



## STATEMENTS AND SPEECHES

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An address by the Secretary of State for External Affairs, Mr. L.B. Pearson, made at the Annual Dinner Meeting of the Dominion Marine Association and Lake Carriers' Association, Seignior Club, Montebello, P.Q., January 21, 1953.

...Few outside the lake shipping industry itself realize how much we owe to the Canadian and American vessels which ply their way on the waters of the Great Lakes, and to the men who sail in them.

The layman's ignorance is perhaps most readily tested by his (or her) reaction to the following brief description which I recently read in a publication with which our friend Mr. Donovan will be familiar: "She may not be a thing of beauty - judged alongside her racy sisters - but she is strong and true and efficient."

To the layman this might appear to be a description of his wife by a doting husband. To any lake shipper, however, it is clearly recognizable as a description of the Laker which serves the needs of transportation on our great inland waterways.

I know there is a long tradition of friendship between the Dominion Marine Association and the Lake Carriers' Association. That tradition reflects, in terms of common interests and friendly co-operation, the solid foundation on which Canadian-United States friendship is built. In a world of sudden storms and often dense fog, our two peoples, like the men of the two great marine services on the inland lakes, have learned to chart their courses together. Over many years, we have tackled our joint problems with an honesty and directness and frankness which occasionally surprises and perhaps even shocks some people in other countries, but which, we know from experience, is the best way for us. I am glad to be able to acknowledge this friendship as a new administration and a new President take over - as the guard of freedom is changed. All Canadians wish President Eisenhower well. No man has greater claim on our gratitude, our affection and our respect than the Great Captain who led us through the trials and crises of World War II, and who has now accepted the call to leadership in an even greater crusade, the fight to protect the peace after the victory which he did so much to win. May he be given strength and guidance in the days ahead.

In the terribly difficult days ahead, our countries are bound to have differences as our relations become even closer and more important. We must not allow

Such improvement has certainly taken place. Startling, indeed, is the contrast between the arduous 7-weeks crossing of the Atlantic by the sailing vessels of the early 19th century and the speed of the jet aircraft which recently made the same crossing in something over three hours - and then turned round and flew back across the Atlantic the same afternoon, reaching Canada, by the clock, before it had left Britain. In internal transport, there has been an equally startling progression from canoe to Durham boat, to steamship, and on to the RCAF aircraft which recently flew from Winnipeg to Ottawa in less than 2 hours.

The effect of all this has been to annihilate distance between Canada and countries abroad, and within our own borders. But in our thinking, in the social sciences we still live in a world which considers Jules Verne's "Around the World in Eighty Days" as a piece of imaginative fiction.

Professor Toynbee, historian and philosopher, has recently shown how this revolution in communications has operated to "shrink the geography of the globe". The former English Channel, he writes, which was still an effective strategic obstacle as recently as 1940, has now become almost as invisible as the jet plane that now streaks across it at 40,000 feet and at 600 miles per hour. The British Isles have been reduced to the former dimensions, and have been parked in the former location of what used to be called the Channel Islands. North America has now succeeded Britain as an island moored between two oceans. The Atlantic Ocean is now the channel.

Technologically, then, we are doing all right. But in our economic and political arrangements, based on the old notion of national and competing and omnipotent sovereignties, we have moved very slowly to catch up with technology. We have moved, in the free world, and in the right direction, but we have a long way to go and the time may be short. Indeed because of technological advance, especially in communications, the time is too short for almost anything.

It is against the background of this revolutionary development in technology, including communications, that I wish to say a word about one or two of the obligations which I think it imposes on us.

On the economic plane, our first task is to recognize the interdependence of national economies, and to provide machinery and procedures which will reflect this interdependence in our arrangements with one another. We can begin close to home by looking at the trade and communications picture between Canada and the United States.

So far as the communications side of the picture is concerned, I should like to say a word about only one matter, the St. Lawrence Seaway and Power Project.

The great expansion of industry in Canada since the war has brought with it increasing need for power of all kinds and particularly for the cheap hydro-electric power which has been so important a factor in the economic growth of the Great Lakes area. If the momentum of this expansion in the whole Great Lakes-St. Lawrence basin is to be maintained, we must continue to provide ever-increasing

amounts of the low-cost power on which the industry of this area depends. We must also provide increased facilities for transportation in order to cope with the requirements of our growth. The Great Lakes-St. Lawrence Basin Treaty of 1932 and the similar Agreement of 1941 were conceived for these purposes.

We have always hoped and expected that the United States would join with us this enterprise and year after year we have waited for the United States Congress to authorize that co-operation. However, with the increasing strength of the Canadian economy, with the assurance that the navigation facilities will be fully used and that the cost of construction, maintenance and operation can be paid for by tolls, the question of whether the original outlay is shared by the two countries has now become less important. At the same time the urgent need to get on with this job has increased. In September 1951, therefore, the Prime Minister, Mr. St. Laurent, discussed with President Truman the alternative plan for development of the deep waterway entirely by Canada when arrangements have been completed for the construction of the power works by appropriate bodies in the two countries. The President agreed to support this plan if joint action "at an early date" was not possible.

