building materials, hospital and hotel equipment, apparel and medical and educational apparatus.

M. Pepin said that if all goes as well as projected Canada will be importing some $35 billion worth of goods by the end of the decade, more than twice the level of 1970. Presumably, he said, seventy per cent of the imports, then as now, will come from the United States.

But he spoke also of a less happy prospect, of the effect if the surcharge should continue.

"Let there be no misunderstanding. The cummulative effect of such measures would ... have an impact on Canada going well beyond the need for temporary adjustments. Because of geographic proximity, close corporate and labour interrelationships, cultural and social affinities and because of our own open and very liberal policies, the Canadian economy is oriented to the U.S. to a unique degree. Our industrial strategy over recent years has been aimed at developing efficient competition and specialized manufacturing industries. Due to the small size of our domestic market, these industries must export, and access to the United States market on normal competitive terms has always been counted on as a vital and central element in this approach. Canadian and American businessmen and their governments have always postulated that North-South, South-North trade movements were 'natural', that companies could establish plants north or south of the border without fear of political 'accidents'. Because of the new economic policy these assumptions are now in question."

Mr. Cadieux says the surcharge is unreasonable.

"Let us examine the reasons - not as they apply to other nations around the world but in terms of Canada and the United States.

The surcharge is designed to encourage United States

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