

through all phases of the implementation of such an industrial strategy. So would government efforts to provide a climate conducive to the expansion of Canadian entrepreneurial activity. It may be desirable, and possible, in the process to foster the development of large, efficient multi-nationally-operating Canadian firms that could effectively compete in world markets. It may also be possible, as a consequence of greater efficiencies, for Canadian firms to meet a higher proportion of the domestic requirement for goods and services. But that would be a natural result of the enhanced level of competitiveness which the option is designed to promote; it is not in the spirit of the option to foster import substitution as an end in itself with all the risks that would entail of carrying us beyond the margins of efficiency.

The option has been variously described as involving a deliberate, comprehensive and long-term strategy. It is bound to be long-term because some substantial recasting of economic structures may be involved. It is comprehensive in the sense that it will entail the mutually-reinforcing use and adaptation of a wide variety of policy instruments. Fiscal policy, monetary policy, the tariff, the rules of competition, government procurement, foreign investment regulations, science policy may all have to be brought to bear on the objectives associated with this option. The choice and combination of policy instruments will depend on the precise goals to be attained. The implications, costs and benefits of the option will vary accordingly.

In saying that the strategy must be deliberate, it is accepted that it must involve some degree of planning, indicative or otherwise, and that there must be at least a modicum of consistency in applying it. One implication of the conception of deliberateness is that the strategy may have to entail a somewhat greater measure of government involvement than has been the case in the past. The whole issue of government involvement, however, needs to be kept in proper perspective. The Government is now and will continue to be involved in the operation of the economy in a substantial way. This is a function of the responsibility which the Canadian Government shares with other sovereign governments for ensuring the well-being and prosperity of its citizens in a context of social justice. A wide variety of policy instruments and incentives is already being deployed to that end, largely with the support and often at the instance of those

who are more directly concerned with the running of different segments of the economy. It is not expected that the pursuit of this particular option will radically alter the relation between Government and the business community, even if the Government were to concern itself more closely with the direction in which the economy was evolving.

Much the same considerations apply to the relationship between the federal and provincial jurisdictions. It is true that, in the diverse circumstances that are bound to prevail in a country like Canada, the task of aggregating the national interest is not always easy. There may be a problem, therefore, in achieving the kind of broad consensus on objectives, priorities and instrumentalities on which the successful pursuit of anything on the lines of the present option is likely to hinge. Part of the problem may derive from a divergent assessment of short-term interests. In terms of longer-range goals, it is much less apparent why federal and provincial interests should not be largely compatible or why the elaboration of this option should not enhance and enlarge the opportunities for co-operation with the provinces. Indeed, there are many areas, such as the upgrading of Canada's natural resource exports, where the implications of this option are likely to coincide closely with provincial objectives.

Impact on U.S.

What of the impact on the United States, which could be critical to the success of the option? There again, it is necessary to keep matters in perspective. There is no basic change envisaged in Canada's multi-lateral trade policy. On the contrary, we could expect to be working closely with the United States in promoting a more liberal world-trading environment. Nor does the option imply any intention artificially to distort our traditional trading patterns. The United States would almost certainly remain Canada's most important market and source of supply by a very considerable margin.

The fact remains, nevertheless, that the option is directed towards reducing Canada's vulnerability, particularly in relation to the United States. A good deal of this vulnerability derives from an underlying continental pull, which is inadvertent. To that extent, the risk of friction at the governmental level is lessened, although it would be unrealistic to discount it altogether. Much would depend on what policy instruments were selected in support