

It is in this world of changing political, economic and military relations that Canada must find its place and hold it. It is in this world of change that one must attempt to answer the questions I posed at the beginning of these remarks: How much independence can we have? How much should we have? How do we keep it? How do we use it? Why is it important to us? In its series of papers on foreign policy, *Foreign Policy for Canadians*, the Government identified Canada's central problem as "how to live distinct from but in harmony with the greatest power on earth". On another page is to be found a truth of equal weight -- "the United States is our closest friend and ally, and will remain so". These two basic postulates of Canadian life must be the starting-point. Few nations of the world are interdependent to the extent that Canada and the United States are.

While in some ways we compete in economic terms, particularly for exports, there are underlying forces pushing us into becoming an economic unit. To agreements on automobiles and defence production and the special relations that arise out of the existence of pipelines for those essential fuels gas and oil, must be added the extent of American ownership, particularly in the resource industries. In all, trade across the border amounts to \$20 billion a year. The United States absorbs nearly two-thirds of our exports; we take about a quarter of theirs.

Socially and culturally we are akin -- perhaps too much so. Canada's cultural distinctions -- the flowering of the French culture and the inherent strength of other great cultures in the Canadian mosaic -- help to give us a certain particularity of national character. But we should be deceiving ourselves if we were to underestimate the pervasive social and cultural influence of the United States on our society, in both its French-speaking and English-speaking expressions. This is most clearly seen in what we now call the youth culture, where the preoccupations and predilections of American youth cross the border without need for visa or the harassments of tariff.

Canada must also take into account the preponderant position of the United States in the world. This is true of every country, even the Soviet Union and China, but we experience it in a unique way. Taking account does not suggest that we must always agree with the United States or follow. Whenever Canada sets out to do something in the world, the attitudes and intentions of the United States are factors that must be weighed. To suggest anything else would be irresponsible and unrealistic.

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.