

are not required to eliminate all their trade barriers. Nor are they required to standardize their trade policies vis-à-vis the rest of the world. Thus, a cooperative organization would not share the same economic and political problems of a North American common market. Nevertheless, a cooperative organization would be equally as effective in accomplishing the goals of the North American Community...

The Organization for Economic Cooperation and Development (OECD) is a good example of a cooperative organization, both in terms of its structure and its function. The North American Community could be formed along the lines of OECD.

**From Canadian Trade Policy for the 1980s — A Discussion Paper published in 1983 by the Department of External Affairs.**

The free-trade option has been a contentious issue throughout Canada's history, due less to economic considerations than to issues of sovereignty and self-determination. The evidence to date of the need to proceed is not convincing, nor does a call for free trade command broad support. Most assessments tend to highlight the economic advantages for Canada without taking full account of the costs or consequences, both political and economic. It remains, however, an option which may garner broader support at some time in the future if changed circumstances lead to different attitudes. Many of the arguments favouring freer trade may be satisfied, however, by entering, gradually, into bilateral agreements to resolve particular issues of the type presented by US restrictions of Canadian sales of urban mass transit equipment and US tariffs on Canadian exports of petrochemicals. Free trade with the United States on such a limited, sectoral basis would not raise the more difficult issues posed by the full free-trade option and would be consistent with the gradual movement by successive Canadian governments towards free trade. Proceeding on such a basis need not necessarily be limited to Canada and the United States, but could include other interested countries.

Sectoral free trade is not a new idea (e.g., the Auto Pact in the North American context; the Aircraft Agreement multilaterally), and the expansion of this concept may offer the most promising prospects for expanding Canada-US trade and for improving the economic base of a number of Canadian industries. In a number of sectors (e.g., textiles, urban transportation, petrochemicals) there is significant scope for furthering the rationalization within North America on which the private sector has already embarked but which is now inhibited by trade barriers on both sides of the border. An exploration of the possibilities for limited, sectoral free trade should thus identify ways and means to promote reciprocal trade expansion, to increase the efficiency of national industrial structures and to enhance regional economic prospects. It may also prove one way of meeting the shared problem of how to meet the competition from third countries and to slow down the exodus of production facilities from North America. A full examination needs, of course, to take careful account of the views of the private sector and the provinces, as well as an assessment of likely US reaction.

**From an article by Professor Sidney Weintraub, then a US government official, in *Policy Options*, July/August, 1981.**

If the two countries really want free trade, the timid sector-by-sector approach seems like a sure-fire way to frustration. The across-the-board approach is both bolder and simpler, although its boldness should not be exaggerated, since the transition to free trade could take a decade or more and exceptions to free trade are possible as long as "substantially all" trade is freed.

My conclusions can be stated simply:

1. Beware of the emotional in the approach to this issue. It may be demagogic and it is probably irrelevant to the main issue at hand.

2. Do not assume that the United States wants to gobble up Canada. The United States has long since passed through its manifest destiny period. Instead, assume that Canada will have to convince the United States that bilateral free trade has as much to offer the United States as it offers to Canada.

3. Analyse the economics of free trade in cold blood: What's in it for us? What are the potential costs? On balance, is it worth the gamble? Once that is done, Canada must take the initiative since a US initiative is probably foreordained to fail.

4. Finally, if the conclusion is that bilateral free trade would benefit Canada, act decisively. Don't tear the adhesive from the hairy, sore skin bit by bit but rather let 'er rip.

**From the Speech from the Throne opening the 33rd Canadian Parliament on November 5, 1984.**

Our relationship with the United States affects virtually every aspect of our national life. It is essential to our security and prosperity. It expresses values shared by the free peoples of our two nations. Beneath the myriad of issues to be discussed and conflicts to be resolved, beyond the hundreds of points of contact that take place daily between two governments and two economies, there are wellsprings of trust between two peoples.

My government has taken the initiative to restore a spirit of goodwill and true partnership between Canada and the United States. My government is pleased by the positive response it has received in both the government and private sectors of the United States.

There are many areas where the national interests or the national policies of the two countries diverge or compete. There are, as well, numerous and as of yet untapped possibilities for fruitful cooperation between our two countries. Restoring a climate of goodwill between our governments was an essential step towards the resolution of our conflicts and the realization of our opportunities. My government views this initiative as a confirmation of our national strength and maturity.

**From an address by de Montigny Marchand, Deputy Minister for Political Affairs, Department of External Affairs, to The American Society/Canadian Affairs Conference on Canada/US Post-election Policies and Trends in New York on November 13, 1984.**

This policy of new direction for Canada is multifaceted in both an economic and geopolitical sense especially with respect to our relations with the USA. Canada is the only