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"CANADA AND THE UNITED STATES - A PATTERN FOR PEACE"

An address by Hon. Paul Martin, Minister of National Health and Welfare, on the Occasion of the Celebration of Canada Day at the 99th Annual Michigan State Fair at Detroit, Mich., September 12, 1948.

It gives me a great deal of pleasure to be your guest here today -- both personally, as a close neighbour of yours from just across the river, and also as a representative of the Canadian Government.

I propose to speak to you for a few minutes today on the subject of "Canada and the United States". That is a big subject, and I am going to have to take great care if my remarks are to be as brief as I -- and you -- would wish them to be. It is an interesting fact, incidentally, that it is much easier for me to think of the things I need not say on the subject, to an audience like this, than of the things I ought to say.

It would be useless, for example, for me to spend any time extolling the 3,000 miles of undefended border between our two countries. The border is right at your doorstep. I venture to say that the people of this area, and of the adjacent region of Ontario, are among the world's most experienced border-crossers. You know perfectly well that the border is undefended -- from a military point of view.

A resident of Michigan probably feels more at home, in many ways, in Ontario than he does in some of the more remote areas of his own country. A native of Ontario similarly finds fewer things in Michigan to remind him that he is away from home than he would in other parts of Canada.

And I think that leads me to the first point I ought to make today: not that we are similar but that we are different. It is something that can easily be overlooked in a border area like this, where our neighbours are closer to us, and more like us, than many of our compatriots.

It would be easy to think that the abolition of that imaginary line running down the Detroit River would eliminate a minor nuisance and do little else. But this would be an over-simplification. In spite of our similarities, we are <u>not</u> entirely the same. Your

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domestic political interests are not ours. You have one official language, and we speak it too. But nearly a third of us speak, as our native tongue, a language that is foreign to you. Our history is very different from yours. You decisively severed your connections with the Old World a long time ago. We, on the other hand, have found a unique method of establishing our independent position in the world while still retaining certain ties. Our interests often differ greatly from yours. Indeed, at times in the past, your interests have been in serious conflict with ours.

These differences are elementary, perhaps, but at the same time they are fundamental. And they are differences that we may expect to remain.

Starting from the viewpoint of our differences, then, rather than that of our similarities, we come to an important fact about the relations between Canada and the United States. They are excellent, of course. We all know that. But they are not automatically excellent. Because we are different, it is a very real tribute to the will to cooperate on both sides of the line that our relations are so close and so cordial. It is not an accident; nor is it a situation which will continue automatically or by accident. The fact that over the years we have been able to resolve our differences -- to such an extent that we have almost lost sight of them -- is not only a matter for pride but also a challenge to both Canada and the United States for the future. So long as we do not take our good relations too much for granted, I think we can meet that challenge.

It is customary for speakers who are discussing the close relations between our two countries to say that they should serve as an example to the rest of the world. So they should. I do not think, however, that you and I are going to suppose that our example alone will have very much effect upon the countries that could most profit by it. Certainly we have been getting along famously with each other, for everyone to see, for a good many decades now. Yet, a glance at the world situation indicates that our example hasn't been very widely followed.

Are the relations between Canada and the United States, then, of very much practical importance to the world at large? I think that they are, and am going to mention one or two ways in which the interplay of our relations with other countries is affected by our relations with each other, to our mutual advantage and to that of those countries which share our ideals of world peace and cooperation.

The first instance that comes to my mind in this connection is that of European recovery. Everyone knows of the role your country is playing in this magnificent endeavour. It is also a matter of great importance to us in Canada. Of course, to neither of us is this interest in European recovery dictated solely by altruism -- and I say that without wishing to detract in any way from the fact that your Economic Cooperation Act is one of the most unselfish gestures that history can record. But we are trading countries and, quite apart from the human misery involved, Europe became as a result of the war, a dangerous unstable vacuum in the normal pattern of world trade. While, before the war, Western Europe, including the United Kingdom, was easily the most important trading area in the world, by the middle of 1947, Europe's share of world trade was only two-thirds of what it had been.

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I can demonstrate the importance of this to my country by pointing out that Canada now ranks third among all the trading nations of the world. We entered the war in fifth place in the world trade hierarchy and now rank only behind the United States and the United Kingdom. And our population, remember, is less than a tenth of yours. On a per capita basis, our foreign trade exceeds that of any of the other leading trading nations of the world, including your own, and roughly one third of our national income is derived from foreign trade. It is obvious, therefore, that any major disruption of world trade patterns is of at least as great concern to us as it is to you.

Everyone knows, as I said, what the United States is doing about European recovery. But what has Canada done, and how do the relations between Canada and the United States enter the picture?

Since the end of the war, Canada has helped Europe -- by credits and by outright grants -- to the tune of nearly two billion dollars. You are used to astronomical figures in connection with your own European recovery effort, and that may not sound like very much. On the basis of our respective national incomes, however, two billions is to us what more than thirty-five billions would be to you. We feel that we have been keeping up our end.

And now the second part of the question. How are relations between Canada and the United States involved in European recovery? To answer that, I must touch briefly on the normal pattern of Canadian trade. In a normal year before the war, Canada had a favourable balance of trade -- that is to say, we sold more <u>to</u> other countries than we bought <u>from</u> other countries. But at the same time we regularly had an adverse balance with the United States -- we bought more from you than we could pay for by your imports from us. That was not a serious matter because our favourable balance with other countries -- mostly the United Kingdom and Western Europe -- more than made up for our adverse balance with you.

