

## STATEMENTS AND SPEECHES

INFORMATION DIVISION  
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No. 59/27     THE UNITY BETWEEN CANADA AND THE UNITED STATES

Notes from an address by the Prime Minister of Canada, Mr. John G. Diefenbaker, to a joint meeting of the Rotary Club of Chicago and the Chicago Association of Commerce and Industry at Chicago, Illinois, on September 3, 1959.

Mr. President -- I appreciate the welcome given me to Chicago, which I take in no personal sense but reflecting something of the honour done to my country.

The unity, fellowship, fraternity and common dedication to the heritage of freedom is to the peoples of the United States and Canada a living thing.

The declaration of "Canada Day" at the Pan-American Games by Mayor Richard Daley is a kindly gesture, and a further abiding evidence of the spirit displayed in this city during the visit of Her Majesty, Queen Elizabeth II, and the Prince Philip, in July. That was an unforgettable and memorable experience for the Queen. I know, as her Minister, for she told me so.

The purpose of my visit today is primarily to visit the Pan-American Games. International sport makes a worthy contribution to the recognition of the best in the individual human being. In sport, as in no other human institution, the individual comes into his own. In sport the individual is honoured and rewarded for what he is and what he does, without consideration of race, religion or colour. This surely is equality of opportunity in its fullest sense.

This meeting of the minds and muscles of over two thousand athletes from twenty-four nations epitomizes that spirit which, if attained in the international sphere, would assure world peace.

Sport proves that keen competition and rivalry between individuals does not mean hatred or domination. Competitors strive to the utmost for the prize, asking only to be judged by the same rules. Competition conducted in

that spirit breeds no bitterness. This is the lesson the nations need to learn. Freedom can never hope for -- nor would it wish -- a world in which competition between peoples was eliminated. Freedom only seeks competition that does not breed hate, bitterness and bloodshed.

Mutual knowledge leads to tolerance of national ideologies whatever their characteristics and differences, arising from the diverse backgrounds of geography, language, religion and culture, may be. The history of mankind suggests that such a spirit of tolerance was regarded throughout the ages as weakness. The goal of emerging civilizations has been world domination, and every civilization passed into history when it ceased to dominate.

The nations of the free world, comprising more than half the people of the world, deny the concept of domination and are dedicated to the belief that peace, prosperity and survival itself demand the practise of tolerance. Equality of opportunity for every individual in every area of human want and aspiration, once regarded as sheer idealism, is an attainable objective which mankind must now seek collectively, or perish in senseless strife.

These Games, dedicated as they are to the fostering of closer relations between all the countries of the Americas, suggest that I should speak of the Canadian concept of Canada's relationship with its neighbours. This, of course, immediately raises the age old question: "Who then is our neighbour?" The answer is that of the parable two thousand years ago of which President Eisenhower spoke in his joint broadcast with Prime Minister Macmillan -- neighbourliness is a thing of the spirit, not just a matter of geography. In the modern world none of us can escape the conclusion that all the world is our neighbour.

### Trade Relations

Canada and the United States are the greatest trading neighbours in the world, and trade is the lifeblood of the Canadian economy to an extent that relatively few persons realize. Canada is now the world's fourth largest trading nation, ranking behind only the United States, the United Kingdom and Western Germany. But, while the United States is the largest trading country, the important thing to realize about Canada is that on a per capita basis Canadian foreign trade is three-and-a-half times that of the United States. Therefore, trade relations and trade neighbours are vital considerations for Canada.

Every businessman knows that trade is a two-way street, and that a customer with money to spend is a better customer than the man or the country who has no trading income with which to be a buyer. For many years now Canada has faced an unfavourable trading balance with the United States, but recent figures indicate an improvement in this regard.

In the first half of 1957, total Canadian imports from the United States were over \$2,136 million; while total exports from Canada to the United States amounted to only \$1,355,689,875, a gap of over \$780 million.

