

The basic principle: Cooperation in production

The basic principle underlying the agreement is set out in the second paragraph. It is a recognition of the fact that each country has special advantages for the production of certain war materials which are lacking in the other, and that both countries will benefit by each producing for the other, as well as for itself, the defence articles which it is best able to produce. It constitutes an acceptance of the economic inter-dependence of Canada and the United States as the foundation of the program of war production in both countries. It represents the application to war production of the principle, recognized by Canada and the United States in the trade agreements of peace time, that the exchange of goods is of mutual benefit.

The third paragraph of the Declaration is an amplification of the basic principle of the agreement. It recognizes, on the one hand, the vital necessity, for Canada's war program, of obtaining certain defence articles from the United States; on the other hand, it indicates the possibilities of the speedy expansion of Canadian production of other defence articles, munitions and strategic materials. It is not without significance that aluminium and ships are specified by name in the declaration.

Practical operation of the agreement

One question which may arise in connection with the Hyde Park Declaration is: how can Canada spare to the United States any defence articles or munitions? Surely, it will be said, all our war production is needed either for Canada or for Britain! The answer is that we have advanced so far in the production of certain articles that expansion beyond British and Canadian needs can be readily accomplished. That is true of certain types of small arms, guns and ammunition, certain explosives and chemicals, certain armed fighting vehicles, aluminium and certain other metals and materials, merchant ships and naval vessels of the type we have been building, namely, corvettes and mine-sweepers. There are in addition certain types of clothing and textiles, certain leather, rubber and timber products, and certain secret devices in which Canada could probably make an important contribution, if these were desired. On the other hand, the production of engines for aircraft in Canada would be a slow process, costly both in time and in those types of skilled labour and specialized equipment of which no surplus exists. Moreover, this is a field in which not one but many types are needed to fill the varied demands and improvements in designs that are constantly occurring.