

NEIGHBOURLY PROBLEMS

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"Canada has always purchased more from the United States than the United States has purchased from Canada. This imbalance is now running to record proportions. In our commodity trade last year, Canada purchased from the United States goods to a value of \$1,298 millions more than the United States purchased from Canada. Thus far in 1957, the imbalance has increased, and if the present trend continues, 1957 will establish a new all-time record in imbalance in trade between these two countries.

"Our trade with the United States is equivalent to 25 per cent of Canada's gross national product. On the other hand, it is the equivalent of less than 2 per cent of the gross national product of the United States. It is perhaps only natural, therefore, that Canadian-American trade should not make the same claim on the attention and consideration of the United States as it does on Canada.

"A pressing concern in Canada is the question of the United States agricultural disposal programme, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets. Canada's carry-over of wheat amounted to more than 700 million bushels this year. It is vital to Canada's economy that some 300 million bushels of wheat be exported every year.

"Canada can compete for her share of the markets of the world, providing other nations follow recognized competitive practices. The share of the world market for wheat by the United States has been increasing in recent years by its policies of surplus disposal, and that increase has come about mainly at the expense of Canada's export trade, which has been decreasing. The surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market. Canada cannot compete for agricultural markets against the dominant economic power of the United States, with its export subsidies, barter deals and sales for foreign currency.

"The free world faces not only the military, but the economic aggression of the U.S.S.R. Military alliances and joint co-ordination for defence are not enough. There must be economic co-operation, which in turn demands recognition by larger nations of the effect of their economic policies on smaller nations. Freedom cannot afford to allow any of the free nations to be weakened economically.

"We are co-operating in defence measures -- why not to a greater degree in economic matters? The joint United States-Canadian Cabinet Committee on Trade and Economic Questions will meet in Washington in early October, and Ca-

nadians hope that this matter can be resolved by mutual agreement which will provide for a fair and reasonable solution of the problem of the disposal of wheat and other agricultural surpluses.

"One other matter deserves comment in the interest of clarification. Capital from the United States has played an important role in the development of Canadian resources. We welcome this investment and intend to continue to provide the best foreign investment climate in the world. The heavy influx of American investment has resulted in some 60 per cent of our main manufacturing industries, and a larger proportion of our mine and oil production, being owned and controlled by United States interests. In that investment what Canadians ask is that full account be taken of the interest of Canadians in the policies that are followed in the direction and use of that capital.

"There would be no potential harm in external ownership as long as companies engaged in these industries are developed in Canada's interests, and their policies take account in their direction of the interests of Canadians.

"There is an intangible sense of disquiet in Canada over the political implications of large-scale and continuing external ownership and control of Canadian industries. The question is being asked: 'can a country have a meaningful independent existence in a situation where non-residents own an important part of that country's basic resources and industry, and are, therefore, in a position to make important decisions affecting the operation and development of the country's economy?' Canadians ask that American companies investing in Canada should not regard Canada as an extension of the American market; that they should be incorporated as Canadian companies making available equity stock to Canadians. That there is cause for questioning seems clear when I tell you that it is estimated that of American-controlled firms operating in Canada not more than one in four offers stock to Canadians.

"There are other problems but time denies reference to them. What I have said is not spoken in a spirit of truculence or of petition. My purpose is to have removed causes for disagreement which, unsolved, may diminish the spirit of understanding which is characteristic of our relationship. We in Canada and the United States are such close neighbours and have so much in common that it is hard to realize that we are bound to have some differences. We are united in the great cause of freedom and democracy. In our military alliance there is the closest co-operation between us. In the fundamental things of life we have no differences. Our comradeship knows no closer alliance in the world. Let it not be said that we cannot achieve a similar spirit of co-operation in economic affairs.