



## STATEMENTS AND SPEECHES

INFORMATION DIVISION  
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An address by the Minister of Public Works, Mr. Robert H. Winters, to the American Society of Newspaper Editors, at Washington, D.C., April 17, 1954.

I was greatly honoured when your Ambassador to Canada, my good friend The Honourable Douglas Stuart extended to me your invitation to participate today in the proceedings of this distinguished gathering of newspaper editors and their guests. But your invitation means more to us: a gracious gesture of earnest goodwill and sincere friendship from the American people to the Canadian people - and an opportunity to further that goodwill and friendship between two neighbours through frank and constructive discussion of matters of mutual interest.

There are many things that newspaper editors and politicians have in common: They share in the greatest trust that American civilization can bestow: concern about public welfare. The American people, like Canadians, are fortunate indeed in having a national and local press that both serves and strengthens our democratic ways of life. Without a public-spirited press, freedom from fear, from injustice and from want would be beyond the reach of the kind of civilization that North America cherishes and strives for.

Newspaper editors and politicians have also practical problems in common. They are expected to deliver the goods - if they don't they get fired: the politician by the voters when he is up for re-election; the newspaper editor by his publisher. Newspaper editors, unlike politicians, don't have to get elected. They are more independent of short-term changes in the whims and wishes of the general public. But I can tell you there are a few editors who, some of us politicians would like to see face an electorate. There is no substitute for the confidence that comes from knowing that the public approves your policies.

However it may be easier for a newspaper editor to adopt statesmanlike attitudes and to emphasize the long-term good of his country than it may be for a politician whose policies cannot but be influenced to some extent by prevailing sentiments and attitudes of the general public.

I am addressing my remarks today to the newspaper editors of America in their capacity as the statesmanlike interpreters of events, problems and policies to the people of the United States. By explaining to the public some of our common problems and what can be done about them,

you are making the job easier for the politicians, the distinguished members of Congress and Administration who are so well represented here, and the Members of Parliament and the Government in our own country.

For what better way is there in formulating sensible policies than to anchor them firmly on enlightened public understanding of the issues and remedies involved. I speak to you with humility, knowing that I am addressing the most powerful and well tested guardian of the public interest in your country: the press of America. I am conscious of your critical and discerning faculties. I am confident that you endeavour to do justice to the problems at hand which transcend the interests of your country and mine and with which I would like to deal today: resources development and resources policies.

#### Constructive Approach to International Problems

Exactly a year ago, to this very gathering, President Eisenhower made a powerful plea. He declared war on war and he spoke of a new kind of war: "the dedication of the energies, the resources and the imaginations of all peaceful nations to a new kind of war . . . not upon any human enemy, but upon the brute forces of poverty and need."

Your President went on to say: "The peace we seek, founded upon a decent trust and co-operative effort among nations, can be fortified - not by weapons of war - but by wheat and cotton, by milk and by wool; by meat, timber and rice . . . We are prepared to reaffirm, with the most concrete evidence, our readiness to help build a world in which all peoples can be productive and prosperous."

These well chosen phrases were worthy of the world leadership the United States has assumed. They are very much akin to the sentiments often expressed in my own country and to the broad international objectives which the Canadian Government pursues.

In the year that has passed since these inspiring words were spoken the world has indeed made some progress. The fighting in Korea was brought to an end. The pooling of defensive resources within the NATO framework has progressed further. International tension eased somewhat, with diplomats taking the place of soldiers. European economic recovery made important strides. Better crops and intensified development helped the economies of Asia, South America and other parts of the world. The conflict continued in Indo-China, but there were signs that at least an opportunity would be presented for discussion of some of the issues involved.

The progress that has been made on the broad international front has on the whole been encouraging. Many of us might wish that the road towards lasting and honourable political, military and economic security on a world-wide scale might be less arduous and progress might be a bit more rapid. But as long as we are clear as to our objectives and work consistently and intelligently towards their achievement, even small progress is advance in the right direction.

Canadian Resources Help Build a Strong and Prosperous U.S.A.

Can we be equally satisfied with the progress we are making on domestic fronts? The particular question I would like to deal with today is: Are we making the most effective use of our bountiful natural resources in North America? Is everything you are doing here in the United States and we are doing in Canada designed to serve most effectively our needs and those of other friendly nations? Are we keeping the long-term good of North America and of other free countries constantly before us, or are we apt to overlook it on occasion under the pressure of current events?

