

changing attitudes and changing realities on both sides of the border. In the face of the inherent pull of continental forces, the article goes on to identify three options for the future. These options are fundamental to the paper. They are:

- (a) Canada can seek to maintain more or less its present position in relation to the United States with a minimum of policy adjustments;
- or (b) Canada can move deliberately towards closer integration with the United States;
- or (c) Canada can pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life and in the process to reduce the present Canadian vulnerability.

I cannot do full justice to the discussion of these options in the time you would permit me today. I will try, however, to give you a broad indication of how the argument develops.

The options are considered in the order I have given them. The first - maintaining the present position in relation to the United States with a minimum of adjustments - would involve pursuing the same general trade and industrial policy to which we are accustomed. There would continue to be a large degree of laissez-faire in our economic policy. The multilateral, most-favoured-nation approach would continue to rule in trade policy. We would go on trying to get better access to United States markets, and to maintain some form of special relationship with the United States. Industrial development would continue to be export-oriented to a considerable degree. Exports generally would still be dominated by commodities and semi-processed goods. No doubt we would continue trying to diversify our exports while avoiding so far as possible any greater degree of dependence on United States markets. We would try also to obtain more employment in Canada through a greater degree of processing of Canadian commodities. But this would be essentially a pragmatic option. We would deal with the issues as they arose, and not concern ourselves greatly about where the broad tendency of our policy was leading us, or whether the various parts of our policy were guided by a single sense of direction and purpose.

How well would this option work for us in practice? That would depend on the relative success we had in maintaining our position in United States and other markets. The costs of this option would vary accordingly. But suppose we take an optimistic view. Suppose the United States does not turn protectionist, and suppose an open world trading system brings Canada success in other markets as well. We might pursue this option for some time with apparent success. But the fact is that the continental pull has a momentum of its own. Therefore, there is a risk that, in pursuing this purely pragmatic course, we would be drawn more and more into the United States orbit. And remember, even this is on optimistic assumptions. In appearance, we would be following a policy intended at least to maintain, if not improve, our present relative position. But in fact, we might be falling behind.