

CONSTRUCTIVE CO-OPERATION ULTIMATE GOAL

MR. PEARSON'S STATEMENT. The Secretary of State for External Affairs, Mr. L.B. Pearson on December 31 issued a New Year's message in which he reviewed the events of importance in the international field in 1954 and went on to discuss the present situation, as follows:

"... This time last year we were still wondering to what extent the new masters of the Soviet Union proposed to follow in the footsteps of the old. During the year we learned that there were to be some interesting and important variations in tactics, although in strategy and in the basic aims of policy Mr. Malenkov and his associates do not appear thus far at least to have abandoned the dangerous paths of Marshal Stalin.

"Until recently we have had to face heavy-handed Soviet policy of intimidation and threats. This has often had the useful result of consolidating the western world in resisting crude Soviet demands. It seems that now the men in the Kremlin are becoming more astute, and may be seeking to undermine democratic unity and to sap our strength by gestures for what they call "peaceful co-existence".

NOT TO BE INTIMIDATED

"Perhaps this adventure of Moscow into more beguiling tactics is an acknowledgment on their part that the West was not to be intimidated. It is to be hoped that it will soon be realized also that we are not to be cajoled by words alone.

"What we must still hope and work for, is a realization on the part of the Soviet leaders that words divorced from deeds will not do; that while we are neither to be frightened nor lulled into an abandonment of policy or principle, we are always prepared to consider at the conference table or through the normal diplomatic channels any legitimate and sincere proposal from them which might strengthen peace and security in the world.

"It would be dangerous for the West not to be prepared for deceit, but it would be stupid not to take advantage of every reasonable opportunity for sincere negotiation. We cannot, even if we wanted to, wipe out our memories of Soviet obstruction to the humanitarian work of economic assistance since the end of the war; nor of the U.S.S.R.'s more open and forceful activity in the Berlin blockade; nor of its

expansion and overthrow of liberty all over Eastern Europe. But though we have learned to be cautious, we must never forget that the ultimate goal that we must continue to seek must involve not only co-existence, but the constructive co-operation, of all men.

"Throughout the year, as previously, the United Nations has remained the basis of Canada's policy for seeking with other states solutions to international problems, just as NATO has been the foundation of our policy for collective defence.

"Apart from these larger associations, we have had occasion more than once during the year in Canada to appreciate the value of our membership in the Commonwealth of Nations, an important part of which is its role in facilitating close and friendly relations with new democracies in Asia.

GOOD NEIGHBOURHOOD

"We have also had cause during the year to be thankful for the good neighbourhood between the United States and Canada, and for the continuing closeness and friendliness of our relations with France and the other free countries of Western Europe.

"The year now ending has seen final solutions to very few of the problems that we face. But in several of them it has taken us forward, and kept open the road to further advances toward genuine peace. It has seen at least the partial realization of some of the plans and hopes of earlier years. These very achievements have, of course, brought with them new problems on which we must now set to work in the hope that a few years hence we may look back without reproaching ourselves for lost opportunities or lack of foresight. In world affairs it is rarely possible to say that an issue is settled and the books closed. Diplomacy is a continuing process; with the end of one problem often becoming the beginning of another. Our purpose should be to ensure that the process at least moves in the right direction! I think that in 1954 we have on the whole been doing that.

"May 1955 bring to all of us real happiness, and may we make during the next twelve months genuine and steady progress towards an assured peace on earth to all men of goodwill."

* * * * *

Canada's general index number of wholesale prices rose 0.2% in November to 214.8 from 214.3 in the preceding month but declined 1.8% from last year's 218.7. Three of the eight main commodity group indexes moved up from October, four receded and one remained unchanged.

Gross output value of Canada's iron and steel product group of industries climbed to an all-time peak total of \$2,135,032,000 in 1952, an increase of 12% over the preceding year's \$1,904,650,000, according to the annual review of the group by the Dominion Bureau of Statistics.