

*Export Credits Insurance Act*

that attempt should not and cannot validly be interpreted as indicating that we are discouraging in any way, shape or form any measure that can be taken by the government to encourage every form of legitimate export, whether by credit, insurance or by any other measure.

As has been pointed out by those who have spoken previously, exports and the increase of exports are of vital significance to our economy. When we were discussing this bill at the resolution stage the Minister of Trade and Commerce (Mr. Hees), as found at page 908 of *Hansard*, stated that, contrary to the impression he had given earlier in the discussion in the afternoon, certain sales to Cuba had been insured under this act. In fairness to him I should add that he also stated that no sales to Cuba or to any communist country had been financed under this act.

The question of insured sale, of insuring sales to Cuba and to other communist countries, raises the question—and it is certainly relevant to this amendment—of what are strategic materials and of how they are to be dealt with under the Export and Import Permits Act, an amendment to which we are now considering.

Last night, when we made our request for information on this matter and when we discussed it, the minister stated that it was a very sensitive matter. I am now paraphrasing what he said, not quoting him exactly. If I am not quoting him correctly, I am sure he will interrupt me. He said this was a very sensitive matter and that we on this side of the chamber should do nothing—and in fact he accused us of doing something—to make more sensitive the relations between the United States and Canada in respect of this matter. If there is difficulty in regard to those relations in respect of this particular matter, may I say that the responsibility for that difficulty attaches to those who are responsible for policy and surely not to us on this side who are eliciting information which will clarify that policy. Surely that is our duty and we propose to do our best to discharge it.

In respect of strategic materials covered by orders in council issued under this act the minister last evening, as found at page 908 of *Hansard* and subsequent pages, stated that it was very difficult if not impossible to draw a line between one kind of strategic material and another. He then drew on his own military experience in world war II in order to support that conclusion. Indeed he went so far as to say that in this matter there is no difference between explosives and underwear. However, I suggest to the minister—

**Mr. Hees:** I rise on a question of privilege, Mr. Speaker. I did not make any such ridiculous statement. I simply said that there were many materials that were vital to the successful carrying on of any military operation and that the opposition had tried to make it appear that certain materials were strategic materials or materials with a significant war potential.

I pointed out at that time that two very important war materials, materials vitally necessary to the successful prosecution of any military campaign, were food and medical supplies, both of which were supplied by the United States to Cuba in very large amounts up until quite recently, as outlined by the Prime Minister (Mr. Diefenbaker) when he very ably explained the situation to the house and gave the figures some time ago. I went on to say that if one wanted to go through the list of things that are necessary for the carrying on of a military campaign one could take all kinds of clothing, particularly that required in wet and cold weather, without which an army cannot proceed successfully. I then went on to say that you could go right down to items such as ties, underwear and so on; but I did not at any time compare ties and underwear to explosives.

**Mr. Pearson:** Perhaps I had better read exactly what the minister did say inasmuch as he is making this explanation to the house. As found on page 911 of *Hansard* he said:

Anything that one wants to think of can be construed as potential war material because it is material with which an army cannot do without. For instance, shoes, ties, underwear, overcoats, hats, anything at all that an army needs can be so construed.

As essential war materials.

**Mr. Hees:** That is right.

**Mr. Pearson:** I continue:

I can tell the hon. member for his information that when the weather gets cold or wet there are certain articles of clothing without which an army cannot operate and without which the whole military operation would break down.

Based on that conclusion the minister indicated yesterday that in certain circumstances anything in the categories he mentioned can be construed as military material or, if you like, as strategic goods, that there is nothing strategic or non-strategic but using makes it so. I think that is a fair description of the minister's approach to the problem. I am not quarreling with that as a general description; but by reason of the orders in council passed under this act by the government, and, indeed, by previous governments, the government itself has made a distinction between strategic materials for which export