

and then establishing efficient production of particular manufactured products would be rather remote.

This might mean that we should be forced back into more of a "go-it-alone" policy -- and this, of course, would be a costly policy. This would mean, as it always has, that the costs of protectionism in this large and powerful neighbour would have been exported to Canada -- and, of course, to those other countries which trade with the United States. But the effect would be felt most of all by Canada because we are the United States' most important trading partner. Clearly, one of the most important features of Canada's trade policy is its assumption that the United States will continue to move in the right direction -- toward freer trade. Of course, it is encouraging to see the growth in our raw-material exports to Japan and to Western Europe. But in the longer term, if we are to seek out and develop a sophisticated manufacturing economy, making a few products well and exporting them to world markets, we shall have to rely on a liberal policy being maintained by the United States.

S/A