

*The Address—Mr. Pearson*

the government, the *Victoria daily Colonist* of December 2. This is what the minister is reported as saying:

If Britain goes in and joins this cloister, this monastery—

He had switched overnight from a club to a cloister.

—everybody will be taking in everybody's washing.

This is the assessment of this important European and world development by the Minister of Agriculture. What he calls an exchange of washing resulted in the European six increasing their trade in 1960 over 1950 with the outside world by 23 per cent, and increasing their gross national product by 6.5 per cent in one year. When this minister or any minister talks about the high tariff walls of the European market, he forgets, or perhaps he never knew, that the European common market is averaging national tariffs at the level of January 1, 1957 and, as announced, is willing to reduce that average 20 per cent on the basis of reciprocal concessions. Indeed, this objective was announced two years ago when Dr. Hallstein was in Washington. Perhaps the government does not know that the United States has already negotiated that kind of deal with the European common market for important reductions in tariffs. Is this restrictionist? I wish the Minister of Agriculture were here to reply.

Is this Canadian government ready to bargain on that basis? Perhaps we will learn something about this during this debate. Will the government be so naive as to merely sit back and hope that it can get the benefits of negotiation by others? We do not know about this, but perhaps one of the ministers will tell us something about it.

Our own position in this matter, Mr. Speaker, is the belief that we should be in the forefront of this kind of negotiation, not following behind. Perhaps I may be permitted to do something I have very rarely, if ever, done in the house in order to indicate the consistency of the position we have taken. I should like to quote from a speech I made in January, 1958, on this very matter in Vancouver at the board of trade. I said this:

In Europe, six continental countries are prepared to form a customs union to be complemented by free trade arrangements with the United Kingdom and probably also the Scandinavian countries and the rest of continental Europe.

This has almost come about.

When these arrangements are completed, there will be a tendency in some parts of this large area to aim at European economic isolationism. These countries have tried to gain easier access to the United States and Canadian markets without any substantial degree of success and they may now feel that the only other alternative is a

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large economic unit of their own, as self-sufficient as they can make it. That would be an unhappy development.

Indeed it would be tragic—politically and economically—if the free world should now divide into separate economic blocs while the Soviet world remained a massive, single, trading unit.

There is increasing evidence that Soviet leaders are more and more interested in conquest by economic methods, used and controlled by the same means and for the same purposes as are the diplomatic and military arms of that government.

The west is gradually—too gradually—recognizing this major shift in Soviet policy, and the necessity of taking steps to meet it. If declarations of interdependence from Washington and Paris mean anything, they must mean closer co-ordination of our economic and scientific activities in NATO. It will not be possible, in the long run, for allies to work together in close defence co-operation and grow increasingly apart in economic conflict.

If then we do not wish to weaken the western coalition; and if, in Canada, we do not wish either to face the United States alone or become too dependent economically on it, then surely the best policy for us is to seek economic interdependence within the north Atlantic community through freer trade. A first, and important step in this direction—and one certainly, in my view, which should be given careful, sympathetic, and detailed consideration—is the United Kingdom offer of free trade with Canada.

For Canada a north Atlantic area with the freest possible trade would certainly mean a much greater export market in the United States and in Europe; lower cost of production for many Canadian industries—and lower living costs, I would hope, for Canadian consumers.

Then, I add this paragraph, too:

In short, it seems that the era of gradual tariff reductions through GATT has come to an end. We do not surely wish to replace it by a western Europe and a North America aiming at self-sufficiency. If not, then surely the best alternative, and the best way to meet the Soviet economic and political challenge is an Atlantic freer trade area to complement the European customs union and free trade zone. For Canada, is this not the best way to reduce our economic dependence on the United States while expanding our trade, maintaining our economic development, and raising even higher our living standards?

This is a challenging prospect and is surely worth serious and immediate consideration, negotiation and planning. Could there be a finer initiative for Canada?

Mr. Speaker, that initiative was not taken by this government. This initiative would have shown the way to reduce obstructions to trade between countries, not only in the north Atlantic communities but in the whole of the free world; in the first instance, with a European economic community and with the United States and the United Kingdom, if she were not in that community.

I admit that there has been some sign in recent weeks of—what shall I call it—backsliding into relative realism. The *Globe and Mail* of January 3 put it this way:

Ottawa tried to turn a blind eye to the common market when Britain made the first move toward membership but has now been forced to face the facts.