In the first half of 1959, however, Canadian exports to the United States had risen to \$1,416,049,925, while imports from the United States were just over \$1,902,600,000. The trade deficit in this period had fallen from \$780 million two year ago to just over \$441.5 million this year, a drop of almost 45 per cent, and this, notwithstanding the fact that quotas imposed by the United States Government in October of 1958 for the protection of the American domestic lead and zinc industry contributed to a drop of Canada's very important exports of lead and zinc ores, concentrates and metals in the same period from nearly \$29 million (\$28,906,792) to \$25,874,510, and in zinc metal alone the drop was from \$13,011,290 in the first half of 1957 to only \$7,135,396 in the first half of 1959.

Perhaps even less known than the general facts of Canadian-American trade relations is the extent of trading carried on between Canada and the American lake and mid-western states. Canadians obtain about one-half of all their purchases of United States goods from the Great Lakes' states, and since this year Canadian imports from the United States may well approach \$4 billion, you can quickly see how significant a volume of your business in Chicago is done with your northern neighbour.

Illinois is the most important source of supply for Canadians among the Lake states. Some one-fifth of the Great Lakes' area exports to Canada come from here, and indeed, about one-ninth of all United States sales to Canada are from Illinois. This state sells more manufactured goods to Canadians than any other state in the Union and, in fact, Canada buys about as much from the Chicago area alone as she does from the whole of West Germany.

On the other hand, Canada sells more to the Chicago area than to any other region of the United States. Your mills and factories here depend heavily upon Canadian supplies of industrial raw materials and semi-processed goods. Shipments of Canadian goods through Chicago and other United States mid-west ports exceed those made to any country in Latin America or continental Europe (this is, excluding the United Kingdom).

### Defence Production

Canada and the United States stand in close co-operation in trade and industry, in NATO and in NORAD, and have voluntarily integrated the air defence of North America. We are now co-ordinating defence production to an extent other countries in other parts of the world would find unbelievable if they were aware of the whole story.

The principles were enunciated in 1950 when, in a statement of the Principles for Economic Co-operation, these words were used:

"That our two Governments shall co-operate in all respects practicable and to the extent of their respective executive powers to the end that the economic efforts of the two countries be co-ordinated for the common defence, and that the production resources of both countries be used for the best combined results."

In recent years, United States industry has enjoyed considerable success in supplying the Canadian defence market and has established a substantial volume of sales of defence items. The increasing integration of Canadian and United States defences, and the growing complexity of weapons systems, tend to perpetuate and strengthen Canadian use of United States engineering and production facilities.

Canada has developed competence in both the development and production of certain kinds of defence equipment. The degree of success which can be attained depends largely on our common understanding of its aims and objectives, and on acceptance by the United States of the principle of providing greater opportunities for Canadian defence industry to participate, competitively, in the development and production of the defence systems which are vital to the defence of both countries.

The United States-Canada Defence Production Sharing Programme was largely in the process of organization during the closing months of 1958, and can only be said to have come into active existence during the first seven months of 1959.

Under the supervision of the joint Senior Policy Committee, United States Government authorities have worked out a number of concessions and relaxations to existing United States Government procurement regulations which have had the effect of largely removing the obstacles to participation by Canadian industry in United States defence procurement. The aim has been to provide equal opportunity for the Canadian defence industry to compete for orders for United States industry on the recognized bases of quality, delivery and competitive pricing.

#### Unity in International Affairs

If it is important that Canada and the United States should co-operate with one another in trade and industrial development, defence and defence production, it is even more important that we stand united ideologically and politically.

The U.S.S.R. appears to be directing its major attention to the weakening of other nations on the economic front. Co-operation is admittedly necessary in defence but it is no less so in economic matters.

In the struggle against communism for the hearts of men and nations, the countries which lead it must refrain from economic actions which weaken other nations allied with them in the cause of freedom.

The free world everywhere must remain strong and become stronger, if the very basis of our social, economic and political systems is to be preserved. There is no alternative to co-operation. Freedom cannot be purchased without co-operation. The price of freedom is co-operation; the prize of co-operation is freedom; and what the free nations stand to lose by failure to co-operate is freedom itself.

