



OF CANADA

REFERENCE PAPERS

CANADIAN INFORMATION SERVICE

OF THE DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

No. 18

CANADA AND THE UNITED STATES

In a still troubled world, Canadian-United States relations are truly unique. The boundary between these two sovereign states which share the American continent north of the Rio Grande--the longest unarmed frontier in existence--is crossed by more trade, tourists, products, publications, people and goodwill than any other in the world. Total trade during 1946 approximated \$2,250 million - a world record. The number of annual border crossings by citizens of both countries is estimated at 30 million.

Between no two other countries is friendship more soundly rooted in mutual respect and supported by efficient inter-government machinery for the solution of mutual problems. It is a friendship between peoples who read many of the same publications, cherish many of the same ideals, share the same high standards of living and feel equally at home in either country. Business organizations, labor unions, service clubs, fraternal societies, education, entertainment and sports display a marked similarity in Canada and the United States.

Without these fundamental bonds, the inevitable political and economic problems that arose from a common boundary might well have imposed a more lasting strain upon good relations--as they have in other parts of the world. The Canadian-American relationship is a concrete illustration of the fact that cooperation between a country with a large population and one whose population is much smaller can be maintained on a basis of equality.

Boundary Agreements

Not since the conclusion of the War of 1812 has there been a serious threat of conflict from either side. The accepted pattern for the peaceful settlement of future disputes was set by the Rush-Bagot Agreement of 1817, which effected permanent disarmament on the Great Lakes.

The determination of the boundary provided a knotty problem. The long disputed line between New Brunswick and Maine was fixed in the Webster-Ashburton Treaty of 1842. The western boundary still remained under dispute: the Democrats entered the election of 1844 in the United States with the campaign slogan "54:40 or fight", and won the election.

Arbitration, however, closed the dispute in 1846 by setting the boundary at the 49'th parallel. The last outstanding boundary problem between Canada and the United States was settled by arbitration in 1903 with the drawing of the Alaska boundary.

Political Tensions

There was considerable tension for a time after the rebellion of 1837, occasioned by the raids into Canada by followers of William Lyon Mackenzie, the leader of the uprising in Upper Canada who had fled into the United States. Neither country wanted war, and the affair was soon brought to a close.

During the sixties, first the American Civil War produced several border incidents in two or three raids which were abortive and unorganized. Again, the Irish nationalist Fenian raids into Canada in 1866 caused Canadian apprehension. In neither case did these represent an official aggressive U.S. policy. Nevertheless, the desire for greater security was an important factor in the movement toward confederation in the several Canadian provinces.

The cancellation by the United States in 1866 of the reciprocal trade treaty of 1854 provided a further spur to united action north of the boundary. (It was not until 1935 that the subsequent tariff wall between Canada and the United States was partially lowered).

After Confederation in 1867, the "manifest destiny" theory (of the inevitability of American control of the entire continent) proclaimed by certain politicians in the United States continued to fan Canadian fears for some time. Senator Sherman in 1888 said: "Our whole history since the conquest of Canada by Great Britain in 1763 has been a continuous warning that we cannot be at peace with each other except by political as well as commercial union.....it will come by the logic of the situation."

Annexation won some support within Canada itself. But it was finished as a real issue with the decline of the movement for commercial union led by Goldwin Smith at the close of the century. It has since been recognized in both countries that Canada would remain an independent nation. The bogey of annexation, however, persisted long enough to play an important part in determining the Canadian refusal to accept the renewal of reciprocity offered by the United States in 1911.

A New Era

The tradition of peaceful negotiation narrowed the areas of disagreement in questions of fisheries, transportation and communication. The creation of the International Joint Commission in 1909 was an important milestone in the history of Canadian-United States relations. For the first time, North American questions were to be settled by direct negotiations between representatives of the two countries.