That Canada is a treasure house of a great variety of natural resources of high quality which can be developed at low cost and sold abroad at competitive prices is well known. Our country has a population of just over 15 million. As such we comprise about two-thirds of one per cent of the world's population. But we produce more newsprint, nickel, asbestos and platinum than any other nation. Canada is second in the world's output of hydro-electric power, pulp, aluminum, gold, zinc, uranium, magnesium and titanium, and third in the production of silver, cadmium, cobalt and sawn lumber.

Canadian resources supplement the resources of the United States in many ways. Here are a few examples:

4 newspaper pages out of every 5 printed in the United States were originally part of a Canadian tree; that means enough newsprint is exported to the United States every day to provide a strip of paper five feet wide that would encircle the globe four times at the equator;

Nine out of ten of your cars coming off factory assembly lines with shiny nickel-plated trimmings are likely to have used Canadian nickel;

Our exports to the U.S. of iron ore which are now running at two million tons per annum may rise, as present plans materialize, to some 30 million tons, sufficient to meet one-quarter of the requirements of American steel industry working at full capacity; this means Canadian iron ore could contribute each year to the production of enough steel to produce thirty large diameter (30") natural gas pipe lines connecting New York with Los Angeles;

Canada supplied the United States with enough lumber last year to build some 200,000 homes.

Our country is one of the two chief suppliers of uranium without which the United States would not have been able to make the dramatic progress which she has made in the atomic energy field.

These are some of the highlights and I could mention many other examples in the field of mining and forestry, agriculture and fishing of the part played by Canadian resources in making the United States a stronger and more prosperous country. Since Canadians are low-cost producers

with respect to most of their raw materials, Americans are buying these products in our country at internationally competitive prices.

#### U.S. Participation in Canadian Economic Development

Now I do not want to give the impression that Canadians feel they are doing Americans a favour by selling all these raw materials required by the rapidly expanding American economy. It is to our advantage for a number of reasons. We use the proceeds from our American sales to buy from you other raw materials and foodstuffs which we require: coal, cotton, fruits and vegetables. We also buy from American industry at a competitive price a multitude of capital goods and other finished products of high quality.

Further, United States capital and management frequently participate in the development of some of our resources industries, and this in turn contributes to speeding up our own domestic economic development. Canadians welcome the participation of American businessmen in the industrial expansion of our country. Canadians are not worried about foreign exploitation. In our country the American businessman receives the same treatment as the Canadian businessman. He gets the same benefits as are offered to the enterprising Canadian. He pays no capital gains tax. He can get special write-offs for exploration, development and research expenditures. He can get liberal depreciation allowances at rates which in some fields, I understand, are about double yours. Freedom in the movement of capital makes it possible for Americans to bring money into our country or take it out, whichever is in their best interest.

Post-war experience shows that most American capital coming to Canada has stayed because of the great many opportunities for profitable investment. At times, in fact, heavy capital inflow from the United States has been an important factor in keeping the value of the Canadian dollar above the American. Not everybody in Canada is too happy about the premium - it makes it harder for Canadian industry to compete in foreign markets. But what can we do if American businessmen get so enthusiastic about Canada's long-term prospects that they send hundreds of millions of dollars into our country for investment purposes?

In short, Canadians do everything they can to make Americans feel at home in Canada - to do well in business as well as to have fun while vacationing.

#### Canadians Believe in Multilateral Trading

Well, I have portrayed the bright side of Canadian-American relations. We like to do business with Americans. It is to your advantage just as to ours. Both countries benefit from the economic use of available resources. Canadians are, I believe, willing to abide by the results of a multilateral trading system. They are ready to take their chances and let private enterprise show what it can do to further individual and national well-being. But Canadians would also like to see their major trading partners pursue similar policies.

This kind of philosophy is basic to Canadian Government thinking, and it is supported, I believe, by the overwhelming majority of the Canadian people. You can understand then why Canadians are disturbed when tariff barriers are raised, import quotas are imposed in response to special pleas, or domestic industries are subsidized to keep competitive foreign products out of the country.

