



## STATEMENTS AND SPEECHES

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An address by Mr. Brooke Claxton, Minister of National Defence, delivered at the Metropolitan Club, New York, on March 30, 1951, on the occasion of the presentation to Mr. Claxton of an award by the American Arbitration Association for his services in promoting friendship between Canada and the United States.

I am very grateful indeed for the honour conferred by this award; it really recognizes the close and friendly relations between American and Canadian business.

It was this relationship which led the Canadian Chamber of Commerce and the American Arbitration Association to create the Canadian-American Commercial Arbitration Commission. This arrangement was brought about by an agreement signed by me here in New York on May 20, 1943. Our distinguished host, Mr. Thomas J. Watson, made a large contribution to this result. A step necessary to set up the arbitration arrangement was to ascertain what the law was in the nine provinces of Canada. As counsel for the Canadian Chamber of Commerce the job fell to me of making an examination which showed that these arbitration arrangements could be effectively made under the existing laws.

The signing of the agreement was marked by the first western hemisphere conference and dinner, held at the Hotel Astor, and our host of this evening was the recipient that night of an award. He had earned that award. That evening I referred to the fact that this was the tenth anniversary of the Inter-American Arbitration Commission and in signing the agreement we were "filling the gap".

The extent to which arbitration machinery is used is not the only measure of its success.

One of the greatest advantages of an arbitration arrangement is that its existence leads people to arrive at an amicable settlement without even having resort to arbitration, still less to the courts. Moreover, the mere fact that an arbitration arrangement has been negotiated induces as well as exhibits the spirit of the good neighbour.

This has been particularly true of the relations between Canada and the United States.

Everyone here has close business relations with our country. Everyone here has visited Canada on business or on pleasure, sometimes on business and pleasure mixed in varying proportions.

Canadian-American relations are so good that we are led to take them much too much for granted.

Since the population of the United States is eleven times as large as Canada's, it is natural that in Canada we should be far more conscious of the facts of life and business and politics in the United States than you are of ours.

Sometimes this is a good thing.

This partial blackout is not merely a factor of size. While we appreciate and thank our stars for the similarities of our ways of life and standards of living in the two countries, it isn't a bad thing now and then to recognize that there are some differences as well.

Canadians may be regarded as, and often are, dour and dull and lacking in colour, but on the other hand, these defects viewed from another angle show a different set of facets, of solidarity and responsibility.

Whatever differences there are in the modes of life in our two countries, they are not nearly as great as are the similarities. Indeed, there are no two peoples on the face of the earth who have so much in common.

And there are no two peoples on the face of the earth who have so much at stake in a common security.

The process of arbitration epitomizes peace; arbitration is an essentially peaceful way of settling a dispute; arbitration can only be carried on between people who trust each other irrespective of their size; and arbitration makes for peace. For these reasons I am glad to have had something to do with the development to which you have referred.

But now that peace is threatened and we have found that it can only be preserved by strength, I am glad to have something to do with our work together for our common defence and, like you, I hope that our work will succeed in preserving the peace.

No two countries in the world have closer arrangements for their common defence than we have together.

The extent of this co-operation is not generally appreciated. Let me summarize it:

- (1) The general staffs of Canada and the United States have complete agreement on doctrine, plans and preparations for the joint defence of North America.
- (2) We have interchanges of officers for training, instruction and liaison at many different levels;

- (3) We have satisfactory and acceptable working arrangements for the reception of each other's forces in the other country. For example, at the present time the United States has troops at Fort Churchill engaged on winter testing and development and in Newfoundland on air transport. We have the 25th Brigade group at Fort Lewis in the state of Washington awaiting transport to Korea.
- (4) We exchange information on weapons and equipment and combine our research activities so as to avoid overlapping.
- (5) Failing a general standardization agreement, Canada has decided to standardize her equipment on U.S. patterns, and to accelerate this and, at the same time, build up the defences of Europe, we have transferred British-type armament and ammunition for three divisions to the Netherlands, Belgium and Italy, as well as the guns for an artillery regiment to Luxembourg. We are manufacturing in Canada considerable quantities of U.S.-type equipment, including the F-86E aircraft, the 3.50 calibre naval gun, and this procedure will be extended.
- (6) We have taken part in a number of joint exercises together, including Exercise "Sweetbriar" in Alaska, and the participation of Canadian naval, air and ground forces in Korea is further evidence of how well our forces can work together.
- (7) We have made arrangements for joint action in civil defence and industrial production.

What else remains to be done?

Let me mention four things:

- (1) The St. Lawrence Waterways development should be proceeded with as an urgently needed defence measure;
- (2) We hope for further industrial defence co-operation;
- (3) The armed forces and industry combined must make a frontal attack on the cost of defence equipment. This has become so costly that neither we nor our allies can get what we know we need without going on an all-out war economy.
- (4) The free democracies must take active measures together to promote general understanding of their common aims and appreciation of their joint efforts as the essential foundation for our work together over what may be a long hard pull.

Let me say a word about each of these.

The Permanent Joint Board on Defence was set up by the Ogdensburg Agreement of 1940. The Board has served

a most useful purpose in promoting defence co-operation between the two countries. Every suggestion ever made by the Board has, I believe, been implemented by both countries, except one single recommendation and that is the recommendation in favour of the immediate development of the St. Lawrence Waterways.

