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And the restoration of genuine economic security to the European partners in the North Atlantic alliance is one of the most effective means of achieving military security and ultimately of reducing the burden of providing that security.

"Looking no farther than this continent, there is naturally bound to be considerable difference between what a great power like the United States and a nation like Canada, with a much smaller population, can do to give reality to North Atlantic security. In many ways the two countries are similar; but in many ways they are quite different. And I believe it is quite as important to understand the differences as it is to appreciate the similarities, if we expect to maintain that mutual feeling that we are all of us being absolutely fair to each other.

#### MOST POWERFUL NATION

"As the most powerful nation on earth, the United States has world-wide interests and responsibilities that Canada does not share. Moreover, in population the United States is about 150 millions to our thirteen and a half; in developed wealth and in annual national income the difference is considerably greater. On the other hand, Canada is physically a larger country than the United States - a good deal larger in square miles.

"That means we have a very heavy national overhead. Take railways as an example... And so it goes, all through the Canadian economy. Compared with the United States, we have to use a far larger proportion of our national wealth to maintain those essential services which keep a country going. As a result we in Canada have never been able to equal the American standard of living, though by dint of hard work we have kept not too far behind.

"Then there is another great difference between Canada and the United States. The United States, it is true, has vast problems of conservation, but this country has passed the pioneering stage, while with us in Canada, a large part of our national estate is still waiting to be opened up. If Canada is to achieve its highest economic and military potential, the development of new natural resources must be pushed ahead rapidly, and that means heavy capital outlays from our annual production of wealth.

"Then there is another big difference. For the United States, with its mature and largely self-sufficient economy, foreign trade is, relatively, much less important than for Canada which is at an earlier stage of economic development. We need to attract capital from outside Canada, and because of the nature of our resources we are heavily dependent on external trade. All that means our economy - and our prosperity - are more vulnerable than the economy of the United States.

"This dependence of Canada on world trade, and the vulnerability to which it gives rise,

are more serious because of another factor in our situation. Canada has a large favourable balance of trade with Western Europe and a large unfavourable balance with the United States. And that means for us an exchange problem which the United States does not have.

"In the past decade, we have experienced what is almost an industrial revolution in Canada; but by the standards of your nation of 150 millions our industry is still on a small scale. The production of the whole range of modern armaments on a large scale is obviously beyond our capacity. What we must have, if we are to make our most effective contribution to our joint security, is specialization on the manufacture of a limited number of items coupled with the kind of reciprocal arrangement we had with the United States during the war.

#### HYDE PARK DECLARATION

"Under the so-called Hyde Park Declaration of 1941, each country produced for the other those armaments it was best fitted to produce. Each of us paid hard cash for the other's product, but we were better able to pay you because we were able to sell munitions and weapons to you. The Hyde Park arrangement involved no loans, no gifts, no charity - nothing but plain business sense. And we in Canada cannot see why a business arrangement which produced such good results for both countries in war should not produce equally good results in providing security during this period of the cold war.

"In maintaining an effective security system there is this kind of a problem the North Atlantic nations are apt to have to face in the next few years. The more effective the North Atlantic Treaty proves to be in pushing back the menace of aggression, the more difficult it will be to ensure that the people of the free nations will remain willing to pay the insurance premiums necessary for their security.

"We shall probably hear, in all the North Atlantic countries, a good deal of grumbling, and perhaps some invidious comparisons about the share of the burden each nation is ready to bear. I hope none of us is going to be too much worried by such grumbling or even by invidious comparisons. Free debate, after all, is the privilege of free peoples. By contrast, the unhappy people of Poland, of Czechoslovakia, of Hungary and of Russia, are not permitted even to grumble out loud about having to bear a heavy share of the upkeep of the iron curtain.

"To maintain the security of the North Atlantic community, each nation must clearly make the kind of contribution it is best fitted to make by history, by geography, by aptitude and by resources.

"Since economic strength is the essential foundation of genuine military strength, it follows that one of the main objectives of the