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CANADA-UNITED STATES CO-OPERATION

In an exchange of notes on post-war reconstruction, November 30, 1942, the governments of Canada and the United States proposed to "furnish to the world concrete evidence of the ways in which two neighbouring countries that have a long experience of friendly relations and a high degree of economic interdependence, and that share the conviction that such reciprocally beneficial relations must form part of a general system, may promote by agreed action their mutual interests to the benefit of themselves and other countries." The two governments, "are prepared to co-operate in formulating a program of agreed action, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers...".

Before post-war plans can be put into effect, however, the war must be won. To that end, in the fields of defence, economics and war production, Canada and the United States have joined forces for the duration through the following committees:

Permanent Joint Board on Defence	August, 1940.
Materials Co-ordinating Committee	May, 1941.
Joint Economic Committees	June, 1941.
Joint War Production Committee	November, 1941.
Joint Agricultural Committee	March, 1943.
Joint War Aid Committee	August, 1943.

Canada is also represented, along with the United States and the United Kingdom, on:

- Combined Production and Resources Board.
- Combined Food Board.

Public recognition of the interdependence of the two countries was made by President Roosevelt in a speech on the occasion of the opening of the Thousand Islands Bridge at Ivy Lee on August 18, 1938. The President of the United States said:

"The Dominion of Canada is part of the sisterhood of the British Empire. I give to 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."

Prime Minister King of Canada replied at Woodbridge, Ontario, on August 20, 1938:

"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 or sea or air to the United States across Canadian territory."

THE
OGDENS-
BURG
AGREEMENT

On September 10, 1939, Canada declared war on Germany. Eleven months later, on August 17, 1940, the Prime Minister of Canada and the President of the United States met at Ogdensburg, New York, and signed what became known as the Ogdensburg Agreement. In presenting this agreement to the House of Commons, Prime Minister King stated:

"With the outbreak of war, the question of coast defences became of vital importance. At the same time, the fact that Canada was a belligerent and the United States a neutral complicated the problem of pursuing the discussion. In the face of the European menace it was obviously desirable to give expression to the needs of joint defence. To the means, however, of effecting this end, the most careful consideration had to be given in order that there might be no grounds for the belief that there was any attempt on Canada's part to influence the policies or to interfere in the domestic affairs of a neutral country... From the beginning the President made it perfectly clear that his primary interest in the subject was the defence of the United States. I was equally frank in making it clear that my concern was the effective defence of Canada and the defence of the British Commonwealth of Nations as a whole."

In the field of international affairs, this agreement marked a significant development. Canada, for the first time in its history, leaving aside its ordinary policy in external relations, made a defense agreement with a country outside the British Empire. And the United States, though at peace, entered into a sort of military agreement with a country at war. The Ogdensburg Agreement is as follows:

"The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a permanent joint board on defence shall be set up at once by the two countries.

The permanent joint board on defence shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defence of the north half of the western hemisphere.

The permanent joint board on defence will consist of four or five members from each country, most of them from the services. It will meet shortly."

THE CANADA-
UNITED
STATES
PERMANENT
JOINT BOARD
ON DEFENCE

The Canadian-United States Permanent Joint Board on Defence was appointed August 22, 1940. The present membership is as follows:

CANADA

- O. M. Biggar, K. C. Chairman
- Major-General Maurice A. Pope
- Air Vice-Marshal N. R. Anderson
- Rear-Admiral G. C. Jones
- Dr. H. L. Keenleyside, Department of External Affairs - Secretary

UNITED STATES

Mayor F. H. LaGuardia of New York - Chairman
Vice-Admiral A. W. Johnson, U.S.N. (retired), Washington
Major-General Guy V. Henry, U.S. Army, Washington
Captain R. W. Ruble, U.S. Navy, Washington
Lt.-Col. Earl Wm. Hockenberry, U.S. Army, Washington
John Hickerson, State Department, Washington - Secretary

The first task of the Permanent Joint Board on Defence was the preparation of over-all plans for the military, naval and air defence of the two countries, plans which are now working smoothly and effectively. Canadian and American forces are operating jointly in Newfoundland, Labrador and Alaska. Combined United States and Canadian military forces, supported by naval and air forces of both countries, re-occupied the island of Kiska in the Aleutians, August, 1943. Co-ordinated Canadian and American naval and air operations are constantly taking place in the North Atlantic.

On the recommendation of the Board a conference was held which resulted in the co-ordinated programme for air training on this continent.