It is the view of the Canadian government and of all political parties and of all parts of Canada that the Board is right and that the St. Lawrence development should be proceeded with along the lines of the agreement already worked out by the governments of the two countries. The development of the St. Lawrence Waterways is required in the interest of our common defence to meet urgent needs for power, transportation and iron. At one time this development was opposed by certain interests in my country but that has changed and it is recognized as urgently needed by the whole country.

The second point is a further increase in industrial co-operation in the interests of making the most of our enormous industrial potentialities.

During the war the trade between the United States and Canada reached an all-time high. We bought huge quantities of war material and were the only country to pay cash for every piece of it. This was made possible by your purchasing from us equivalent quantities of raw materials and finished war supplies like aircraft frames, radar sets, guns and instruments.

We have continued that arrangement into the peace; first, in consequence of an exchange of notes in 1945; secondly, by a joint declaration by your President and our Prime Minister in February, 1947; and thirdly, by an agreement signed last October by my colleague, the Right Honourable C.D. Howe, now Minister of Defence Production, and by the Honourable W.S. Symington.

However, like all the other agreements between Canada and the United States, this hardly needed to be written down because the co-ordination of industrial production for defence is based on mutual interest and common sense.

Curiously, you have some legislative obstacles in the way of working this out, but I am glad to say that these are being overcome.

In this connection the United States and Canadian Chambers of Commerce have played a very useful role in drawing attention to something that obviously was never intended to work the way it has.

Things are now moving along. Our hope is that it may be possible for the two countries so to organize their defence production arrangements that we will not set about making in Canada those things for which our requirements are not sufficiently large to make an economic run, such as tanks and heavy motor vehicles.

On the other hand, we would make in Canada for ourselves and for the use of other North Atlantic Treaty nations equipment which, with orders from you, would

be produced in Canada as economically and rapidly as anywhere else.

We think it not unfair to have as our common objective the rough balancing of payments between the two countries so that, for example, we would not need to cut into the sales of the orange growers in Florida and California in order to permit us to pay cash for tanks or motor vehicles built in Detroit.

This sort of balanced arrangement is beginning, but just beginning, to work out. During the last nine months of 1950 you had placed firm orders with us for a total amount of about \$17 millions. We placed firm orders with you for a total of about \$159 millions, but there was a lot more under consideration. We expect that our expenditures in the United States on defence equipment of \$65 millions in 1950-51 will reach something like \$300 millions in 1951-52.

Our three years' programme calls for the expenditure of \$5 billions and we can see ahead a good many hundreds of millions of Canadian purchases in the United States. This will include quantities of U.S. pattern equipment to replace the three divisions' equipment of British type we have transferred to Western Europe. We hope to see increased U.S. expenditures in Canada.

The third point I make is that we must decrease the unit cost of defence equipment. Unless you actually see it, it is hard to imagine how defence costs have soared. A large part of this is unavoidable either because of the rises in the price level and wage structure, or because of the intrinsic complexity of the equipment and difficulty of the industrial operation. Jet aircraft, electronic equipment and anti-submarine ships cannot be made on the cheap.

On the other hand, there is no other field of human activity in which to such a degree the search for the perfect prevents the good. I am always asking our people if a 5% increase in performance justifies a 50% increase in cost. This is a job that can only be tackled by the armed forces making full use of the know-how of industry. In our country all defence production and procurement is handled by a single civilian government department, the Department of Defence Production. We found that worked well during the Second World War.

This business we are on of building up our strength to resist aggression will probably succeed. The measure of its success will be the continuation of the strain. This is going to be hard to take, hard for governments, hard for tax-payers, hard for housewives and hard for soldiers, but it is infinitely better than either of the other two alternatives - war, or the gradual encroachment by Communist aggression upon the whole area of our freedom.

We shall need tolerance and patience and forbearance and endurance and understanding - all these uncolourful qualities which don't usually make headlines and don't show up awfully well on the television screen.

The peace of the world, the continued development of the kind of thing for which these arbitration agreements stand, the future of our children and grandchildren, depend on nothing more or less than the democracies working together. You in the United States have recognized that despite your power you can't do it alone. We have got to the point where we all know we must work together.

This means that we are going to need steady heads, stout hearts and controlled emotions to see us through the long hard pull. We may have to keep this up for a generation. It is always easier to fight for one's principles than to live up to them. The democracies have to steer a difficult course, not falling into the trap on the one side of saying, "This is becoming unendurable and it would be better to end it now by jumping at any challenge by the Communists which might bring about a general war"; or of drifting into the other trap of being lulled into security and slackening our effort.

In all our relations Canada and the United States have shown the example of the good neighbour. The phrase was first used in the Jay Treaty of 1794.

In the final volume of the series of studies on the relations of Canada and the United States prepared under the direction of the Carnegie Endowment Professor J.G. Brebner of Columbia refers to the relations between our two countries in a way which has particular significance on this occasion.

Professor Brebner said:

"In complementary fashion, and in spite of economic nationalism, they built up the largest bilateral international exchange of money and commodities on earth. They competed for territory, transportation, raw materials, and markets. They co-operated in creating the unique North American standard and pattern of living. They invented and have operated for one hundred and fifty years an increasingly comprehensive and effective international machinery for the liquidation of some inescapable consequences of their interlocked destinies."

The treaty of 1909 established the International Joint Commission which has since worked effectively to settle matters resulting from our juxtaposition.

What an example there is for the world in this relationship between your great country and our country growing in greatness.

If the relations between the Soviet Union and the rest of the world were anything like those existing between Canada and the United States what a boon it would be for the Russian people and all other peoples on this earth.