed since the original program was planned. Lake water levels play an important role in maintaining the wetland habitats of insects, plants, fish, fur-bearing animals and waterfowl.

In March 1973 Canada and the United States asked the IJC to report on the feasibility of regulating the system. In March 1975 the commission

concluded that the original flood-control program, authorized in 1937, should not be completed but that control on the lake and river could be accomplished through a dredged channel and a control structure in the St. Jean Rapids. The interim report called for environmental cost and benefit studies and a measuring of the recreational advantages to both countries. A new board was named to carry out the recommendations, and it will make a final report next December.

[THE OCEAN]

As consumption has grown, the United States has come to rely more and more on oil shipped by tankers from distant fields. The possibility of a major west coast spill has caused much concern in British Columbia and the state of Washington.

When Alaskan crude oil becomes available this year, it will be carried to refineries on the west coast of the United States. The supply will exceed the capacity of the refineries by four hundred thousand to six hundred thousand barrels a day. To deliver the additional oil to areas of the United States which need it most, new delivery systems will be needed.

There are many alternatives; the ones of particular concern to Canadians are those which would increase the amount of oil transported through the Strait of Juan de Fuca by tanker or which would move oil by pipelines across Canadian territory. The Canadian government wants primarily to reduce the risk of spills off the Canadian west coast. The United States wants to achieve environmental safety while distributing new oil.

US and Canadian officials met in August 1974 and agreed to work on a comprehensive plan to reduce the risk to the Juan de Fuca area.

At present the two governments are continuing co-operative research (currently they are studying near-surface currents in the strait), negotiating an agreement on liability and compensation for oil spills, formulating a system of vessel-traffic management (the equivalent of air-traffic control), and developing contingency oil-spill clean-up plans.

Some goals have been at least partially achieved. A contingency clean-up plan for the west coast, Juan de Fuca and Puget Sound areas became operative in March 1975.

One proposed alternative to the Juan de Fuca route would involve using a port at Kitimat, British Columbia, connected by pipeline to Edmonton, Alberta, where existing pipelines serve Canada and the US. Canada has established an independent inquiry to examine that proposal's marine safety and environmental aspects.

The last time Prime Minister Trudeau came to our country he said that being a neighbor to the United States was like sleeping with an elephant—that you could very quickly detect every twitch or grunt. Well, the elephants are gone. The donkeys are here. And the donkeys are much more companionable beasts, I think. PRESIDENT CARTER, February 21, 1977.

Investments

Much of Canada's industry is owned by American firms. In 1970, foreigners (most often citizens of the US) controlled ninety-eight per cent of the petroleum industry, seventy-eight per cent of chemical production and fifty-seven per cent of manufacturing.

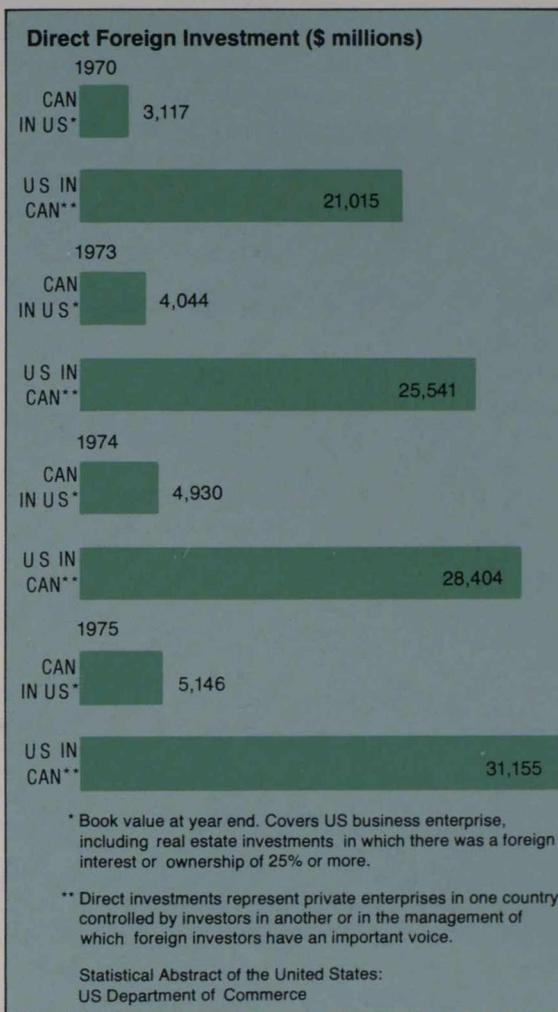
Canada has never had enough capital to develop its own natural resources swiftly. In the nineteenth century the United States was in a similar position; its population was relatively small, and its financial pools relatively shallow. Much (and in some cases most) of its heavy industry was controlled by British, French and other foreign investors.

