given its rich supply of raw resources, but relatively small population base, and its geographical characteristics. Over time it has proven more efficient to exploit Canada's natural resource base in order to gain access to goods and services which could not be produced economically — or physically — in Canada. Trade has thus permitted Canadians to enjoy a higher standard of living than could have been achieved by closing our borders. Whether or not exports will constitute as large a proportion of Canadian output in the 1980s as they have historically, or imports as large a share of domestic purchases, it seems clear that foreign trade will remain a fundamental element of Canada's economy in the 1980s. Canada's population will remain too small, and its industrial productive capacity too specialized, to permit a significant reduction in foreign trading activity without severely reducing the Canadian standard of living i.e., access to a broad range of goods, services and technologies at reasonable cost.

Trade is, of course, not an end itself. Rather, we trade because it has proven an efficient means to increase wealth through the international division of labour. If the nature of world trade has changed, it is because the international division of labour has changed. There are more players; there is an infinitely greater variety of products in search of markets; there is, above all, the surge of technology which has led to very much greater and more rapid changes in comparative advantage than once characterized the world trading environment. These factors have accelerated a process of particular interest to Canada: the international *subdivision* of labour. Both countries and companies no longer compete for a market, but for segments of a market. The growth in the production of parts and components for final assembly elsewhere is a further illustration of this phenomenon. No country or company can keep up efficiently with all the potential developments in a sector—thus opening up scope for greatly increased cooperation between and among former competitors, at national and international levels, within and among various industrial sectors. Herein lie some of the most exciting opportunities for Canadian industry in the 1980s.

A strong trade performance has always been central to Canada's economic policies. Ensuring international competitiveness of Canadian resource, manufacturing and service industries and promoting a more productive and efficient allocation of resources have been fundamental considerations underlying these policies. Access to investment, technology and knowledge and the enhancement of their benefits to Canada and its regions, have been constant concerns of Canadian industrial policies. From the early days of Confederation, the various regions of Canada have looked abroad for markets for a large proportion of the output of their resource-based industries: agriculture, fisheries, forest products, metals and minerals. Much of the large infrastructure investment has been directed to the development of the necessary transportation systems and port and handling facilities, particularly in Atlantic Canada, Quebec and Western Canada, to move these resource products to world markets. Today, more than half of farm income is derived from exports and more than half of the output of the mining and forestry sectors is destined for foreign markets.

Similarly, in order to obtain the necessary economies of scale, the strong and technologically advanced manufacturing sectors in Ontario and Quebec dedicate a large portion of their output to exports. Half of the output of the manufacturing sec-