

of strategic importance. Consequently, it is out of the question that these should be sent there under the present circumstances. Long before the United Nations resolution was passed last month prohibiting the export of certain strategic materials to the mainland of China, Canada had been enforcing such a policy, adjusting the list of such goods as the situation in Korea required, and after consultation, particularly, with our friends in Washington. We have also done our best to ensure that not only should these goods not go from Canada, but that our country should not become a back door through which United States firms would trade with China in contravention of their own country's regulations.

All this, however, does not mean that we have cut off every form of trade with the Chinese people. Before doing that, we should ask ourselves the following questions. What would be gained at this time if we were forced to close completely the trade door into China; impose a naval blockade to make this policy effective, and cut off the few remaining links between the people of China and the free world? Would China's ability or will to fight against the United Nations in Korea be destroyed or weakened by this course; or would it merely rouse even further, national and anti-foreign feeling in China and thrust her more securely into the orbit of the Soviet Union? Would it thereby make it more difficult for us to impress on the Chinese the true aims of the free world and to counteract the malevolent purposes of Russian propaganda? The answer to these questions should determine our economic and commercial policy towards China in present circumstances. But the answer is not as easy to find as some seem to think.

My own view is that we should not allow our commercial policy toward China at this time to become more stringent than our overall foreign policy toward her, and that we should not seek to put a complete embargo on all trade with her, unless the policy of the Peking Government gives us no alternative in the matter.

In supporting this policy I do not ignore the natural feelings of our soldiers, sailors and airmen now fighting in Korea, who, in battle, would not enjoy the thought that their own countrymen were engaged in trade - even if it were only an exchange of pig bristles for mouth organs - with the countrymen of their enemy on the next Korean hillside. I should like to make it quite plain that the only defensible government objective in continuing such trade would be to maintain the hope of preventing a disastrous spread of the present conflict which would involve a very much larger number of our people. If that hope were removed, then, of course, every commercial contact would have to go too.

Let me turn now to the second aspect of commercial policy in the period of partial peace: our trade relations with countries of the free world. In a sense these present a more complicated and certainly a larger problem than our commercial relations with Cominform countries. The fundamental issue involved in our relations with the free world is the extent to which we should press for a reduction of trade barriers between free countries and a further integration of our economies during this period. Already the rising percentages of national incomes which are being devoted to defence production have created numerous trade problems. The most urgent is the scarcity of certain raw materials. The next most important is