

STATEMENTS AND SPEECHES

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"GREAT ISSUES IN THE ANGLO-CANADIAN-AMERICAN COMMUNITY"

An address by the Prime Minister of Canada, Mr. John G. Diefenbaker, M.P., at Dartmouth College, Hanover, New Hampshire, U.S.A., September 7, 1957.

This being the first occasion as Prime Minister that I have had to address an audience in the United States, I avail myself of the opportunity to discuss some phases of the relationship of Canada and the United States. I do so here, for the glory of Dartmouth College for almost two hundred years has been its tolerance and its pursuit of truth. Great issues have been debated in the history of this historic college which made the name of Daniel Webster a name to conjure with in the English-speaking world, and wherever else in the world freedom still lives.

A few weeks ago I was in London at the meeting of the Commonwealth Prime Ministers and discussed with other members of the Commonwealth mutual problems which might be called "family problems". Here I shall discuss "neighbourly problems".

There will be full agreement among those present that the Anglo-Canadian-American Community constitutes a grand alliance for freedom, in partnership with others of the NATO family, in the defence of democracy against the Red Menace. This alliance has as its "built-in" stabilizers for unity a common tradition, a respect for the rights of man, an unswerving dedication to freedom. I believe with you that the maintenance of that unity is the only certain hope for the survival of freedom everywhere in the world.

Canada and the United States have grown up in separate ways. My country achieved its freedom and independence by evolution, not revolution -- by its adherence to a limited monarchy within the Commonwealth of Nations, rather than through the establishment of a Republic. The Commonwealth knows no written constitution or agreement - it is bound together by the aspirations of peoples in all parts of the globe who, while independent, are united in their dedication to freedom under the Queen as the symbol of their unity. Canada's status as an independent member of the Commonwealth and a constitutional monarchy will be emphasized when Her Majesty Queen Elizabeth II opens Canada's Parliament on October 14 as the Queen of Canada.

Canada and the United States, as long ago as 1794 in a "Treaty of Amity, Commerce and Navigation", undertook "to promote a disposition favourable to friendship and goodwill". While this undertaking has not at all times since been maintained, it is, and has been, of the essence of our relationship.

Partners in Defence

We are partners in defence -- and we realize that the security of this continent cannot be assured without the closest co-operation between our two countries. To that end one of the first acts of the new Canadian Government when it came into power this summer was to agree to the joint operational control of the air defence forces of Canada and the United States. This system embraces not only our two air forces, but the several radar warning lines which have been built by us jointly across this continent, and mainly through Canada. In so doing Canada does not in any way sacrifice her sovereignty over, or ownership of, these

We have learned to trust one another. Neither has received aid from the other without payment. No hereditary animosities or ancestral fears remain to divide us. In Canada we know that if the United States since the last war had not assumed world leadership, the free world might not have survived. But we cannot take our relationship for granted. The former Secretary of State for External Affairs (Mr. L.B. Pearson) expressed the same sentiment a few years ago when he said "the era of easy and automatic good relations between Canada and the United States is over". That does not mean that an era of difficult or bad relations is beginning. It emphasizes the need for care being taken in attending to our relations and viewing each other's problems with common sense, frankness, absolute confidence and mutual trust.

The whole measure of warm friendship which has long existed between the United States and Canada, and the parallel interest of the two countries, enables us to speak to each other with a measure of forthrightness which is permitted to very few countries in the world. The candour with which we can communicate with each other strengthens our understanding of each other, and helps us to avoid the pitfalls of misunderstanding which have bedevilled relations of so many other countries in the world.

Economic Problems

May I now with the utmost frankness and goodwill, and in the interests of fullest understanding, deal with one or two economic matters that are causing unrest within my country. By doing so I emphasize that the Government of Canada has as its duty and responsibility to consider Canadian interests first. It is not now and will not be, anti-American. The Secretary of State of the United States, the Honourable John Foster Dulles, in evidence recently given before a Congressional Committee, said: "the purpose of the State Department... is to look out for the interests of the United States." The responsibility of the Canadian Government in like measure is to consider Canadian interests first. This should not be misinterpreted as being anti-American.

Canada is numbered among the great trading countries of the world. While we are desirous of doing business with all nations, our trading world has become increasingly confined to the United States, which takes sixty per cent of our exports and provides seventy-three per cent of our imports. A recent survey in the United States showed in graphic form that almost every American community of any size is selling something to Canada. It shows that Brooklyn sells more to Canada than Argentina does, that Louisville sells more to Canada than New Zealand does, that Chicago sells almost as much to Canada as does West Germany, and that Seattle

sells almost as much to Canada as does Norway. Even in agricultural products, Canada buys a larger volume of American agricultural products, by some \$100,000,000, than Canada sells to the United States.

The value of United States exports to Canada is almost as much as that of its total sales to all Latin American countries. Canada is the United States' greatest customer and the United States is Canada's greatest customer. What you are buying from us is largely raw materials or semi or partially-manufactured materials, for the United States tariff system prohibits any major import of manufactured goods.

