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American President Richard Nixon, it seems, does not like the winds of economic nationalism currently circulating in this country, and would like to be guaranteed a greater Canadian financial dependency on the U.S.

When Nixon introduced his 10% import surcharge as phase one of his new economic policies last month, many observers forecast a trade war between the U.S. and Canada, each of whom is the other's largest international trading partner.

The end result of this may be that the new international trade policies will lessen our financial dependence on the U.S. Most nations that have struggled for their financial independence from the U.S. in recent history (Japan, Mexico, Chile, etc.) have used domestic policies to achieve their goals (i.e. - nationalization of banks, industry.) but Canada has reached into the realm of international economics to strengthen her world position as producer and exporter.

In his courtships of the Soviet Union, China, and the European Common Market, Trudeau is finding ready markets for Canadian produce. And using the new American economic policies as a timely political lever, he is gradually intensifying the diplomatic flirtations.

New markets and new trade agreements will not make Canada economically independent. But they will set up a more reasonable and less restricted supply and demand framework in which Canada can manoeuvre more freely on the international economic front.

If these new trade partnerships work out, it will probably mean an independent capitalist society for Canada, given time, rather than the all-encompassing North American market that economists talk about today.

While international markets may change, the domestic system of production shows no sign of doing likewise. After all, it is native Canadian capitalists that the government's new policy is designed to help, and it is because of the hardships they are now facing that it is seeking new market places.

What steps has Canada taken? Consider these examples:

*China is Providing Canada with an advance list of its import requirements for 1972. This list will arrive in Ottawa in December, and will include for the first time a request for manufactured goods.

This year exports to China could reach 200 million dollars, a 40% increase over 1970, with Canadian textile goods supplementing the massive wheat trade. And, since China will not import American manufactured goods, this trend toward industrial trade will be a shot in the arm to Canadian-owned business.

*There is a growing awareness of Canada's economic position (and vulnerability) among officials in the European Economic Community (EEC). In the past Canada has been considered part of the North American market accessible through the U.S., but the recent American surcharge has shown quite clearly the differences between Canadian and American markets.

The president of the EEC, Mario Malfatti, visited Trudeau and senior cabinet officials recently to discuss methods of protesting the Nixon measures. At this meeting (ignored by the daily press) the possibility of a non-preferential economic agreement was considered.

The EEC has only two similar trade agreements at present: one with Yugoslavia, the other with Argentina.

The Kosygin visit to Canada was also well-timed within the economic crisis. Kosygin said publicly that Soviet-Canadian trade will increase and prosper and indirectly attacked U.S. economic policies, while Trudeau foresees a new relationship with the U.S.S.R. "as friendly as Canada has traditionally had with the U.S."

The Soviets are interested in exchanges of technological information and in sharply increasing trade in textiles and machinery. Canada now exports about \$120 million of goods a year to the Soviet Union, again mostly wheat, while importing (in 1970) only \$8 million.

So, through international trade and foreign relations policies, Canada is burying the hatchet that Louis St. Laurent and John Diefenbaker wielded against the Communist bloc back in the cold war days of the 1950's.

There is no doubt that the biggest winner is going to be industry. But for a change, it's going to be Canadian industry and not American controlled industry that is going to benefit by the addition of more foreign markets.

The U.S., long Canada's major trading partner, is going to lose. And it will lose, ironically, because of its own recent economic policies which started the international trade snowball.

excerpts from
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