The twentieth-century development of Canada's resources and the building of industries have required relatively heavier investment. The finding, refining and transportation of oil, for example, are much more difficult and expensive than the harvesting of forests or even the building of railroads.

It is recognized that foreign investments are still vital in Canada, and they are encouraged as long as they are beneficial to Canada. The Canadian Foreign Investment Review Act of 1973 authorizes the government to screen three types of investment: those in which foreign interests seek to acquire Canadian firms which are valued at more than \$250,000 or which have annual revenues of more than \$3 million; those in which foreign firms without Canadian connections wish to start totally new businesses; and those in which foreign firms already established in Canada wish to start unrelated activities.

Each is examined for "significant benefits" to Canada, including its effect on employment, resource processing, productivity, technological development, product variety and competition.

Some early observers believed the act could diminish American investments over a period of

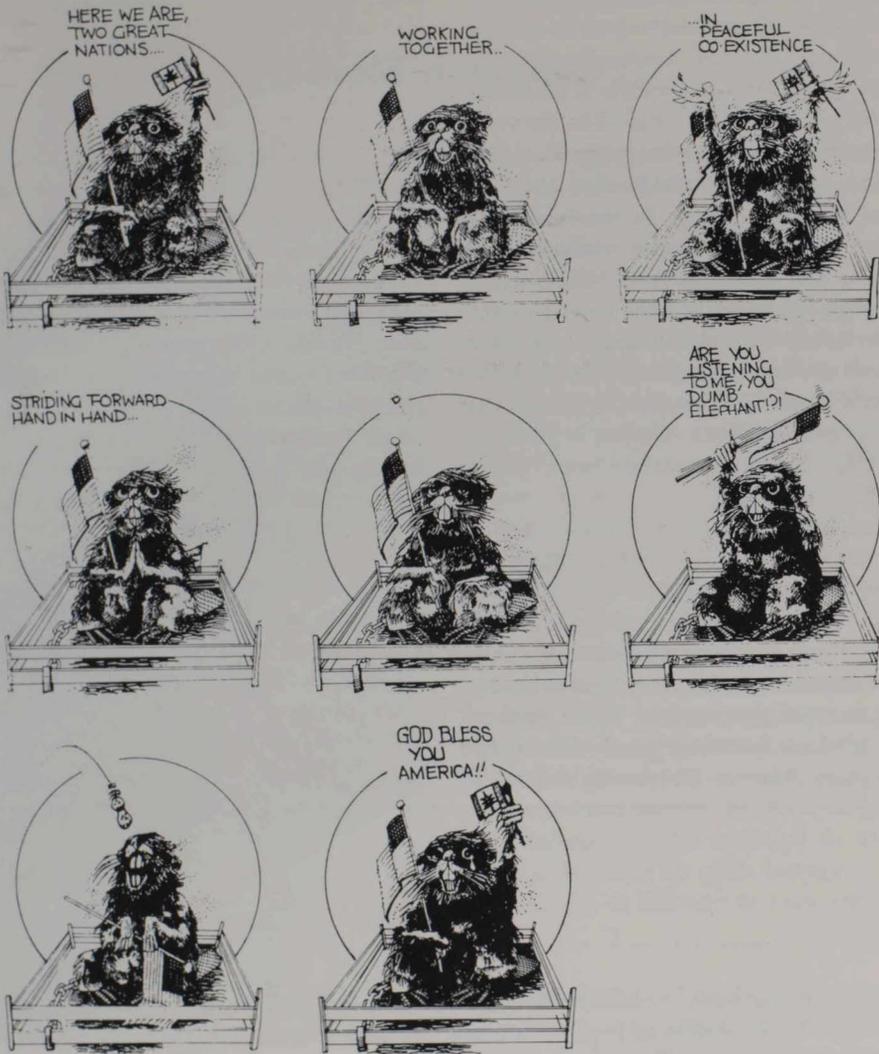


time; in practice so far its effect has been slight. The Foreign Investment Review Agency has permitted five applications for every one rejected. In response to the criticism that red tape discouraged smaller investors, a shortened review process has been adopted for ventures involving less than \$2 million and fewer than 100 employees.