The Board is also responsible for the establishment of an efficient system of airfields connecting the heart of the continent with Alaska, and for the construction of the Alaska Military Road. The air bases, built by Canada, were opened to traffic in September, 1941 and proved of great assistance in the construction of the road. The Alaska Military Road, built by United States Army Engineers with the co-operation of the Canadian government, was opened November 20, 1942. There are a great number of other projects which are being carried out either jointly or by the forces of one or other country as a result of decisions jointly reached, which provide a co-ordinated system of continental defence, but which for security reasons have been necessarily secret.

The problem of a growing shortage in Canada of United States dollars to pay for essential war purchases from the United States, and the problem of waste and unnecessary duplication of production facilities on the North American continent, suggested the extension to the economic sphere of the Ogdensburg Agreement.

On April 20, 1941, the Prime Minister of Canada and the President of the United States, after a conference at Hyde Park, issued what is now known as the Hyde Park Declaration:

"Among other important matters, the President and the Prime Minister discussed measures by which the most prompt and effective utilization might be made of the productive facilities of North America for the purpose both of local and hemisphere defence, and of the assistance which in addition to their own program both Canada and the United States are rendering to Great Britain and the other democracies.

"It was agreed as a general principle 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 this end.

"While Canada has expanded its productive capacity manifold since the beginning of the war, there are still numerous defence articles which it must obtain in the United States, and purchases of this character by Canada will be even greater in the coming year than in the past. On the other

THE HYDE
PARK
DECLARATION

hand, there is existing and potential capacity in Canada for the speedy production of certain kinds of munitions, strategic materials, aluminum and ships which are urgently required by the United States for its own purposes.

"While exact estimates cannot yet be made, it is hoped that during the next 12 months Canada can supply the United States with between \$200,000,000. and #300,000,000. worth of such defence articles. This sum is a small fraction of the total defence program of the United States, but many of the articles to be provided are of vital importance. In addition, it is of great importance to the economic and financial relations between the two countries that payment by the United States for these supplies will materially assist Canada in meeting part of the cost of Canadian defence purchases in the United States.

"In so far as Canada's defence purchases in the United States consist of component parts to be used in equipment and munitions which Canada is producing for Great Britain, it was also agreed that Great Britain will obtain these parts under the Lease-Lend Act and forward them to Canada for inclusion in the finished articles.

"The technical and financial details will be worked out as soon as possible in accordance with the general principles which have been agreed upon between the President and the Prime Minister."

**JOINT
ECONOMIC
COMMITTEES**

To help implement the Hyde Park Agreement and to act in an advisory capacity to the governments at Ottawa and Washington, the Joint Economic Committees were formed in June, 1941. Each government was to "appoint a committee to meet with a committee appointed by the other, and these committees shall, severally and jointly, study and report to their respective governments on the possibility of:

1. Effecting a more economic, more efficient and more co-ordinated utilization of the combined resources of the two countries in the production of defence requirements (to the extent that this is not now being done) and
2. Reducing the probable post-war economic dislocation consequent upon the changes which the economy in each country is presently undergoing."

CANADIAN MEMBERS

- Dr. W. A. Mackintosh, Special Assistant to the Deputy Minister of Finance - Chairman
- Dr. J. G. Bouchard, Assistant Deputy Minister of Agriculture
- G. C. Bateman, Metals Controller, Department of Munitions and Supply
- D. A. Skelton, Director of Research, Bank of Canada
- Dr. H. L. Keenleyside, Assistant Under-Secretary of State for External Affairs (occasional member)
- Dr. H. F. Angus, Department of External Affairs - Liaison Officer
- J. J. Deutsch - Secretary

UNITED STATES MEMBERS

Dr. Alvin H. Hansen, Harvard, Consultant to the Board
of Governors of the Federal Reserve System - Chairman
Robert R. Nathan, War Production Board
E. Dana Durand, Commissioner, U.S. Tariff Commission
George F. Yantis, National Resources Planning Board
Eric Englund, Department of Agriculture
Hon. A. A. Berle, Jr., Assistant Secretary of State (occasional
member)
L. C. Stinebower, State Department - Liaison Officer
Wendell E. Thorne - Secretary

Among the problems considered have been the harmonizing of economic controls in the two countries and the establishment of similar regulations in the matter of priorities and limitations on output in civilian industry. Price policies gave rise to a number of problems. Policies in regard to shipping and export controls were considered, particularly the equitable allocation of cargo space to Canadian imports, exports and the most efficient use of Lake shipping in transporting wheat to Britain and carrying iron ore from Lake Superior to the steel-producing areas of Canada and the United States. Plans for pooling materials and manufactures to meet essential Latin-American requirements were initiated.