### Need for Declaration of Objectives

I believe that the objectives of the free world must be stated and interpreted by the free world as in the days of war when the Atlantic Charter set out in understandable language the principles for which the legions of freedom fought and died. A similar Charter should be declared to-day, a Declaration of Freedom's Creed.

Men who believe in capitalism know that it has shortcomings, as all things human have. Capitalism has raised the material condition of men and has provided a standard of living unequalled by any other economic system known to history, when the state plays its proper role in protecting the individual against exploitation and unfairness.

Canada is a capitalistic country because it owes its progress to capitalistic principles. So is the United States of America. We understand the aims and ideals of capitalism but others do not.

The principles of capitalism have been misinterpreted and distorted by communist propagandists. Many millions of people in Asia and Africa have a distorted idea of the ways of living in capitalist countries. Many interpret capitalism in the light of the local moneylender who still thrives by the practice of inhuman usury under which, in some instances, as many as three generations may be in serfdom to the moneylender as the debt is passed on from father to son.

Such misinterpretations and misunderstandings need to be answered. The practice of democracy under the capitalistic system must be made known in clear and unequivocal terms. I am not alone in this view. Mr. Chester Bowles, for example, speaking in the House of Representatives from his wide experience as American Ambassador to India, declared that:

"What is needed is a new statement of our purposes."

The need of such a declaration is re-emphasized by the recent events. No one can deny that the world may be entering a new era in diplomacy -- the official visit of Premier Khrushchev to the United States and President Eisenhower to Moscow are signs of the new era.

Khrushchev has stated that relations between the communist world and the capitalist world are now entering an era of peaceful competition. He says this is because both realize there can be no victor in a modern war, and because both sides are peace-minded. Each realizes the other's power, and therefore it may well be that in the immediate years ahead the competition between us will be in the demonstration of the strength and virtues of the two systems.

Recently Khrushchev condemned what he called the "moral of capitalism". East German, Polish and Czechoslovakian leaders have condemned capitalism as immoral, and to meet these charges, it becomes necessary as never before for the free world to define capitalism, to show its purpose, its aims, and its benefits to the individual, to the state, and to mankind.

Communists in the world competition of ideas know where they stand, and set forth their views in printed word and speech; the capitalist world can do no less. The capitalist world will never try to propagate its views by force, or demand the acceptance of its principles under duress, but if it is to compete it must reveal and display the superiority of capitalism.

The capitalist world should, in my view, make a uniform and conscientious effort to make available books, pamphlets and periodicals which give a fair and objective picture of capitalism and its benefits, otherwise the contest for the minds of men may go by default. The only literature available in many of the uncommitted countries of the world is highly organized communist propaganda available in every book-store in every major language.

To meet the aggressive propaganda of the communist world, the Western world needs a truthful and aggressive salesmanship of its ideas and its ideals. Trade and aid are not enough. We cannot gain the uncommitted countries by dollars and goods alone. We must give to them what is after all our greatest product, our heritage of freedom.

### Conclusion

The Pan-American Games should serve to remind us that the real essence of the spirit of our New World is tolerance, and the recognition of the individual.

The United States, Canada and the Americas have a special responsibility to co-operate in the raising of standards everywhere in the world. Blessed by Providence with rich resources, allowed to inherit a new land and make a new start in the building of nations, we have had the opportunity to throw off the shackles of prejudice, hatred and distrust.

We in our two countries are joined by tradition and geography, and in the book of history in the future we may be the model for all mankind. The unity between Canada and the United States must be preserved and expanded to include all nations, not

only in the Americas but throughout the world. The spirit of unity -- the unity of ideas and ideals -- is insolvable.

It has been said of this generation of the cold war that it moves "beyond the tower and the abyss" -- the tower being the high heights to which standards of men everywhere in the world can be raised if mankind wills to take the pathway of peace; the abyss being the bottomless depths to which mankind will fall if we fail to solve world differences by specific means and armed conflict takes place, with the arithmetic of scientific destruction being almost limitless.

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