Harmony

Defence co-operation between Canada and the United States began with the Hyde Park Declaration of 1941, when President Franklin D. Roosevelt and Prime Minister Mackenzie King harmonized the industrial resources of North America to meet the demands of World War II.

The defence production sharing program began after the Arrow aircraft program was cancelled in 1959 and it was evident that Canada could not afford sophisticated weapon systems on its own. The new program gave Canadian industry an equal opportunity to compete for US contracts.



In 1963, the US secretary of defence and the Canadian minister of defence production agreed to maintain a rough balance in defence research, development and production at the highest practical level. Between 1959 and the end of 1976, United States defence procurement contracts in Canada amounted to \$3.76 billion, and Canadian defence procurement contracts in the US to \$4.15 billion.

The program has maintained an industrial base for defence in Canada and enabled Canadian manufacturing industries to keep abreast of advanced technology in electronics and aerospace. The Canadian armed forces are able to obtain the best equipment at the most economical cost, and Canadian industries have had spin-off sales of telecommunications and navigation materials in the United States and other friendly nations.

In 1976, fifty-three Canadian firms received US Department of Defense contracts totalling more than \$500,000 each. One particularly successful project has been the development of the AN/GRC 103 radio relay equipment by the Canadian Marconi Company to meet a requirement of the US

Army. Sales of this equipment to the United States and other friendly countries have exceeded \$100 million.

We suggest often enough what we do not want the United States to be and do. We give too little thought to the more difficult question of what kind of role we do want the United States to play in the world. We give the impression in Washington that we should just like the United States to go away and stop bothering us all. . . . One principle that seems agreed upon for the United States is that of non-intervention. However, no sooner have we banished the Americans to isolation and military impotence than some of the same voices insist that they intervene promptly and forcefully in East Bengal or Rhodesia or Haiti or Czechoslovakia. We can't make up our minds whether we cast the United States in the role of bogeyman or fairy godmother.

JOHN HOLMES, director-general of the Canadian Institute of International Affairs in 1973.

Canadian Studies

A few Americans have been studying Canada a long time. Francis Parkman of Harvard wrote his seven-volume Canadian series in the late 1800s, and A. L. Burt, a Canadian, began teaching Canadian courses at the University of Minnesota in 1930; but the great spurt has been recent.

In 1970 the newly established Center of Canadian Studies of the Johns Hopkins School of Advanced International Studies (SAIS) found that eighty-nine institutions were offering at least one course in which fifty per cent or more of the material related to Canada.

Today over 250 institutions have Canadian courses, and there are comprehensive programs at the University of Maine at Orono, the University of Vermont, Michigan State University, the State University of New York at Plattsburgh, Duke University, Western Washington State College and Bridgewater (Massachusetts) State College. The Canada/US Law Institute, jointly established by Case Western Reserve University School of

Law and the University of Western Ontario's Faculty of Law, instructs students in the legal systems of both countries.

The Association for Canadian Studies in the United States, created in 1970, publishes a highly regarded journal, *The American Review of Canadian Studies*. Other journals, such as *Modern Fiction Studies* and the *Social Science Quarterly*, have devoted special issues to Canada. The growing interest in Canadian studies among college students and faculty recognizes their value in fields such as government service, journalism and business.

I used to think that Canadian policy-makers had to be more enlightened. I thought, you know, what an upright little country. Now I understand that its foreign-policy decisions are often as silly as US decisions, but I've still got a better respect for the country.

Student, SAIS Canadian studies program.

Culture

The excerpts below are from an address delivered in Washington, DC, by Northrop Frye in January 1977 at a symposium on twentieth-century Canadian culture, organized by the Association for Canadian Studies in the United States and funded by the National Endowment for the Humanities.

