

the world, namely the government of China. It is clear that diplomatic relations must be established with potential customers.

May I say in this connection that if the hon. members follow the writings of one of the most brilliant commentators on economic and international affairs in our newspapers, Walter Lippmann, and will turn to page 16 of this evening's *Ottawa Journal*, they will find an article by him in which he takes his United States government to task for failing to be realistic and to recognize the fact that there is a government in China.

It is clear, as I have said, that there must be established diplomatic relations in order that our traders entering a country and looking for sales may be adequately protected and arrangements may be made for them to see the right people in any country.

Recognition of the actual government of China is right, not only in principle but is a necessary step in the approach to a solution of Canada's trading problems, and in particular the denial to Canada of the opportunity to sell to the vast Chinese market.

Other democratic countries such as Britain and the Scandinavian countries have recognized the Peking government. Denmark and Sweden joined India last month in urging its admission into the United Nations Assembly and in doing all this, of course, neither Sweden nor any other democratic country approved the policies or the philosophy of the leaders who today are in control of China. We do not either, but we believe that in the interest of world trade and in the interest of world peace the time has come when that recognition should be given. It would, we believe, assist the Canadian people to dispose of some of their commodities in that country with its teeming population.

Thirdly, Canada must endeavour to provide potential customers with the opportunity to earn Canadian dollars with which they can buy goods from us. Trade is not a one-way street, and any policy predicated on such an assumption is doomed to failure. We must lower the barriers in the way of the importation of goods from the sterling area, for instance, so that our purchases will enable those countries to purchase more from us. About this I shall have more to say in a few moments. And we should take, at least in part payment where that is mutually agreed upon, local currency which we could invest in those countries or in areas developed by those countries.

Fourthly, we urge that Canada should be prepared to enter into long-term marketing agreements and if necessary even barter arrangements under which Canadian products

could be exchanged for products we can use. Here again, of course, the Food and Agriculture Organization of the United Nations recognizes that the so-called free market is completely inadequate to deal with the problem of selling agricultural commodities.

Fifthly, the Canadian government should promote vigorously the establishment of a world food bank and a greatly expanded program of economic aid such as I have already mentioned—the special United Nations fund for economic development and other funds such as the Colombo plan.

May I say immediately that I am sure the people of Canada will be extremely disappointed by the summary way in which the Canadian government dismissed the trade proposals of the United Kingdom. This was particularly disappointing in view of the fact that statements by the Prime Minister had led people to conclude that the new government was prepared to make a new departure in Canadian trade matters. The Prime Minister announced his aim, hon. members will recall, of diverting 15 per cent of Canadian trade from the United States to the United Kingdom, but when the United Kingdom took up this suggestion and put forth a carefully considered proposal which might have gone some distance toward achieving this objective, the government adopted a most negative attitude. It seems clear that in spite of reports that Britain's proposal for free trade had been before the Canadian government since September 10, they had not been given any careful study at all and there has been increasing concern about the failure of the government generally to make positive decisions on economic and trade policies, an attitude which is so completely reflected in the Conservative reaction to the United Kingdom proposal.

The Canadian government did not even publicly pledge itself to give the United Kingdom proposal serious consideration, but contented itself, for the time being at least, with suggesting two or three steps which, while good in themselves, cannot even make a dent in the trade balance. Let me put the three steps on record.

The first of these, indeed, which pledged to switch government purchasing from the United States to the United Kingdom, is an objective which we have urged in this house for the past ten years, particularly for purchases by the Department of National Defence both here and overseas.

The second was a promise by the Canadian government to consider some increase in the \$100 tourist exemption granted to Canadians returning from overseas. I think that is worth while, but it is a very small thing;