

*External Affairs*

countries. I intended to point out that anyone who has been following the situation in the United States, the discussions in congress and Mr. Acheson's speeches over the last few months, is bound to come to the conclusion that the United States has no settled policy in relation to Far Eastern affairs. At one time it seemed as though they were going to send aid to the Chiang government in Formosa, in conformity with General MacArthur's advice. At another time, it was quite obvious that plan had been abandoned.

On January 12, I think it was, Mr. Acheson made a speech in Washington, in which he seemed to imply that the United States had to wait for the situation to become clear, and he emphasized the need of the people in southeastern Asia for economic aid in order to meet the threat of communism. Consequently, it only reinforces the point I was making that, however desirable a common policy might be in relation to Asia and the other external matters affecting all our countries, under the present circumstances it is quite impossible to agree upon a single policy. May I add that that is largely due to the uncertainty of United States policy, and the situation in the United States congress.

When we are discussing these matters, I believe we have to remember two factors mentioned by Mr. Acheson. In Asia, there is a revulsion against the poverty, misery and want under which the people have suffered for so long. Second, there is a revulsion also against foreign control. In so many countries of southeastern Asia, foreign control has been overthrown. It may be said that China has exchanged one sort of foreign control for another. Bear this in mind, however, that the control exercised over China by the Soviet union is a control of ideas rather than a control of its economic life, though indeed that may follow. The very fact that India was so anxious to recognize the new government of China was, in my opinion, an indication that India believed, and still believes, that the way to checkmate this attempted control by Russia is not to build a fence around China and refuse to have anything to do with the teeming millions in that country. What is true in the economic sense in southeastern Asia is true of Europe and the remainder of the world. At the moment communism in Europe is being contained because of the Marshall plan and the progress that has been made in economic and social relationships in the United Kingdom.

I tremble to think what would happen if there were a breakdown of the British economy, and that were followed by great social difficulties in that country. It would destroy the hope of the whole of the continent of Europe that progress can be made

under democratic institutions and by democratic regimes. The danger in Europe, of course, is still the danger of economic collapse. May I say that such a collapse would inevitably follow the failure of Britain to recover, and to make the kind of progress she has been making over the last few years. We must always remember that Russian foreign policy, indeed all her policy, is based upon the assumption that sooner or later the economies of the non-communist countries will collapse, and out of that chaos communism will spread, ultimately controlling the whole world. It is because of this that, from time to time, we emphasize the need for economic aid, rather than vast military expenditures. I do caution, however, that I realize that, as long as we are threatened and are part of an alliance, which we all agree was absolutely necessary, the Atlantic alliance, we have to bear our part in the preparations that must be made for general defence.

There has been a great deal of talk about China, but one of the sets of conditions, if I may put it that way, which worry me a good deal, is the set of conditions to be found in Western Germany today. There are two million unemployed in Western Germany at the moment, and on the other side of the iron curtain there is a communist government sending out communist propaganda. We do not know exactly what is going on behind that iron curtain. But there is unemployment in Western Germany. In spite of the fact that the general output and the general exports of the rest of western Europe have increased and are something over what they were in 1939, German production is still low, about seventy-six per cent of her pre-war production. The goods that were expected to have been exported in order to gain the raw materials and food supplies that Western Germany needs are being used within Western Germany.

As a matter of fact for several years the United States particularly urged the return to a free market, to the elimination of rationing and of controls. Well Germany returned to that under the new government, and today the shop windows are full of goods that should be exported. The people of Germany who have the money can buy more, and we are told can live better than the people across the North sea in Britain where there is rationing, where there is control and where every attempt has been made to bring up the level of exports in order to obtain supplies of goods from abroad.

In Germany they have discontinued rationing; they have discontinued controls; they have gone back to the free market. The result