

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 realignments, had to apply its sanctions against Canada.

Our dollar had been floating for more than a year and had moved upward by about 8 per cent 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 Industry, Trade and Commerce and of Finance have been telling them, that, while Canada values its relation 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.

Entry of the British to the European Common Market will help immeasurably to fill some of the gaps in the Community's technology, and add 60 million consumers to the Market. They will also bring to the Council of Ministers their unrivalled political skill and knowledge of world affairs.

This is the first great factor that we must take into account when we look at the new Europe. The second is the network of trade relations the Common Market is building up. Sweden, Austria, Switzerland and Finland, countries that for one reason or another are unable or unwilling to join in a political sense, will have some form of associate membership. The same is true now of many of the countries around the Mediterranean. Former colonies of Britain in Africa and the Caribbean will, as is now the case with those of present members, have a similar relation.

What this means in total terms is that the Common Market, together with the countries associated with it, will encompass about 45 per cent of world trade. I ask you to think about that for a moment, and about what it means for Canada, a country that must export about 50 per cent of its total production.