This was a significant step in the development of Canada's sovereignty: previously, British diplomats had acted on Canada's behalf--sometimes with Canadian advisers. The International Joint Commission, with equal Canadian and United States representation, was empowered to investigate any questions or matters of difference involving the governments or citizens of Canada and the United States.

Consistent with Canada's growing status in international affairs, the first Canadian legation was established in Washington on February 17, 1927, with the Hon. Vincent Massey as Canada's first Minister to a foreign country.

Recognition of Mutual Dependence

During the thirties, the fundamental urge for friendship between Canada and the United States was underlined by the growing uncertainty in the world picture. The vestiges of past suspicions faded in the light of common interest. The interdependence of the two countries was formally recognized by President Roosevelt in his historic statement of American policy in 1938: "The Dominion of Canada is part of the sisterhood of the British Empire. I give you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other Empire."

The reply by the Canadian Prime Minister, the Rt. Hon. W.L. Mackenzie King, was equally significant: "We too have our obligations as a good friendly neighbor, and one of them is to see that, at our own instance, our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that, should the occasion ever arise, enemy forces should not be able to pursue their way, either by land, sea, or air to the United States, across Canadian territory."

The stage was set for the unique co-ordination of effort achieved by Canada and the United States during the second World War, which brought the two countries into closer partnership and understanding than ever before.

MILITARY COOPERATION

The Ogdensburg Agreement

On August 17, 1940, the Prime Minister of Canada met with the President of the United States at Ogdensburg, New York. Following their discussions, a joint statement--soon famous as the Ogdensburg Agreement--was released to the world. In view of the urgent defence requirements of North America, it was agreed that a Permanent Joint Board on Defence, with equal representation from both countries, was to be set up immediately, to advise on immediate needs, and to constitute the permanent advisory instrument for planning the defense of both Canada and the United States in the post-war period.

For the first time in its history, Canada had entered into a defensive arrangement with a country outside of the British Commonwealth; and the United States, still a neutral, had concluded what could be regarded as a defence alliance with a belligerent state. A historic advance had been made in Canadian-American relations.

Defence Measures

One of the earliest projects of importance to continental defence had been initiated by the Canadian government prior to the outbreak of war. This was the Northwest Staging Route--a chain of airports connecting Edmonton, Alberta, with northwest Canada and Alaska. The project, readily approved as essential by the Permanent Joint Board on Defence, was rushed to completion by the Canadian government by the fall of 1941.

After Pearl Harbor, with the United States at war, Canada at once offered free use of this vital airway--removed

from the coast and immune from enemy attack--to the American forces.

Early in 1942 a second project, complementary to the Northwest Staging Route, was undertaken by the United States. Following the general route of the airway, the American army constructed the Alaska military highway from Dawson Creek, British Columbia, to Fairbanks, Alaska. In spite of great engineering difficulties, the road was in operation by November, 1943.

Since all but 250 miles of the 1500-mile road are in Canada, it was agreed that the Canadian section of the road would come under the administration of the Canadian government at the end of the war--subject to the understanding that there would be no discrimination at any time against United States civilian traffic on the road.

At the same time joint measures were being taken for the defence of the north-eastern approaches to the North American continent. The construction of the Goose Bay (Labrador) field by Canada and of fields in Greenland and Iceland by the United States made it possible to ferry relatively short-range aircraft across the Atlantic.

In order to provide more extensive ferrying routes, the United States in June, 1942, secured the agreement of the Canadian Government and began the construction of a chain of airfields across north-eastern Canada. The project was never completed: the mastery of the submarine menace permitted more aircraft to be transported across the Atlantic by ship and reduced the threat of enemy action against the northeastern section of the continent.

Canada reimbursed the United States for its expenditures on permanent defence installations in northern Canada--the staging routes and communication lines. In all, Canada had spent some \$120 million on airfields and related projects in the north by 1944.

