

I have pursued the logic of this option to the point where its difficulties will be plain to you. It has undoubted attractions in material terms. There is a sort of parallel in it to the movement towards European unity. But the parallel breaks down on examination. There is a world of difference between the internal balance which can result from economic and political union of a number of European societies, which positively desire to overcome old enmities through union, and the internal balance which would result from the union of two North American societies, one of which is so immensely powerful that the other must struggle to maintain its distinctiveness.

And all of this is without asking whether either Americans generally or Canadians generally would want union. I should not try to predict what the reaction might be in the United States. In Canada, I should expect almost any form of closer integration to arouse more opposition nowadays than proposals of this kind have in the past; and I should expect the opposition to come from all parts of the country.

The third option would be to decide that, over time, we should work to lessen the vulnerability of the Canadian economy to external shocks, especially those from the United States. Our purpose would be to recast the Canadian economy to make it more rational and more efficient as a basis for Canada's foreign trade. The basic nature of the economy would remain unchanged. The option would mean encouraging specialization, rationalization and the emergence of strong Canadian-controlled firms. Our domestic base, a prosperous nation of 22 million, should be adequate to produce efficiency in all but the most complex and capital-intensive industries. We should still depend for a great deal of our national wealth on our success in exporting goods and services. But we should deliberately broaden the range of foreign markets in which we could successfully compete. We might also find that Canadian firms could provide a higher proportion of our domestic needs -- not because we were deliberately trying to reduce our dependence on imports but simply because they were the most competitive suppliers. There would be no question of retreating from our fundamentally liberal trading policies into protection, or of abandoning the most-favoured-nation principle in trade agreements with the United States or other countries.

This option would require close co-operation of government, management and labour. It would require, as well, the close co-operation of all levels of government. Since the option involves a deliberate strategy, some degree of planning would be involved. But, considering the wide range of government involvement in the economy already, I doubt whether this option would radically alter relations between government and business. Working out the required consensus between the Federal Government and the provinces would require close consultation, but I see no reason why this need lead to friction. On the contrary, the basic harmony of federal and provincial objectives in industrial development could widen the area of federal-provincial co-operation.