

The enormous disparity in power between the United States and Canada and the relative youth of our national character place us in an entirely different position. In our circumstances, the process of economic harmonization, once in motion, is more likely to spill over and to dominate other areas of our national life.

The test of the validity of this option is essentially political. The implications of integration are quite widely known to Canadians -- and the temper of my country, as I judge it, is opposed to integration.

A central purpose of the third option would be to make the Canadian economy more resilient to external shocks. The path to this objective is the development of a much more balanced and efficient economy. The option involves actively encouraging specializing and rationalization. It looks to the emergence of healthy industrial and service enterprises in Canadian hands. This course seeks to avoid the situation in which, by dealing with bilateral questions on an *ad hoc* basis, looking only to their immediate or short-term implications, we find ourselves integrated by default. In our view, the third option faces up squarely to the future of our relations with the United States -- and appears to offer the only route by which Canada can live "distinct from but in harmony" with the United States.

All three options are, of course, abstractions. Like all abstractions, they tend to simplify complex matters. But the distinctions they draw between the various courses open to Canada are basically valid and useful. Each option can be argued on its merits. Each has costs -- costs in terms of identity, flexibility, independence and interdependence.

The Canadian Government has given these options and their costs long and careful consideration. The conclusion the Government has reached is quite clear. We believe that the best choice for Canadians and one that increasingly reflects the mood of Canadians is Option 3.

This option does reflect our anxieties about the degree of continental pull. But it is not anti-American. Far from it -- and I should like this to be very clear. Policies designed within the general framework of this option are intended to meet Canadian aspirations, to build on Canadian maturity and confidence, and in so doing reduce the irritations and frustrations which sometimes find outlet in shrill and unseemly anti-Americanism.

I have no doubt that there are times when you and some of your compatriots in Washington would welcome a less neurotic outlook from your neighbour.

In the sense that this policy is intended to produce a more resilient and mature Canadian economy, it is likely to become a more effective stabilizing factor within the continental context. The alternative is, as I have made clear, increasing integration. Increasing integration can only strengthen the protectionist forces which are abroad today with consequent dangers to both economic and political stability in the world at large. What I am saying is that, over the long run, Option 3 is in the best interest of both our countries.