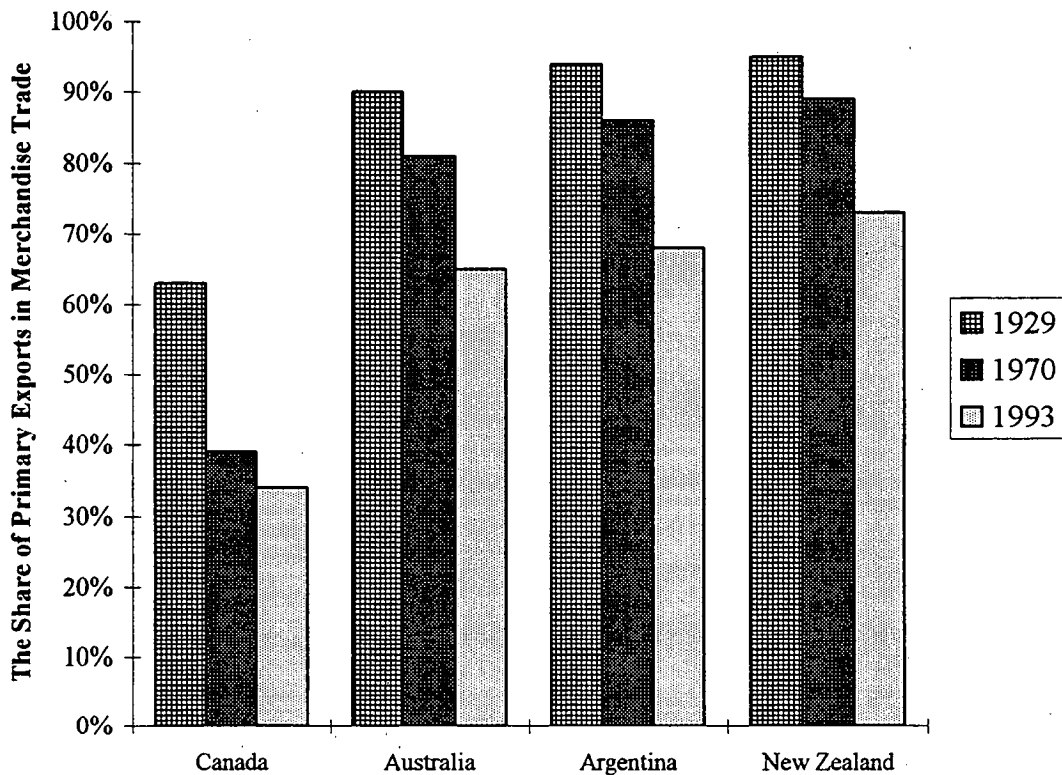


Facts do not support the conclusion that resource-based economies are not likely to diversify and move into manufactures and services. True, the government of Sir John A. Macdonald adopted the National Policy in 1879 to encourage a shift from the export of primary goods to the development of industrial sector. However, as discussed below in section 3, as the growth in resource and non-resource sectors expands the size of our GDP, the share of the primary sectors declines.

Chart 1: Falling Primary Exports in Resource Economies



This characteristics holds for Canada as well as a number of other countries. For example, consider in Table 1 below the experience of Argentina, Australia and New Zealand—all resource-based economies.