

It is perhaps paradoxical that the paramount importance of our relations with the United States heightens rather than lowers the importance of our relations with others. In recent months a great part of my time and energy has been devoted to discussions with the European Economic Commission, the six member states that make up the Community and the British who with Ireland, Denmark and Norway will bring the six up to the ten. I have been impressing on them Canada's continuing need for Europe in political, economic and cultural terms. Understanding of our position varies depending on whom you are talking to, but in the early stages of our discussions there was a certain unanimity of advice from Europe -- you are a North American country, the United States can look after you, sort out your problems with them.

President Nixon's New Economic Policy announced to a stunned world last August showed once and for all the fallacy of that proposition. As I made clear at the time, Canada understood the United States' problems and sympathized with their objectives. We even acknowledged the need for shock tactics. What we did not see then and do not see now was why the United States, in its search for necessary currency re-alignments had to apply its sanctions against Canada.

Our dollar had been floating for more than a year and had moved upward by about 8% to a position close to parity with the American dollar. We were not discriminating in any way against American imports. Indeed, we shared with the United States the disadvantages arising from undervalued foreign currencies.

In the event, the new monetary arrangements reached in Washington last month fully justified the position we had taken when the Group of Ten, the finance ministers of the world's greatest trading nations, agreed that the Canadian dollar should continue to float.

This was an excellent example of Canada acting vigorously, independently, yet responsibly in the defence of Canada's interests in relation to its great neighbour the United States.

So, too, it has demonstrated to the Europeans in a practical fashion what my colleagues the Ministers of Trade and Commerce and Finance have been telling them that while Canada values its relationship with the United States, it seeks to enlarge its contacts with the old world as a means of promoting the unity and uniqueness of Canadian society in North America.