

Canada. However, the European experience should make us take a harder look at whether the fears being expressed are really justified.

5. Comparison of the experience of the original Six and that of Britain suggests that a generally favourable economic climate contributes to the ease and speed of adjustment. It is for consideration how far the assurance of exchange rate stability is necessary to get the full benefits from dismantling trade barriers, in view of what has been said in Britain about this.

6. The way in which state aids were treated in a Canada-U.S. trading arrangement could have an important bearing on its regional impact. The Rome Treaty took a particularly tolerant attitude towards measures of this kind. Moreover, such constraints as it did establish proved exceedingly difficult to enforce. It would appear that state aids and other forms of government intervention made a major contribution to the of regional development within the Community.

7. EEC experience with state aids and government procurement illustrates the kind of trade-offs involved in deciding how much autonomy to give up in these fields and the difficulty of policing any common rules.

8. Obviously integration cannot be expected to cure the long-standing weaknesses of particular industries. However, it may, as in the case of steel in Britain, make it impossible for governments and business to avoid going ahead with steps to deal with these problems which should have been taken long ago.

9. It is clear from what has happened in Britain over the past decade that the response of governments, business and even the general public to a comprehensive trading arrangement could be crucial. Just to touch on a few points, government policies should encourage investment in plant and equipment and, perhaps even more so, in human resources. Businessmen should draw the right conclusions about economies of scale - whether, in their own industries, it is the size of the firm, the plant or the product line that is important. Once having taken the step to integrate, energies should not be dissipated and uncertainties created by debating whether to undo it. If it is not possible to go ahead with a large measure of consensus, the success of the initiative will be prejudiced to some extent.

10. Because of the differences in the North American and European situations already mentioned, it would be inappropriate to try to draw firm conclusions about the implications for Canadian sovereignty and political independence. It bears noting, however, that, in spite of the much higher degree of economic integration between EEC countries and their efforts to cooperate on foreign policy, there still seems to be room for considerable differences of stance on such issues as the military defence of the West and the Falklands crisis.