The Joint Committees have also been preparing a first draft of a long-term report on economic co-operation between Canada and the United States.

Exploratory discussion of post-war problems led to the initiation by the Joint Economic Committees of a joint Canada-United States study of the north Pacific area, announced January 25, 1943. The area to be studied includes Alaska, the Yukon territory and northern British Columbia. The object is to study the possibilities for the economic development of the region in the light of wartime changes and for the benefit of the two countries and for the welfare of the inhabitants of the area. On the basis of the information being gathered, the Joint Economic Committees may make recommendations to the two governments regarding desirable measures of economic co-operation for the future development of the region.

In order to promote the movement of primary materials between Canada and the United States, increase available supplies and collect and exchange information on raw material stocks in the two countries, the Materials Co-ordinating Committee, United States and Canada, was established May 1, 1941.

Canadian Representatives:

George C. Bateman, Metals Controller, Department of Munitions and Supply
H. J. Symington, K.C., Power Controller, Department of Munitions and Supply
F. V. C. Hewett, Executive Secretary, Department of Munitions and Supply

United States Representatives:

W. L. Batt, Chairman, Combined Raw Materials Board, Washington
Frederick M. Eaton, Executive Secretary to the Combined Raw Materials Board
George H. Emery, Secretary.

Four sub-committees, on forest products, copper, zinc and ferro-alloys have been set up. The committee has arranged for a large increase in Canadian aluminum production and substantially raised nickel output for United States consumption. The movement of zinc and copper concentrates to the United States has been increased. Large sales of lead and mercury have been made to the United States. The Materials

Co-ordinating Committee also has arranged for the distribution between the two countries of chrome and manganese ore, cobalt metal and numerous "critical" metals. It has effected collaboration in the purchase of "critical" items, such as tin, and has dealt with matters concerning the movement of asbestos from this country. It has arranged for collaboration on the export from Canada of electric energy, and considered ways of increasing power supply between the two countries. The committee's work has been integrated with that of the Combined Raw Materials Board for the United Nations in Washington.

**JOINT WAR
PRODUCTION
COMMITTEE**

In the fields of military strategy, primary materials and general economic relations, the two countries had now established joint agencies. To round out a four-way channel of co-operation, the Joint War Production Committee was set up to co-ordinate effectively defence production capacity. It was established November 5, 1941, on the recommendation of the Joint Economic Committees.

MEMBERS OF THE CANADIAN SECTION

- H. H. Carmichael, Co-ordinator of Production, Department of Munitions and Supply
- R. P. Bell, Director General, Aircraft Production Branch, Department of Munitions and Supply
- J. H. Berry, Director General, Automotive and Tank Production Branch, Department of Munitions and Supply
- J. R. Donald, Director General, Chemicals and Explosives, Department of Munitions and Supply
- H. R. MacMillan, President, Wartime Merchant Shipping, Ltd.
- Hume Wrong, Assistant Under Secretary of State for External Affairs

MEMBERS OF UNITED STATES SECTION

- C. E. Wilson, Vice-Chairman War Production Board - Chairman
- W. L. Batt, Vice-Chairman, War Production Board; Deputy chairman
- J. V. Forrestal, Under Secretary of the Navy
- R. P. Patterson, Under Secretary of War
- Leo P. Crowley, Director, Foreign Economic Administration
- E. R. Stettinius, Jr., Under-Secretary of State
- Admiral H. L. Vickery, Vice-Chairman, U.S. Maritime Commission

EXECUTIVE ASSISTANTS TO THE CHAIRMAN

- H. Carl Goldenberg, Director General, Economics and Statistics Branch, Department of Munitions and Supply
- S. D. Pierce, Department of Munitions and Supply, Executive Director, Canadian Section, Washington.
- Lt. Col. Charles Heidt, Air Corps, Executive Director, United States Section.

The following statement of policy for the war production of the two countries was issued by the Joint War Production Committee on December 15, 1941:

"1. Victory will require the maximum war production in both countries in the shortest possible time; speed and volume of war output, rather than monetary cost, are the primary considerations.

2. An all-out war production effort in both countries requires the maximum use of the labour, raw materials and facilities in each country.

3. Achievement of maximum volume and speed of war output requires that the production and resources of both countries should be effectively integrated and directed towards a common program of requirements for the total war effort.

