

## CANADA, U.S. ECONOMIC CO-OPERATION

**MR. PEARSON'S ADDRESS.** "In our legitimate and deep concern with relations between us we should never, I think, lose sight of the identity of our basic interests with those of other free countries in the world. Even if we had no regard for the welfare of our friends abroad, and such disregard would hurt us as well as them, it is a simple fact that economic relations between our two countries can never be entirely satisfactory if the rest of the world is not prospering," the Secretary of State for External Affairs, Mr. L.B. Pearson, said in an address to the University of Rochester, N.Y.; on September 2.

The occasion marked the inauguration of an annual series of conferences on Canada-United States relations, as a regular activity of the new Canadian studies programme sponsored by the University.

### BETTER BALANCE

"Canada's own trading relationship with the U.S.A. is traditionally and often heavily unbalanced in your favour. It is surely in the interests of both countries to work for a better balance," Mr. Pearson continued. "We shall certainly do our best in this regard, especially when we are stirred up by restrictions against our exports to this country - already so much less than our imports from you. Nevertheless, the situation is one where in the foreseeable future it will continue to be necessary for us to bring in the Old World to redress the trade balance of the new."

"For these reasons, as well as for more general ones, any policies which you or we might follow and which would be against the interests of other free countries could hardly help being against our own common interests as well."

"Except in the most dangerously short-sighted sense, our economic interests themselves point us toward a liberal import policy. As Director Harold E. Stassen of the Foreign Operations Administration told your Congress in 1953:

"Any industrial country such as the United States, which depends on the outside world for 100 per cent of its tin, 100 per cent for its mica, 100 per cent for its asbestos, 100 per cent for its chrome, 90 per cent for its nickel, 93 per cent for its cobalt, 95 per cent for its manganese, 67 per cent for its wool, 65 per cent for its bauxite, 55 per cent for its lead, 42 per cent for its copper, is unwise in terms of its own self-interest to raise new trade barriers."

"Similar considerations apply, of course, to my own country."

"I recognize that though the long-term economic and commercial interests of both our countries point toward the desirability of

liberal trading policies, practical politicians, like practical businessmen, are sometimes subjected to the urgent temptation to compromise with long-term principle in favour of short-term expediency. It should never be forgotten, however, that not only our ultimate economic interests, but the immediate interests of our political and defence policies, impel us toward economic co-operation with each other as well as with our overseas allies and the other nations of the free world. I have said it many times before, but it cannot be too often repeated, that economic conflict and political collaboration are not reconcilable.

"To the extent that businessmen, labour groups, legislators and spokesmen for the various sections of our society realize and accept the primacy of these longer and more fundamental interests, the pressures, geographic and occupational, on politicians will tend to strengthen rather than weaken our nations, as they sometimes do now. . . .

"We have agreed . . . that codes of commercial and financial conduct must be applied almost universally in the free world if they are to serve our broader economic and political purposes."

"We have not sought, and we should not seek, preferential treatment for each other. Our standards of neighbourliness should be comprehensive, not exclusive."

### CO-OPERATION

"While co-operation between us remains close, it should not be closed. It should also be such as to enable us to be more effective and constructive in our collaboration with others - economically as well as politically. . . .

"Since the end of the war the United States and Canada have campaigned together for a more rational system of world trade based on more liberal tariff and other commercial policies. We have stood together through some dark times when everyone else seemed to be going off in another direction, relying on restrictions, quotas and discriminations against us to deal with their external financial problems."

"These particular difficulties seem to be receding. A number of our friends across the Atlantic are now feeling a new surge of economic strength and they have taken important initiatives to lead their neighbours forward in common efforts to achieve convertibility and non-discrimination in trade. It is clearly in our best interests to welcome and encourage these efforts by every means available to us, and to do nothing by our own policies which would hinder and possibly prevent them. . . .

"A great deal will now depend on whether we in North America are ready and willing to extend the co-operation which will be necessary