

Economic Relations with United States

the hon. member for Hillsborough (Mr. Macquarrie), seem to be giving effect to exactly that type of campaign.

• (3:50 p.m.)

It is being pointed out, for instance, that the Canadian government voted against the U.S. resolution in the United Nations with respect to the Two-China policy. Well, Mr. Speaker, we in this party have been advocating for years that the government ought to recognize the People's Republic of China and, if we recognized the People's Republic of China we could not also recognize the nationalist government as the government of China. There could not be two governments for China. When the hon. member for Hillsborough criticizes that position, may I remind the House that for 20 years the governments of Great Britain and France have recognized the People's Republic of China as being the government of that country, and not the nationalist government of Taiwan.

There has been criticism of those statements which the Prime Minister (Mr. Trudeau) made in the Soviet Union. They are described as being unuseful and unhelpful. Yet, Mr. Speaker, it seemed to me that the Prime Minister was dealing in the field of reality, in recognizing the difficulties that faced this country both with respect to our relations with the United States and our relations with the Soviet Union.

I am rather intrigued with the new role which the Conservative party is now presuming to play as the champions of the Americans, and holding themselves forth as the party which is best able to establish amicable relations with our friends across the border because Mr. Speaker, many members of this House will recall the elections of 1962 and 1963 when a program of vilification against the right hon. member for Prince Albert (Mr. Diefenbaker) and his government was carried on by the United States, by U.S. companies in Canada. The right hon. member for Prince Albert even claimed that officials of the American government were exerting some influence in that election.

Mr. Paproski: He knows how to forgive.

Some hon. Members: Oh, oh!

Mr. Douglas: I am not criticizing the Conservative party's capacity to forgive. I am questioning their capacity to be any more successful in making friends with the United States now than they were when they were in office. That is what I am questioning.

Some hon. Members: Hear, hear!

Mr. Douglas: Mr. Speaker, I want to say that we in this party believe that anything which can be done to open the windows toward the east, anything which can be done to remove the obstacles to better understanding between our country and any other country, irrespective of its ideology, its race, its colour, or its creed, is all to the good.

Some hon. Members: Hear, hear!

Mr. Douglas: And I do not think that friendship with one country necessarily means that we have to be at enmity with another country. The President of the United States has also recognized this. In spite of whatever differences he may have had over the question of Taiwan in the United Nations, he is proposing to visit Peking. He is

[Mr. Douglas.]

proposing to visit Moscow. That is a sensible decision because if we accept the McLuhan concept that the world has now become a global village, then we must make headway in improving the communication of attitudes and ideas between nations in order that there may be better understanding and mutual respect.

The NDP, we have always made clear, is nationalist in its desire to have Canadians control their own political and economic affairs, but it is internationalist in its desire to live in harmony with other nations which have a similar aim. My quarrel with this first criticism in the motion is that in my opinion the Canadian government were not responsible for the deterioration of the economic and political relations with the United States. As a matter of fact, the government have gone a long way to make friendship between the two countries possible.

I need hardly remind the House that as early as May, 1970, Canada unpegged its dollar at considerable cost to our exporters. The dollar went up from 92½ cents to over 99 cents, and in the province of British Columbia every one cent increase in the value of the dollar cost the B.C. forest industry \$14 million a year. We in this party supported the government when they did that because we thought it was a courageous and necessary action.

An hon. Member: What did it do to the wheat growers?

Mr. Douglas: It cost them money, too. The Canadian government, both on GATT and on the Kennedy Round, have not only lived up to the agreements but have acted in advance of the agreements with the result that Canada today has the lowest tariffs in its history.

When we talk about the deterioration of relations between Canada and the United States, let us keep in mind some of the things that have happened. It was not Canada's fault that the President of the United States unilaterally, without consultation with anyone, decided to impose a 10 per cent surcharge on imports into the United States, an action which the Minister of Industry, Trade and Commerce (Mr. Pepin) says, if it persists for one year, will mean 90,000 less jobs in Canada. We cannot blame the Canadian government for the fact that the Americans have introduced a buy-American policy, and a 7 per cent tax credit on capital goods which it is estimated will cost Canada at least \$100 million a year. We cannot blame the Canadian government for the U.S. Domestic International Sales Corporation, or DISC program. I was glad to see that yesterday it was defeated in a tie vote in a committee of the U.S. Senate, but the Senate is now seeking to revise it and bring it forward again. I hope it does not pass, but it does represent the protectionist forces that are at work in the United States. Those forces are the natural reaction of any Republican administration which, whenever it gets into economic difficulties, retreats into protectionism.

Relations with the United States have been injured not only by those protectionist measures, unilaterally invoked, but there is not any doubt that relations between the United States and many countries have been hurt further by the statements by the President of the United States and some of the leaders in Congress when they threaten to retaliate against the countries which voted against the U.S. resolution on Taiwan. That threat could mean only one thing, namely, that much of the foreign aid was being paid out, not on the basis of human need, but