4. Each country should produce those articles in an integrated program of requirements which will result in maximum joint output of war goods in the minimum time.

5. Scarce raw materials and goods which one country requires from the other in order to carry out the joint program of war production should be so allocated between the two countries that such materials and goods will make the maximum contribution toward the output of the most necessary articles in the shortest period of time.

6. Legislative and administrative barriers, including tariffs, import duties, customs and other regulations or restrictions of any character which prohibit, prevent, delay or otherwise impede the free flow of necessary munitions and war supplies between the two countries should be suspended or otherwise eliminated for the duration of the war.

7. The two governments should take all measures necessary for the fullest implementation of the foregoing principles."

Ten sub-committees were established, which report monthly to the Joint War Production Committee. These sub-committees keep in constant daily touch by personal conference or by telephone, in order to ensure the closest possible co-operation between the two countries. Production is accelerated, new developments reported, and jobs in which both countries are interested are allocated to the one most capable of accomplishing it speedily and satisfactorily. The 10 sub-committees are:

- Tank-automotive
- Artillery
- Artillery ammunition
- Small arms and small arms ammunition
- Chemicals and explosives
- Signal Corps equipment
- Conservation
- Aircraft
- Naval shipbuilding
- Merchant shipbuilding

The Joint War Production Committee of Canada and the U.S. has reported the following action to increase the war output in both countries:

Duplication in production has been greatly reduced. For instance, arrangements were made for concentration on one type of airplane propeller in the United States and on another type in Canada. This resulted in more efficient total production to meet the needs of both countries.

Exchange of designs and information about methods has been mutually beneficial. In at least one instance, clearance through a joint sub-committee made it possible for Canada to avoid costly plant expansion to produce a critical chemical, adequate supplies being obtained from the United States.

Manufacture of common types of material has been increased. For example, alteration of specifications for a Canadian gun carrier brought about use of facilities in both Canada and the United States to supplement each other in turning out finished munitions for armies of the United Nations.

COMBINED
PRODUCTION
AND
RESOURCES
BOARD

Oliver Lyttleton, British Minister of Production - United Kingdom

Short-term gaps in supplies and equipment have been closed by getting materials from the other country. Canada shipped to the United States 500,000 each of shell bodies, fuses and tracers for a certain type gun during a period when Canadian supply was running ahead of schedule. The shells were loaded and are now being used by United States troops. On the other hand the United States shipped 150,000 body castings for a certain type shell, with the result that Canadian plants were able to load and ship finished rounds on schedule.

Steel plates and frames for Canadian merchant shipbuilding were delivered quickly from the United States, following prompt action by the Maritime Commission. As a result, several hundred thousand tons of merchant ships slid down Canadian ways in 1942; without the plates, it is estimated that output would have been not more than two-thirds of this amount. In another instance, working through the Joint Committee, the United States Navy Department got quick delivery from Canada of 30,000 pounds of urgently needed optical glass for sights.

Transportation facilities have been diverted to more essential war work, and Canadian Great Lakes grain boats were changed over to the movement of iron ore between United States ports. This made possible the shipment of an extra 2,500,000 tons.

Elimination of tariffs and delay at the border has removed barriers to effective integration of production facilities. By a series of broad orders in council, Canada permits entry, free of duty and taxes, of practically all war production goods purchased by the Department of Munitions and Supply or its duly authorized agents. For its part the United States, under provisions of an executive order of June 1, 1942, suspends tariff barriers on all war supplies imported by government departments. Canada is modifying her regulations with respect to the movement of goods by truck in bond across Ontario between Michigan and New York so as to permit free movement of all war materials.

Close to one-quarter of Canadian war production at the present time is going to fill U.S. orders. \$1,000,000,000. in war orders have been placed by the United States in Canada. Half of Canada's production of machine tools now is being supplied to the United States. United States war equipment manufactured in Canada includes M-4 tanks, Curtiss dive-bombers, PB-Y flying boats, anti-aircraft and anti-tank guns, aviation instruments, communication equipment, shells and bombs. Besides the Liberty-type merchant ships, Canada is beginning to build combat vessels for the U. S. Navy.