This concentration of trade in one channel contains inherent dangers for Canada. It makes the Canadian economy altogether too vulnerable to sudden changes in trading policy at Washington. Canadians do not wish to have their economic, any more than their political, affairs determined outside Canada.

Canada has always purchased more from the United States than the United States has purchased from Canada. This imbalance is now running to record proportions. In our commodity trade last year, Canada purchased from the United States goods to a value of \$1,298 millions more than the United States purchased from Canada. Thus far in 1957, the imbalance has increased, and if the present trend continues, 1957 will establish a new all-time record in imbalance in trade between the two countries.

Our trade with the United States is equivalent to 25 per cent of Canada's gross national product. On the other hand, it is the equivalent of less than 2 per cent of the gross national product of the United States. It is perhaps only natural, therefore, that Canadian-American trade should not make the same claim on the attention and consideration of the United States as it does on Canada.

A pressing concern in Canada is the question of the United States agricultural disposal programme, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets. Canada's carry-over of wheat amounted to more than 700 million bushels this year. It is vital to Canada's economy that some 300 million bushels of wheat be exported every year.

Canada can compete for her share of the markets of the world, providing other nations follow recognized competitive practices. The share of the world market for wheat by the United States has been increasing in recent years by its policies of surplus disposal, and that increase has come about mainly at the expense of Canada's export trade, which has been decreasing. The surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market. Canada cannot compete for agricultural markets against the dominant economic power of the United States, with its export subsidies, barter deals and sales for foreign currency.

The free world faces not only the military, but the economic aggression of the U.S.S.R. Military alliances and joint co-ordination for defence are not enough. There must be economic co-operation, which in turn demands recognition by larger nations of the effect of their economic policies on smaller nations. Freedom cannot afford to allow any of the free nations to be weakened economically.

We are co-operating in defence measures -- why not to a greater degree in economic matters? The joint United States-Canadian Cabinet Committee on Trade and Economic Questions will meet in Washington in early October, and Canadians hope that this matter can be resolved by mutual agreement which will provide for a fair and reasonable solution of the problem of the disposal of wheat and other agricultural surpluses.

One other matter deserves comment in the interests of clarification. Capital from the United States has played an important role in the development of Canadian resources. We welcome this investment and intend to continue to provide the best foreign investment climate in the world. The heavy influx of American investment has resulted in some 60 per cent of our main manufacturing industries, and a larger proportion of our mine and oil production, being owned and controlled by United States interests. In that investment what Canadians ask is that full account be taken of the interest of Canadians in the policies that are followed in the direction and use of that capital.

There would be no potential harm in external ownership as long as companies engaged in these industries are developed in Canada's interests, and their policies take account in their direction of the interests of Canadians.

There is an intangible sense of disquiet in Canada over the political implications of large-scale and continuing external ownership and control of Canadian industries. The question is being asked: "can a country have a meaningful independent existence in a situation where non-residents own an important part of that country's basic resources and industry, and are, therefore, in a position to make important decisions affecting the operation and development of the country's economy?" Canadians ask that American companies investing in Canada should not regard Canada as an extension of the American market; that they should be incorporated as Canadian companies making available equity stock to Canadians. That there is cause for questioning seems clear when I tell you that it is estimated that of American-controlled firms operating in Canada not more than one in four offers stock to Canadians.

There are other problems but time denies reference to them. What I have said is not spoken in a spirit of truculence or of petition. My purpose is to have removed causes for disagreement which, unsolved, may diminish the spirit of understanding which is characteristic of our relationship. We in Canada and the United States are such close neighbours and have so much in common that it is hard to realize that we are bound to have some differences. We are united in the great cause of freedom and democracy. In our military alliance there is the closest co-operation between us. In the fundamental things of life we have no differences. Our comradeship knows no closer alliance in the world. Let it not be said that we cannot achieve a similar spirit of co-operation in economic affairs.

Joint Heritage of Freedom

The message I am trying to convey is epitomized by the words used by President Eisenhower in the Canadian House of Commons on November 14, 1953:

"More than friendship and partnership is signified in the relations between our countries. These relations that today enrich our people justify the faith of our fathers that men, given self-government, can dwell at peace among themselves, progressive in the development of their material wealth, quick to join in the defence of their spiritual community, ready to arbitrate differences that may arise to divide them.

"Beyond the shadow of the atomic cloud, the horizon is bright with promise. No shadow can halt our advance together. For we, of Canada and the United States, shall use carefully and wisely the God-given graces of faith and reason as we march toward it - toward the horizon of a world where each man, each family, each nation lives at peace in a climate of freedom."

Our two countries, with Great Britain, have a joint heritage of freedom. We are united in our determination to preserve our heritage of spiritual values that are dearer than life itself. To preserve that steadfast and undiminished unity that saved us in war, our governments, our peoples, must give due regard at all times to the problems of each other with infinite respect, tolerance and consideration.

In the days ahead many grave decisions will face our peoples. In the last analysis, how Canadians and Americans and Britishers get along is a world test of "neighbourhood" in international relations.

In concord with the other free nations, the solidarity of Anglo-Canadian-American friendship is vital to the peace and well-being of the world and will provide the key to whether we succeed or fail in our great quest to maintain freedom for this and future generations.

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