

a ratification of the treaties between the Soviet Union, and Poland and Germany. In due course, I hope that the two Germanies will be able to work out a modus vivendi so that both of them can enter the United Nations. This would be a tremendous step forward and these are matters that are in prospect. They're not just dreams, they are possibilities, and very real ones that everyone is working towards. So I think that in Europe we are moving to a situation when there will be a good deal less tension. Indeed, I don't think that Europe is going to be the centre of our concern in the future. I think it's going to be the apparent conflict between the Soviet Union and China.

- Q. Now, you've mentioned some of the economic problems that have come up during the year and among those, for Canada anyway, has been the enlargement of the European Economic Community and British entry there. Have our fears been as well grounded -- our fears of this loss of trading?
- A. Well this Government, the Liberal Government, has never had great fears about this. Indeed, you may recall that unlike the predecessor government, the Diefenbaker Government, we did not oppose British entry into the Common Market. We had assumed that this was in the interests of Britain and therefore we took the view that Britain should make up her own mind. We recognized there would be some resulting problems for us in particular industries, and in particular commodities. It was our view that in the long term, however, a stronger Europe, which would follow from its unification, would provide alternative markets at least as big as and as important. Indeed, if you look at the record of trade over the period since the formation of the Common Market, our trade with Europe has gone ahead by leaps and bounds so that in so far as the unification of Europe had proceeded so far, it has been positively beneficial to us. We're going to have some problems arising out of the admission of Britain in particular, but our view is that Britain will be more prosperous inside Europe than outside. For example, we've had very little increase in our trade with Britain compared with our trade with the Common Market. Which gives some support to this point of view. Moreover, we've now had a number of very good contacts with the Common Market itself, and we have established our point of view which is friendly, but we have taken the occasion to point out to the Europeans how stupid it would be to bring about the admission of Britain in such a way as to do damage to us. So various things have been done to ease the transition period so that we don't suffer too much harm during the period of enlargement. So for these reasons, we don't take a pessimistic view. We think that it's better to have Europe unified than to have it divided.
- Q. The economic problems themselves have been plaguing the world as a whole. Do you see any hope of a better international monetary and trading system emerging from all this?