On November 10, 1942, Canada became a full member of the Combined Production and Resources Board, formed in the previous June by the United States and the United Kingdom. Canada was admitted because of the very close relations in the field of production already existing between Canada and the United Kingdom and Canada and the United States. The principal objective of the Board is to combine the production programs of the United States, the United Kingdom and Canada into a single integrated program, adjusted to the strategic requirements of the war, as indicated by the combined chiefs of staffs, and to all relevant production factors. The Board consists of:

- Hon. C. D. Howe, Minister of Munitions and Supply - Canada
- Donald M. Nelson, Chairman of the War Production Board - United States
- Oliver Lyttleton, British Minister of Production - United Kingdom

COMBINED
PRODUCTION
AND
RESOURCES
BOARD

Canada was admitted to full membership on the Combined Food Board of the United Kingdom and the United States on October 29, 1943. The Board is concerned with the most expeditious use of the food supplies available to the United Nations. Canada was represented on the various committees of the Board since it was first established in June, 1942, and will now have a voice in policy decisions. The Board consists of:

Claude R. Wickard, U.S. Secretary of Agriculture, Chairman
Marvin Jones, U. S. War Food Administrator
R. H. Brand, Chairman of the British Supply Council
Hon. J. G. Gardiner, Canadian Minister of Agriculture

By order-in-council of March 15, 1943, the Canadian Section of the Joint Agricultural Committee of Canada and the United States was established to keep wartime agricultural and food production and distribution in Canada and the United States under continuing review, in the light of civilian needs, requirements for the war effort, and relief in liberated areas. Consumer food requirements in the two countries are discussed under the general principle that restrictions of consumption or rationing of similar food products impose equal sacrifices on the people of the two countries. Reports and recommendations of the committee go to Canadian Agriculture Minister Gardiner and to the United States Secretary of Agriculture, Claude R. Wickard.

The first committee meeting, held in March, 1943, reached an agreement whereby the United States undertook to purchase the Canadian surplus of dried beans after domestic and United Kingdom requirements had been met, and to encourage production in Canada of at least 100,000 acres. The United States agreed to make available crushing facilities for the flaxseed crop and guaranteed the sale of Canada's exportable surplus. Arrangements were made for the sale of Canadian feed grains to the United States and plans for an expansion of the acreage to be devoted to such crops in 1943 were reviewed. Possibilities of relieving the difficult transportation problem were also considered.

The second committee meeting, held in October, 1943, again gave special attention to present and prospective feed supplies in relation to the production of meat, dairy and poultry products. The decline in the United States feed reserves and the need for increased output in 1944 to avoid drastic curtailment in live stock production were among matters discussed. Special consideration was given to the United States program for increased wheat production next year. The decline in stocks of this grain brought about by withdrawals for live stock feeding and for the production of industrial alcohol necessitated plans for an expansion program. The Canadian situation was reviewed in the light of these developments.

Means of further expanding the production of oil seeds, peas, beans and other crops were also considered in line with available farming resources in the two countries.

Members, Canadian Section:

Dr. G. S. H. Barton, Deputy Minister of Agriculture, Chairman
A. M. Shaw, Director Marketing Service, Department of Agriculture
R. S. Hamer, Director of Production Service, Department of Agriculture
K. W. Taylor, Foods Coordinator, Wartime Prices and Trade Board

Members, United States Section:

- L. A. Wheeler, Director U.S. Office of Foreign Agricultural Relations,
Chairman
- R. F. Hendrickson, Director Food Distribution Administration
- J. B. Hutson, President Commodity Credit Corporation
- M. C. Townsend, Director Food Production Administration

JOINT
WAR AID
COMMITTEE

On August 22, 1943, during the sessions of the Quebec Conference, Prime Minister Mackenzie King and President Roosevelt announced the creation of a "Joint War Aid Committee, United States-Canada", to study problems arising out of operations of the United States Lend-Lease and the Canadian Mutual Aid programs, and where necessary, to make recommendations concerning them to the proper authorities. The initial membership of the committee is as follows:

Members, Canadian Section: (Washington Committee of the Canadian Mutual Aid Board.)

- E. P. Taylor, deputy member, Canadian section, Combined Production and Resources Board, Chairman
- L. B. Pearson, minister counsellor, Canadian Embassy, Washington
- J. B. Carswell, director General, Washington office, Department of Munitions and Supply
- Major General Maurice Pope, Chairman, Canadian Joint Staff

Members, United States Section:

- Major General J. H. Burns, executive of the Munitions Assignment Board of Great Britain and the United States, Chairman
- W. L. Batt, War Production Board
- J. D. Hickerson, assistant chief, European division, Department of State
- A. V. Van Buskirk, deputy administrator of the Office of Lend-Lease Administration
- Brigadier General B. C. Wright, director of the international aid division, Army Service Forces.

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