We have seen the effect of the war on Europe's trade. And I have mentioned the help Canada has extended to Europe by gifts and loans. But trade that is based on gifts and loans does not provide us with the hard cash we need to keep our accounts balanced with the United States. And our adverse balance with you has continued. In round figures, we bought two billion dollars' worth of goods from you last year, and you only bought one billion dollars' worth of goods from us. It is easy to see that that kind of process could not continue for very long, and, as a matter of fact, we had to draw heavily on our reserves of United States dollars last year and consequently have had to protect our exchange position by drastically restricting imports from dollar countries.

Now to come back to the European Recovery Program. Living as close to us as you do, you may have heard Canadians speculating on the volume of dollars made available by the Economic Cooperative Administration which may be spent in Canada to purchase goods for Europe. It is a question in which we are keenly interested. But it would be a great mistake to assume that, because E.C.A. dollars are being spent in Canada, we will be profiteering out of your aid to Europe. As a matter of fact, it would be unwise to expect that E.C.A. purchases will do more than enable us to maintain the volume of our shipments to Europe -- without at the same time going bankrupt in our essential trade with you -- while we are waiting for Europe to recover sufficiently to permit us to resume our prewar three-way pattern of trade.

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Here, then, is an outstanding instance in which the relative positions of Canada and the United States are of importance to other countries as well as to ourselves. The aid we both can give is vital to European recovery. The assistance that may come to Canada -- as a by-product, as it were -- is of vital importance to us. And -- because we are far and away your best customer -- our solvency is of vital importance to you.

Now I want to leave economic considerations and turn to broader aspects of world affairs. The big question in all our minds, today, is whether we can achieve that lasting peace we have fought for in two world wars. To that end, both our countries are associated in a tremendous undertaking -- an experiment, if you like, in international cooperation on a global scale -- the United Nations. Both our countries are pledged to the ideals for which that organization stands, and both have made the Charter of the United Nations the cornerstone of their foreign policies.

Within the various branches of the United Nations, the fact that Canada and the United States speak the same language -- and I mean that figuratively as well as literally -- has been of considerable importance. Not that we always agree: that is not to be expected. But it is certainly true that if all members of the United Nations could resolve their differences as amicably as Canada and the United States do, that organization would quickly surpass the fondest hopes of its founders as an agency for the peaceful settlement of international disputes.

Once again, however, we must be realistic and admit that our example has not been emulated by all the members of the United Nations -- nor does it appear likely to be. It would be the gravest folly to write the United Nations off as a failure, for in many ways it has been a signal success. Perhaps the greatest tribute to its value -- if only a negative one -- is the fact that, in spite of the dangerous tensions which have existed in the postwar world, there has been no major outbreak of armed hostilities and minor outbreaks have been kept in check. We all know, however, that the United Nations has not yet reached the stage where it could hope to deal with a major breach of the peace, or even to prevent it if a strong nation were determined to resort to arms. And, unfortunately, we also know that there are forces loose in the world which could lead to a major breach of the peace. Under these circumstances, it is only common sense for us to think of our own defences, for no country which is itself dangerously vulnerable can hope to make much contribution to the security of the wider community of nations.

I do not intend to deal in any way with the defence measures which are being taken individually by either Canada or the United States -- that would be outside the scope of my topic today. And I shall only touch very briefly indeed on the measures we are taking jointly for the defence of the continent as a whole. The simple fact of the matter is that we have continued into peacetime the very close and beneficial collaboration on defence matters that we built up during the war. I might add that this is being done in the friendliest possible way, and that the most scrupulous respect is paid by each partner to the sovereign rights of the other. The last thing I would wish to do is to over-emphasize the magnitude or the importance of this joint effort. There has already been a great deal of exaggeration on the subject and I think we all know where it has originated. No one could, by any stretch of the imagination, believe our modest joint defence efforts to be aggressive or belligerent. No one could object to them who did not wish, for his own reasons, to see us open to attack. I have mentioned them here only as another instance in which the close relations of our two countries impinge upon the outside world.

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This problem of defence, however, is not of concern to us merely as two countries -- even when those two countries together make up the major part of a continent. Under the conditions of modern warfare, a whole continent or even two or more continents are not necessarily an impregnable defensive combination. As long as war remains a threat in the world, we must look to our friends and ask ourselves whether by association with those friends we can enhance the security of all.

This idea of a defensive association, of collective security if you wish, is not in any way at odds with the broader concept of world security which we have endorsed in the United Nations Charter. As a matter of fact, Article 51 of the Charter specifically recognizes the right of collective self-defense. And until the United Nations becomes an agency which can fully guarantee world security, it would seem only logical that we should seek security in such smaller combinations as may be open to us.

This question, too, has its bearing on Canada and the United States individually, and on the two countries together. The Prime Minister of Canada and our Secretary of State for External Affairs, have both endorsed the idea of an association of Western European and Atlantic democracies, under Article 51 of the Charter, whose members would pledge themselves to collective defence and mutual aid in war, and would work together for freedom and prosperity in peacetime. On your side of the border, a distinguished citizen of this State - Senator Arthur H. Vandenberg -- was the author, last spring, of a resolution looking to the association of your country with other like-minded countries in measures for buttressing security by arrangements under the portions of the United Nations Charter which authorize collective or regional action.

Here, of course, I am dealing with ideas and not with accomplished facts. But I wish to emphasize that this particular idea -- and I think it is one of the most important ideas being considered by statesmen today -- is one that has its proponents in both Canada and the United States. If it should come to fruition, Canada and the United States individually, and Canada and the United States working in concert, will be vital factors in bringing it about. And the happy co-operation between Canada and the United States would continue to prove its value in any wider area of cooperation which might emerge.

This, I feel, is the thought that I should leave with you today. We are citizens of two great countries. Our countries work together in friendly association that is of the greatest benefit to you. And, the close association of our two countries is a potent force for the realization, in the wider sphere, of those ideals which we both hold dear.

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