

questions on an *ad hoc* basis, looking only to their immediate implications, we find ourselves integrated by default. The third option faces up squarely to the future of our relations with the United States -- and appears to offer the only route by which Canada can live "distinct from but in harmony" with the United States.

The Government has given these options and their probable costs long and careful consideration, and has concluded that the third option offers the best choice for Canadians and one that increasingly reflects the mood of this country.

This option does reflect our anxieties about the degree of "continental pull". But it is not anti-American. Policies designed within the general framework of this option are intended to meet Canadian aspirations, to build on Canadian maturity and confidence, and in so doing reduce the irritations and frustrations which sometimes find outlet in anti-Americanism. In its annual report, the State Department has indicated qualified but generally sympathetic understanding of the "options paper".

In the sense that this policy is intended to produce a more resilient and mature Canadian economy, it is likely to become a more effective stabilizing factor within the continental context. The alternative is, as I have made clear, increasing integration. Increasing integration can only strengthen the protectionist forces which are abroad, with consequent dangers to both economic and political stability in the world at large. Over the long run, Option Three is in the best interest of both our countries.

I have set out in very abbreviated form an outline of a most important policy guideline, involving many complex issues and implications. As its significance and the considerations underlying it may not yet be fully appreciated, this is an area which Members may wish to explore in greater detail.

A logical complement to Option Three is increased attention to the development of our existing links with other major areas of the world. The enlarged European Community is, of course, a primary focus. Our day-to-day contacts with the Community have been reinforced by the appointment in Brussels of a separate ambassador responsible for our relationships with the European Communities. In the past year, there has been continued high-level contact with the Commission and with governments of member states. A mission of senior officials visited major European capitals in June 1972. There have been sustained ministerial visits between the EEC and Canada, and, of course, the Prime Minister held talks with Mr. Heath in Britain last December. These contacts reflect not only the increasing importance to Canada of the enlarged EEC but also the growing reciprocal interest of the countries of the Community in Canada.

The ratification of the Berlin Agreement and of the Warsaw and Moscow treaties concluded by West Germany, Poland and the U.S.S.R. were highlights of the political year in Europe. However, of perhaps greater potential significance for Canada was the opening in November of talks in Helsinki between the ambassadors of 34 nations -- those of Europe, with Canada and the United States -- with a view to preparing for a full-scale Conference on Security and