During 1942 a Canadian Joint Staff Mission was set up in Washington to assist the military co-ordination of the two countries. Canadian and American soldiers served jointly in Newfoundland, Iceland and Alaska; squadrons of the Royal Canadian Air Force flew alongside United States squadrons in Alaska, Newfoundland and Labrador; the Royal Canadian Navy and the United States Navy cooperated in North Atlantic escort and patrol duties.

Canadian soldiers were teamed with U.S. troops in a Special Service Force. Canadian parachute troops were trained in the United States prior to the establishment of parachute training facilities in Canada; American units used a Canadian camp as a cold-weather base for training and testing equipment. The occupation of Kiska in the Aleutians in 1943 was a joint operation.

Some 15,000 American citizens enlisted in the Canadian armed forces; after the United States entered the war, an agreement was adopted whereby they might transfer to their own services if they so desired.

WARTIME ECONOMIC COOPERATION

The Hyde Park Declaration

As in the case of military cooperation, the basis for complete economic liaison was laid before the United States entry

into the war. The Ogdensburg Agreement was matched in the economic field by the Hyde Park Declaration of April 20, 1941. Like the Ogdensburg Agreement, the declaration was never embodied in a formal treaty--but remained an understanding arrived at by the heads of two friendly nations desirous of the most constructive cooperation.

The core of the Hyde Park Declaration was the agreement: "That in mobilizing the resources of this continent each country should provide the other with the defence articles which it is best able to produce, and, above all, produce quickly, and that production programs should be co-ordinated to that end."

The Declaration met a triple need. First, it averted the danger of a shortage of American dollars impeding Canada's war effort. After Dunkirk, the great step-up in Canada's military production program had led to heavily increased expenditures in the United States for necessary imports such as machine tools, aircraft and military equipment. Canada's dollar earnings, reduced by the loss of European dollar markets and the curtailment of U.S. tourist trade, failed by far to keep pace--in spite of the introduction of rigid exchange control measures, Canada's current account deficit with the United States was about \$300 million per year. By the terms of the Hyde Park Declaration, Canada was assured of receiving its necessary imports by increased American purchases of Canadian war goods.

Thus also, it met a second need of ensuring that the United States would receive urgently needed war supplies from Canada for the vast American program of defence preparation. Third, the Declaration ensured that there would be no duplication of productive effort, and that the economic facilities of both countries would be integrated for their most effective use.

U.S. Lend-Lease and Canadian Mutual Aid

The Hyde Park Declaration also provided that supplies which Canada purchased in the United States for the production of war material for Great Britain would be entered on Great Britain's Lend-Lease account. Canada, alone among all the belligerent United Nations, did not participate in the American Lend-Lease program: the Canadian government felt that Canada, as a nation in a favored position, free from the ravages of war, was duty bound to stand on its own feet, and share with the United States in assisting less fortunate allies in fighting the common enemy.

Under the Canadian Mutual-Aid Act of 1943, Canada made her war supplies available as an outright gift to any member of the United Nations which could use them and had not the means of payment. In all, Canada's Mutual Aid expenditures totalled some \$4,000 million. The recipients were Australia, British West Indies, China, France, Greece, India, New Zealand, Russia and the United Kingdom. Of Canada's total munitions production, only 29% was for Canada's own armed forces--57% was distributed by the Mutual Aid Board, and 14% was purchased by the United States.

Joint Economic Action

Many joint Canadian-American committees were set up to implement the Hyde Park Declaration. In May, 1941, a Materials Coordinating Committee was established to promote the movement of primary materials, increase available supplies and collect information on raw material stocks in the two countries.

In June, 1941, Joint Economic Committees were created to consider means of effecting an efficient, economical and coordinated use of combined resources and a reduction of probable post-war economic dislocation. In November, 1941, a Joint War Production Committee was formed to provide arrangements for uniforms specifications, quick exchange of supplies, and the clearing of transportation bottle-necks.

After Pearl Harbor, the Committee saw to it that no administrative impediments such as customs regulations, import duties or tariffs interfered with the free flow of goods in either direction across the border. Sub-committees held frequent conferences to keep completely abreast of developments.

