

There was near unanimous agreement in the groups that an increase in protectionism in the U.S. would cause significant damage to the Canadian economy. There was also a weak consensus that we should be prepared to remove protection from certain industries, at whatever cost (e.g., jobs), in order to avoid harmful action by the U.S. On this issue the group participants believed that Canada should make sacrifices and tradeoffs and reach a compromise with the U.S. -- "we need the U.S. more than they need us."

The participants were uniform in their belief that company leaders in Canada are as smart as those in the U.S., but certainly not as risk-oriented. They felt that if there were more free trade with the U.S., we would be able to compete in time and should, in fact, "take the risk." It was suggested that initially, at least, Canadian companies would be hampered by their tendency to "think small" and by a history of extensive government control or regulation. As well, the U.S. would have a certain advantage because of its more advanced technology and marketing techniques.

Most participants agreed that a strong relationship between Prime Minister Mulroney and President Reagan will assist in resolving this issue in terms of providing a good starting point from which their discussions of trade issues can begin.

B. Foreign Investment

The groups' impression of the new government's approach to foreign investment is fewer restrictions are being imposed and more foreign investment is being welcomed; this approach was favoured by the participants. Approximately half of the participants had