. . . culture has something vegetable about it, something that increasingly needs to grow from roots, something that demands a small region and a restricted locale. The fifty states of the Union are not, in themselves, a cultural entity: they are a political and economic entity that provides a social background for a great variety of cultural developments. We speak for convenience of American literature, but its real cultural context usually turns out to be something more like Mississippi or New England or Chicago or an expatriate group in Paris. . . . Similarly in Canada: as the country has matured, more and more of its local areas have come to life imaginatively.

This fact has given French-Canadian writers, in particular, one considerable advantage. The French-Canadian poet or novelist knows that he is contributing to the articulateness of a beleaguered language, hence he need have no doubt about his

social function or the importance of being a writer in such a situation. He has no competitors closer than European France, and they live in a very different social context. The English-Canadian writer has not had this advantage, and the tedium of a permanent identity crisis has afflicted English Canada for a century. . . . I think it was partly a response to the French act of self-definition that made for a sudden and dramatic emergence of English-Canadian culture after about 1960. Since then there has been a tremendous cultural explosion, in literature and painting particularly, which has produced a mood that is often called cultural nationalism.

This is a most misleading phrase, and for two reasons. First, nationalism suggests something ag-

Really hostile and aggressive anti-American expressions are still confined almost entirely to intellectual circles and academic life.

Working-class Canadians still like not only Americans, but the idea of life in America.

EDGAR Z. FRIEDENBERG, an American citizen, professor of education at Dalhousie University, Halifax, N.S.



gressive, like a nineteenth-century jingoist waiting for the next war to start, or a twentieth-century third-world revolutionary. But culture in itself seeks only its own identity, not an enemy; hostility only confuses it. Second, contemporary Canadian culture, being a culture, is not a national development but a series of regional ones, what is happening in British Columbia being very different from what is happening in New Brunswick or Ontario. Even there we find an increasing decentralization: one reason why Montreal has been so lively a cultural centre is that there are a good many Montreals, each one with its own complexi-

ties and inner conflicts. Then again, while a certain amount of protection may be needed for Canadian writers and artists, cultural products are export products. If we look at, say, the literature that has come out of Ireland during the last century, we can see that culture, like a grain or wine crop, is produced in a local area but is not necessarily consumed there.

Politically, economically and technologically, the world is uniting; Canada is in the American orbit and will remain so for the foreseeable future. Canadians could not resist that even if they wanted to, and not many of them do want to. Culturally, both nations should run their own show, and the way to run a cultural show is to let a thousand flowers bloom, in Mao's phrase. Things go wrong when cultural developments are hitched onto economic or technological ones. That gives us, on this continent, a sub-culture dominated by advertising and distributed through the mass media. The influence of this in our lives is often spoken of, both inside and outside the United States, as an Americanizing influence. . . . However, the growth of an anonymous, mass-produced, mindless sub-culture is American only to the extent that the United States is the world's most highly industrialized society. Its effect on genuine American culture is quite as lethal as its effect everywhere else, and its main features are as Japanese or German or Russian as they are American.

Canada does exist in the American mind; Americans do know that the land mass to the north of them exists as a separate state. But . . . Canada has for Americans, on both a political and cultural level, no clear identity. . . . Canadian culture gets into the United States in various ways, and at certain times it is accepted and embraced but not as Canadian culture. . . . When Canadian culture arrives in the United States, in the form of persons or books or ideas, it is accepted readily as what it apparently is, a form of American culture.

ROBERT FULFORD, editor of *Saturday Night* magazine, in 1973.

Inspiration from Above

Students at Ottawa's Carleton University and at Stanford University in Palo Alto, California, share a satellite video system. Signals bounced off the Canadian-built *Hermes* satellite permit two-hour classroom exchanges five times a week. Carleton

students take a Stanford course on management, and Stanford students take Carleton courses on computer communication and digital-systems architecture.



*Geography has made us neighbors, history has made us friends.
Economics has made us partners. And necessity has made us allies.
Those whom nature hath joined together, let no man put asunder.*

PRESIDENT JOHN F. KENNEDY in an address to Parliament, Ottawa, 1961.

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