Price and wage control systems in Canada and the United States were similar in principle. Many features of the earlier Canadian controls were adopted in the United States.

On November 10, 1942, Canada became a full member of the Combined Production and Resources Board, formed earlier by the United States and the United Kingdom. The Joint Standing Agricultural Committee was established in March, 1943, to review Canadian-American food production and distribution continuously, to study food policies in the light of war requirements, and to prevent either country from carrying an unequal burden of consumer food shortages. Canada joined the United States and the United Kingdom as a full member of the Combined Food Board on October 19, 1943.

At the 1943 Quebec Conference, a Joint Canadian-American War Aid Committee was formed by Prime Minister King and President Roosevelt to study problems arising out of the Lend-Lease and Mutual Aid programs.

Practical cooperation between control officers in both countries greatly facilitated the economic integration. The American War Production Board thus worked out a program of priorities for critical materials on a basis of equality for war industries in both countries.

Canadian-United States cooperation in the Canol oil project was designed to provide an assured fuel supply to the American forces in Alaska. Under an agreement between the two governments, the Canadian government made available the necessary sites and oil rights in the Norman Wells fields on the Mackenzie River, about 100 miles south of the Arctic circle, and the United States constructed the project.

The Canol project, now no longer deemed essential to the defence of North America, is at present being disposed of in accordance with an agreement concluded between the United States and Canada early in 1947. The surplus crude oil facilities are being offered for sale by the United States to local or foreign buyers.

A final and most vital realm of cooperation between Canada and the United States was in the development of the atomic bomb. Canada possessed large deposits of uranium ore--the basic material in atomic research. In 1942 an important phase of atomic study was undertaken in Canada as a joint project of Canada, the United States and the United Kingdom.

The Canadian government purchased the uranium properties in the north, and made available large quantities of the raw materials required for the manufacture of atomic bombs in American plants. Canada was associated with the United States and the United Kingdom in the three-nation declaration on atomic energy signed in Washington on November 15, 1945,

which recommended the setting up of a commission under the United Nations to prepare for the international control of atomic power to ensure its use for peaceful purposes.

Because of her special interest in this field, Canada, apart from the Great Powers, is the only country permanently represented on the Atomic Energy Commission of the United Nations.

ECONOMIC ASPECTS OF CANADIAN-AMERICAN RELATIONS

Trade

Total trade between Canada and the United States exceeds that between any other two countries in the world. In 1946 its value was estimated at \$2,250 million. American trade with Canada virtually equalled the combined value of American trade with the United Kingdom, France and China. Canada sold to the United States 40% of all exports.

Canada, which buys more than 60% (during the war years 75%) of her imports from the United States, is by far America's best customer. The United States, in turn, has now replaced the United Kingdom as Canada's principal export market.

Forestry products made up half of the Canadian exports to the United States in 1946, with newsprint as the largest single item. Agricultural products and base metals were other important export commodities.

Since Canada normally buys more from the United States than she sells in that country, 'invisible' Canadian exports to the United States of non-monetary gold and American tourist expenditures in Canada are important factors in the Canadian balance of international payments. In 1946, American tourist expenditures in Canada approximated \$207 million.

Investment

Investment, like trade, has acted as a powerful economic link between Canada and the United States. At the end of 1945, out of a total non-resident investment in Canada of \$7,095 million, 70% represented investments held in the United States. The direct investments of United States business in branches, subsidiaries and controlled companies in Canada, which increased 22% during six wartime years, amounted to \$2,300 million at the end of 1945.

Such branch plants have produced close business relationships between Canada and the United States: common designs, research and advertising facilities are employed in the production of comparable products in both countries. Branches in Canada which have been established as a source of supply for American parent companies, as in the case of wood pulp, greatly stimulate the export of Canadian raw materials.

