

50. On the other hand, if the Western powers enjoy a comparatively strong bargaining power vis-à-vis the Communist bloc, it is in large part due to the buoyancy and expansion of their economies. Since the margin of advantage would disappear if there were a severe economic dislocation, large-scale unemployment, social discontent or any marked decline in living standards, the maintenance of an expanding economy should have a high priority in the planning of national security policy, whatever may be the outcome of current East-West negotiations. In short, the way of life offered by the free world must be shown to be superior to that offered by the totalitarians, as well as defensible. It must be shown to be superior not only by example and performance but also by measures of political cooperation and economic assistance to the nations of Asia and Africa which are striving to have their share of the benefits of material civilization.

51. Canada has already assumed responsibilities in terms of increased diplomatic effort and economic assistance in cooperating in measures against Communist indirect aggression. Considering the heavy burdens already borne by Canada in the defence of the free world through its responsibilities for continental defence and in NATO, it could be argued that Canada should not be expected to increase its contribution in this field. And yet, if under the condition of "mutual deterrence" the use of military force becomes increasingly risky and if the cold war is continued, the Communist threat increasingly may assume the form of covert activities to gain Communist control of territory by subversion, economic competition to win over converts, and diplomacy to split up the opposition in the free world.

52. This may justify a further reconsideration of the proportion of Canadian resources which should be devoted to such non-military efforts in the cold war as increased diplomatic representation in threatened areas, increased contributions to United Nations activities in the non-military sphere as well as to Commonwealth cooperative enterprises such as the Colombo Plan, particularly if as a result of a détente between East and West some reductions in defence expenditures are found possible.

A New Look at Disarmament

53. The recent Stassen appointment in Washington probably reflects a deepening realization, not only among officials but increasingly among the public, that the present positions of the Western Powers on disarmament represent an inadequate response to the new weapons and the challenge of the risk of mutual annihilation, particularly when the Inter-Continental Ballistic Missile, against which there is no defence, may have been perfected. Even now, before the advent of push-button warfare, many of the premises on which our present disarmament proposals are based, have been overtaken by events and have become obsolete.

54. Among the array of uncomfortable facts that must now be taken into account are the following:

- (a) the prospect of the possibility of reciprocal nuclear destruction;
- (b) nuclear armaments have been integrated with the conventional armaments of the United States (and possibly Soviet) forces;
- (c) the United States' atomic monopoly (on which the United Nations Majority Plan was premised) has long since ceased to exist and the stockpiles of thermonuclear weapons in both the United States and the USSR are now so large that it would be technically impossible to back check on past production under the most favourable conditions of complete inspection within more than 90% accuracy at best;