

Western Europe and the rest of the world. On the import side, the United States supplied three-fifths or more of our requirements, the United Kingdom between one-quarter and one-fifth and the remainder came about equally from Western Europe and the rest of the world. Since the war, the weakness of the United Kingdom and the European segment of our North Atlantic community has shifted this pattern. The United States as a market for our exports has gone up from less than 40 per cent to more than 60 per cent, and as a source of our imports from the 55-65 per cent range to 70 per cent or higher. The trans-Atlantic members of our community used to take almost exactly half our exports; now they take less than one-third. We used to get nearly 30 per cent of our imports from the U.K.-Western Europe area, now we get less than 20 per cent.

It is in Canada's national interest that our markets and our sources of supply should be reasonably well diversified. We could hardly get into a position where the United States was almost our sole market and sole supplier and retain indefinitely the substance of our independence. Our independence, that is, our capacity to make a choice of policies, has in the past been based upon a reasonable balance between the gravitational pull of the United States and the United Kingdom. These two forces are now seriously unbalanced. The relative economic power of the United Kingdom is not likely to recover to a point where it can restore this balance. To the weight of the United Kingdom must be added the weight of a healthy Western Europe (and in addition all the Pacific and Latin American trade that we can build). We like the Americans, we get on well with them, and that is fortunate because we have to live beside them. But we also want to remain an independent national state. If we are to avoid eventual de facto absorption we need a reasonable balance of economic relationships with and in other groups.

It is true that, statistically speaking, our dependence on the North Atlantic area has really been a reflection of our close economic ties with the United Kingdom and the United States. Our trade with these two countries alone has rarely fallen below two-thirds of the total. We have come to recognize the Canadian position as the apex of a United Kingdom-Canada-United States triangle. The present fact is that the United Kingdom is unable to sustain its corner of the base, and this has brought out into the open the long-existent fact that, while Canada needs a prosperous United Kingdom, the United Kingdom is equally dependent upon a prosperous Western Europe. Hence Canada's interest in the preservation and development of the Western European segment of the North Atlantic community. If Western Europe is torn away from our community or if it becomes economically ineffective - a liability rather than an asset, the United Kingdom in turn is undermined, and we face the prospect of limitation within a North American orbit.

We also have an interest in promoting the North Atlantic community as an alternative to a discriminatory trading bloc in Western Europe. We should have no objection to the development of customs unions or the enlargement of genuine free-trading areas in Europe. But we would not welcome the growth of discriminatory tariff or trading arrangements that excluded us from the European market.