

Supply—External Affairs

morning, that Soviet policy is now expressing itself—and this has been repeated by more than one speaker this afternoon—in new ways, and one of those new ways is trade and commercial arrangements and infiltration into the economies of other countries through economic assistance. It is recognized by a good many members of the commonwealth, by some members possibly more than others, that this constitutes a challenge to ourselves. Yet I think most of us felt that we would be making a great mistake if we tried to engage in any sort of competitive auction sale with the Soviet as to who could do the most for any particular country irrespective of whether that country really needed the particular aid in question. It is a complicated and difficult subject.

It has also been discussed at the NATO council. There is probably greater unanimity of view there as to what is involved in the matter than in the commonwealth because of the nature of the NATO membership. The NATO permanent council and the secretariat have been giving a good deal of study in the last two or three months to ways and means which might be adopted by the individual governments, because after all this can only be done by individual governmental action, to meet this new challenge which is now coming from Moscow.

Then there is the question of Iceland. It is quite true that one of the reasons for discontent, if you like, in certain sections of the Icelandic population about the NATO association is the trade dispute between Iceland and the United Kingdom in respect of fish and the concept of territorial waters.

Mr. Diefenbaker: And the United States.

Mr. Pearson: Also there is uneasiness on the part of certain of the people of Iceland in having a United States air base on their territory at a time when the sense of imminent danger seems to be somewhat removed. The trade dispute between the United Kingdom and Iceland did result—and this is an interesting illustration of Soviet tactics—in the Soviet moving in and offering to take all the surplus catch of Iceland's fish, thereby possibly saving them at that particular time from economic distress.

I hope that situation can be rectified but, as I said a few moments ago, I feel that the discussions which are now taking place inside NATO and with the Iceland government will at least provide a solution for these difficulties which will permit that small but important NATO country to support an organization which is as important for Iceland's security as it is for that of the rest of us.

[Mr. Pearson.]

Mr. Blackmore: I wonder whether the minister would mind elaborating or elucidating slightly that expression of his, namely "economic infiltration"? Can he put that expression in terms that we would find more familiar to us? Just what is the nature of the infiltration in which the Russians are indulging?

Mr. Pearson: I should like to go into detail but it would take a long time. Maybe my hon. friend and I might have a chat about it one day. I think it is fairly obvious what it means. It means that the supplying government, the assisting government, by virtue of its economic assistance, will achieve an influence which will be more than economic and the country which is getting the assistance will probably become more and more dependent on the supplying government; or it may mean that economic assistance is given with political strings attached which would provide for infiltration.

Mr. Blackmore: Am I right in assuming that in some respects it resembles what the United States is doing when she gives an export subsidy as a result of which her goods go into the markets of another country on an uneconomic or uncompetitive basis?

Mr. Pearson: Mr. Chairman, I did not have the United States in mind when I just spoke.

Mr. Fleming: Mr. Chairman, if the general discussion is concluded I should like to raise a matter on the first item. It is a matter of detail. We are dealing with the general item of departmental administration.

Mr. Patterson: Mr. Chairman, is it the understanding now that the first item passes and we are going along?

Mr. Fleming: No. I am raising a question as to a figure which is part of this first item.

The Chairman: Item 92 is still before the committee.

Mr. Fleming: Item 92 is departmental administration. In the details on page 174 there is a subitem that is fourth from the bottom of the page, "Publication of departmental reports and other material, \$112,200". This represents an increase over last year. I wish to say a brief word about departmental publications. There are some of the publications of the Department of External Affairs that I think all of us would commend, but the use made of at least one of these publications is something that I think calls for comment in this house.

At an earlier point in the session I drew attention to the use made of a publication entitled *The Canadian Weekly Bulletin*, which is issued by the information division of the