The flow of investment capital across the boundary has been a two-way movement: Canadian investments in the United States of close to \$1,000 million, are on a per capita basis considerably greater than American investments in Canada. The striking similarity in the economy of Canada and the United States, their parallel developments from pioneer communities to major industrial nations, made a close association of business interests in both countries inevitable, and of mutual benefit.

Transportation

Transportation links further strengthen the economic association. More than 8,000 miles of Canadian railways in the United States and some 1,500 miles of U.S. track in Canada connect with their parent systems through fifty border crossings. Freighters from both countries freely ply the common inland waterway of the Great Lakes system.

The extensive Canadian canal system is open to all ships on an equal basis--and more than one-half of the traffic passing through comes from the United States. Tonnage through the Sault Ste. Marie canals, one Canadian and the other American, is approximately twice as heavy as that through the Panama Canal. Similarly close links are now being established in the growing field of civil aviation.

KINSHIP OF PEOPLE AND OUTLOOK

As a further bond in the continental neighborhood, the denser areas of the Canadian and American population are for the most part located near the common border. Personal contacts between corresponding sections of the two countries--between Montreal and New York, Toronto and Buffalo, Windsor and Detroit, Winnipeg and Minneapolis, Vancouver and Seattle--are thus in many cases easier than contacts between different sections within each country.

Historically, the movement of people in both directions across the border was an important factor in the development of both Canada and the United States. Beginning with the United Empire Loyalists, the first great influx of English-speaking colonists came to Canada from the United States. Hundreds of thousands of French-speaking Canadians emigrated to New England and New York. The citizens of both countries were intermingled in the westward movement across the continent that peopled the fertile prairies.

The common task was the opening up of a vast continent, and the dynamic character of this task eliminated the boundary--in so far as hampering the free movement of people from either country was concerned. Political loyalties were submerged in the pioneers' search for greater opportunity.

At present, if one were to count up all the people born in Canada and still alive, fourteen out of every hundred are living in the United States. Conversely, 350,000 of American birth have made their homes in Canada. The exchange of population on such a scale indicates the fundamental similarity of life in both countries.

The political institutions of both Canada and the United States have a common origin in Great Britain and western Europe. English is a common tongue. Although they have achieved national sovereignty in different ways, both Canada and the United States have travelled the same road from colonial dependence to national independence. In both countries the democratic freedom of the individual is the very foundation of the state. Twice in the present century Canada and the United States have fought side by side in defence of their common democratic ideals. Both are now dedicated to the building of peace through the United Nations.

The harmony of ideals and aspirations is matched by the strong community in the daily life of Canada and the United States. There is the same high standard of living and education, similar trademarks, products, commercial tastes and

advertising. Tastes in food, entertainment and sport can be satisfied with few differences on either side of the border. Although there are significant contrasts in the temper of the two peoples, the high degree of common culture intensified by movies, magazines, newspapers, travel and migration, constitutes a tie of unique strength between Canada and the United States.

Agencies of Canadian-American Cooperation

In addition to the official, governmental channels, whose relations have never been more intimate than they are at present, there are scores of agencies which constantly promote closer understanding between Canada and the United States. Business, labor, professional, academic, social and artistic associations embrace membership in both countries. A notable series of studies prepared under the auspices of the Carnegie Endowment for International Peace by leading experts in both countries laid a sound foundation for cultural cooperation (The Relations of Canada and the United States--25 volumes).

One of the latest agencies may well prove to be fruitful in the future development of greater understanding between the two countries. This is the Canada-United States Committee on Education, founded in 1944. The Committee exists as an unofficial consultative body, made up of prominent Canadian and American educators; its aim is to ensure "an adequate educational undergirding for the perpetuation of the international amity in North America which now exists".

The Committee believes that education in both countries must be based upon the assumption which has proved so successful in the history of Canadian-American relations-- that mutual understanding and the tolerance of differences in national traditions are essential ingredients of enduring mutual respect.

(M.S./17.2.47/N.P.)

...in the ... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...

... of ...

... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...

... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...

... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...
... of ... and ...

(...)