

- (c) a common political conviction that with the MTN negotiations concluded, protectionism must be resisted in both developed and developing countries in the universal interest of continued economic recovery;
- (d) endorsement of a positive approach to structural adjustment, in both developed and developing countries, so that socio-economic goals of governments are achieved with minimum disruption to the efficient reallocation of resources both domestically and internationally;
- (e) the gradual assumption by the more advanced developing countries of obligations and measures of liberalization commensurate with their state of economic development; and,
- (f) more generally, engagement of the developing countries on a broad range of trade-policy issues subsequent to the MTN and UNCTAD V, involving a coherent approach to the contributions to be made in discussions in GATT, the OECD and UNCTAD.

### *Industrial policy in Canada*

# Reconciling national interests to the international system

by Roy A. Matthews

In the last few years, there has been growing insistence in Canadian political debate on the need to evolve what is referred to as an "industrial strategy". Less widely known in this country is the fact that national industrial strategies or policies are also coming to represent an important topic of discussion in world councils, such as the Organization for Economic Co-operation and Development, where such arrangements are viewed with some concern.

It seems fitting that attention should be focused on the matter of governmental support to Canada's manufacturing sector during 1979, for this year marks the 100th anniversary of the introduction of the famous National Policy by Sir John A. Macdonald. Since 1979 is also the 40th anniversary of the start of the Second World War, whose origins can be traced at least in part to the failure of the international economic system in the 1930s — and most notably to the stifling of trade through excessive import protectionism — it appears a particularly appropriate year for examination of an ever-crucial question: the relationship between the search for industrial expansion

at home and the requirements of economic exchange and efficient international division of labour in the global context.

#### **Manufacturing**

Macdonald's National Policy was not, of course, by any means entirely an exercise in industrial development. Nonetheless, although that ingenious political construct involved many elements outside the realm of what we would now call industrial policy — it included measures promoting railway building, settlement of the western prairie, and large-scale immigration — probably its most important effect was the foundation it helped to lay for the establishment of a broadly-based manufacturing sector in Canada. One may usefully consider the role of the National Policy in the evolution of the Canadian economy and policy over the past hundred years, because it had an underlying purpose — or set of purposes — that can be seen as very relevant, still, to the sorts of concerns motivating our search for industrial strategies today.

The goals that were to be served by the National Policy — and in particular by the system of import tariffs that formed a part of its overall design — are the eternal objectives of any nation: wealth, strength and unity. Creating a complex of manufacturing in-

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