Since then, the "early date" has passed, no progress whatever has been made on the plan of joint development of the waterway. But we have gone a long way toward completing arrangements for the Canadian project. Parliament approved the necessary legislation in December 1951, and the Ontario Legislature approved the arrangements for the construction of the power works. The International Joint Commission has also given its approval, necessary under the Boundary Waters Treaty of 1909, for the development of the power works. In fact, all that remains is that an appropriate entity be authorized to proceed with the construction of the United States share of these power works.

Recently, there has been renewed interest in the United States in participation in the waterway. The Canadian Government considers, however, that we must get on with the whole development as rapidly as possible. The need for power is urgent and must be met, and the St. Lawrence River is the last significant source of hydro-electric power available to the area which it will serve. Once the arrangements for the power development are completed - but only then - we can discuss whatever proposal the United States may wish to put forward for co-operation in providing the navigation facilities, provided such discussions did not delay the development of power, or the completion of the Seaway as a whole. We don't want - and I'm sure nobody wants - another ten years of talk and frustration. We have undertaken in an Exchange of Notes with the United States on June 30, 1952, to provide a deep waterway as quickly as possible once the power development is under way, and we expect to carry out that undertaking.

I know that there are those in both countries who view with doubt and even alarm the completion of this Seaway. To them I should like to quote from a speech recently made by Mr. Peter Moulder, Vice-President of International Harvester Company and who, as a manufacturer of trucks, would have no prejudice in favour of a project which will cause more goods to move by ship.

Mr. Moulder said:

"You can't halt progress. When the Suez Canal was opened in 1869 there were dire predictions that it would disrupt world trade forever. Much the same thing was said by opponents of the Panama Canal. But today both those waterways are so much accepted in the pattern of world transportation that we seldom hear them referred to. And so it will be with the St. Lawrence Seaway. Fifty years hence I doubt very much if the controversy over its construction will be remembered outside of history books".

It will be remembered, however, if we can't do the job. I should also like to say a word about the trade aspect of the interdependence of our two countries.

I do not think that to an audience as familiar as you are with the practical details of the movement of raw materials, goods and products across frontiers it is necessary to labour the degree of such interdependence.

The people of Canada have worked hard to make the most of the natural resources with which nature has endowed this land. As a result, our gross national product has increased, roughly 90 per cent in physical volume (and far more, of course, in value) since 1939. In the last trading year, our total foreign trade was over \$8 billion, which is the third or fourth largest in the world.

In the recent economic progress which has been made in Canada, the United States has had an important role to play, and one of mutual benefit. By the end of 1951 she had a \$7½ billion investment in Canada and, in that year, a market here for nearly \$3 billion worth of her goods. Canada is now the largest single customer of the United States, buying from the United States about as much as the entire continent of South America. The trade figures in the opposite direction show that the United States, with a population over ten times as large as Canada, bought last year about \$500 million less from Canada than we bought from the United States. This is something we should think about; and try to do something about.

But our interest in trade is not merely continental; it also includes, for both of us, the rest of the free world. For Canada, we spend about 1/4 of our total income on imports and about the same proportion or more of our total production goes into exports. While foreign trade is relatively of less importance to the United States, its huge volume is of major importance for the friendly countries with which the United States is associated. The policies which the United States now pursues in respect of that trade will, in fact, largely determine the economic well-being and political stability of all those countries.

In a speech which I made at Houston, Texas, last summer I made the following statement:

"I can assure you that we in Canada wish to see international trade easier, and not less easy, both on this continent and throughout the free world. We

are prepared to do our part to this end and specifically to support any move designed to bring about the freest possible exchange of goods, with the minimum of obstructions and restrictions between our own two countries. We would welcome any steps that could be taken in that direction or any inter-governmental discussions that would lead to such a result. Surely such a policy makes continental common sense!"

Since I spoke in these terms, efforts have been made at the Commonwealth Prime Ministers' recent meeting in London towards resolving the economic and financial problems of the sterling area with a view to increasing trade and fostering development not only within the Commonwealth, but also between the Commonwealth and other countries. We must persist in such efforts - and others yet to come - to restore a full and freer flow of trade, and to maintain it at as high levels as possible. Rigid control of imports and direction of exports - both forms of protection - cannot increase the wealth of the nations of the free world, but they can make political co-operation between them more difficult.

If free and fair competition is essential within states, surely it is desirable between states who are working together politically in the building of a coalition to defend the peace and prevent war. It is futile to urge European countries to break down political and economic barriers which stand in the way of their own unity and their collective strength, if, across the Atlantic, we erect or maintain similar or greater barriers against their products, or against each other.

We must use our ingenuity and wisdom to devise trading arrangements in harmony with the commercial policies which the United States and other free countries have championed in theory since the war; which will preserve opportunities for our exporters, be fair to our domestic producers and give each of us the benefit of the skill and industry of other peoples. If we cannot do this, there is not much hope for the survival of those collective political arrangements which are essential if we are to face and remove the threat to peace posed by Communist imperialism; a threat which, I do not need to add, remains menacing in spite of the question-and-answer game being played by the Kremlin. It is hard to reconcile mutual aid in defence of peace and security and mutual interference in the promotion of trade and commerce. I would go further and suggest that if we want closer co-operation in the political field we must avoid conflict in the field of economics and trade....