

extent in some sectors on foreign investment to stimulate that growth. The very resources from outside that can be most helpful in achieving political stability can also constitute a political irritant and danger if, because of the way in which they are brought in and used, they have the effect of undermining Canadian control of the economy or of developing it in an unbalanced way. There are complex questions, now under study in Canada, about which the Government has reached no general conclusions. I mention them chiefly to illustrate the very close connection between economic growth and political questions of sovereignty and independence.

The very close connection between economic growth and questions of peace and security should be evident also. We should never have left Canadian forces in Europe for two decades -- or have them there now -- if we had not recognized the intimate connection between military security, political confidence and economic growth. At the same time, in the specifically military field in NATO, the choice of a scale and focus for involvement is not easy for a nation that is neither a guarantor of the whole system like the United States nor a regional power in the area in which the Atlantic system confronts the Warsaw Pact system most directly. Our reduction of Canadian forces in Europe and their conversion to a somewhat different role, both in the NATO and Canadian contexts, resulted from a re-examination of our own role within the alliance. It did not affect our guarantee about involvement in the system or our estimation of the political value of the association.

Our review envisages a steady and planned growth of relations with Latin America that will not lead immediately to full participation in the inter-American system but will likely lead to formal observer status for political purposes and will certainly lead to greater involvement in economic co-operation. In the Pacific area, we expect also a steady growth of activity with an essentially economic emphasis. Our commitments to the full range of United Nations and Commonwealth activities have not changed and our aid allocations will increase in volume by 16.5 per cent in 1971, with better terms for recipients. Our association with French-speaking countries in a new type of cultural and social community is an expanding and highly desirable one, both for international and domestic purposes.

### *Friend and Ally*

A very large part of our debate about national policy is centred on the relationship we ought to have with a close friend and ally, the United States; if there is such a thing as a national consensus on this point, it would probably be that we wish to live as a nation distinct from but in fundamental harmony with our continental neighbour. I do not think that I have to elaborate the theme of friendship or enumerate the areas of common interest. Merely stating the obvious facts about a friendly relationship of long standing does not, however, solve all the problems of policy in particular fields.

I propose, therefore, to use the shrewd advice of Benjamin Franklin, in suggesting what will be required in the coming years between friends. His recommendation is well worth pondering: "When a Friend deals with a Friend/Let