

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 specialization 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 implications, we find ourselves integrated by default. 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.

The Government has given these options and their probable costs long and careful consideration, and has concluded that the third option offers the best choice for Canadians and one that increasingly reflects the mood of this country.

This option does reflect our anxieties about the degree of continental pull. But it is not anti-American. 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 anti-Americanism. In its annual report The State Department has indicated qualified but generally sympathetic understanding of the options paper.