We in Canada believe that government interferences should be kept to a minimum. I am quite sure that most of the newspaper editors assembled here today, and along with you, most of the American people, share this view. But I know, from my experience in public life, that even such a broad measure of agreement in principle is not in itself a guarantee of wise action. When particular issues arise it is only too easy to regard them as exceptions which justify exceptional action at variance with agreed principles.

I shall speak about the application of sound policies to the development of North American resources and the exchange of raw materials between our two countries. But I must emphasize before I turn to this subject, that I am not thinking only of bilateral relations between Canada and the United States, however important they may be, nor am I advocating a bilateral approach. The principles which I believe are sound in this respect apply equally well to the relations between each of our two countries and the rest of the free world.

What we must all seek - and advocate - are policies that strengthen the forces of freedom throughout the world, that enable free peoples to live a happier and more abundant life and that increase their ability to withstand aggression from those who would destroy freedom throughout the world.

#### How Strong is the Case That the U.S. is Becoming a Have-Not Nation With Respect to Certain Natural Resources

We have been hearing a good deal about the United States running out of this or that non-renewable resource in this or that period. We have also been observing the public discussion in your country whether or not the United States is on the road towards becoming a "have not" nation with respect to certain natural resources. We are a little puzzled by this talk about becoming a "have not" nation. What does it mean?

Does it mean you are a "have not" nation because you import almost all of your nickel and most of your asbestos? Or does it mean you are a "have not" nation because you are now importing 83 per cent of your newsprint requirements as against 64 per cent in 1929?

It seems to me there are very good reasons why you are now importing more nickel and newsprint than ever before. You can get these commodities more cheaply abroad than by using domestic products or alternative materials. It is like somebody suggesting that Canada is on the road to becoming a "have not" nation merely because we are now importing more cotton and more bauxite.

Perhaps those who speak of the threat to the United States of becoming a "have not" nation have in mind that some of your high quality resources are being

used up more rapidly than they should, and that the development of resources of lower grades should be encouraged.

If it is a matter of increasing conservation practice, I understand, a great deal is already being done about it in the United States. If it is a matter of intensifying the search for new minerals, improved processing and treatment of ores, I gather, you are pursuing these things very actively. If it is a matter of finding and adapting new materials to take the place of old, your technological progress in this field is unsurpassed in the world.

But if you are progressing on a broad front and proving up new resources, conserving existing resources and developing substitute materials, what basis is there to label the United States vaguely as a "have not" nation?

I said, we in Canada are not quite certain what this "have not" concept really means. But we think the risk is great that this concept may be used as a plea for increased protection or subsidization for this or that resource industry. The argument usually would run something like this: encourage high-cost production at home; keep out low-cost imports from abroad; if you don't, in another generation or so the United States will be a "have not" nation. Add to this some connection with your long-term defence interest and the protectionists believe that they have a very strong case.

We in Canada do not think that this is really the situation. We prefer to agree with your Secretary of the Interior, Douglas McKay, who said in a recent address (to the American Mining Congress in New York on December 1, 1953): the "conclusion that we are a 'have not' Nation is sometimes overemphasized. . . We are far from being a 'have not' Nation in metals and minerals."

Canadians believe that the United States continues to make remarkable progress in proving up and developing the natural resources of their country. We are also impressed by the rate of expansion of the American economy and industries. We are not too worried by the present domestic adjustment which appears to be a brief pause on the road to further economic growth of the United States. We realize that, if that expansion is resumed at anything near the rate of the last decade, your domestic resources may not be able to supply all the required raw materials. We firmly believe that, over the long run, the United States will have to turn to other countries to meet the increasing demand for raw materials from expanding secondary industries.

This view is confirmed in the example set by several enterprising American steel companies in developing the vast iron ore reserves in the northern regions of Canada thereby assuring a continuing source of high-grade ores for the blast furnaces in such places as Pittsburgh, Baltimore and Chicago. The Canadian Government considers this a far-sighted move on the part of some of the most successful business firms in the United States, and it has encouraged these developments.

Strategic Considerations Relating to Resources Development

There are, however, even more compelling reasons why the United States may look increasingly to foreign suppliers, including Canada, for many raw materials that can be produced abroad in large quantities and at low cost. I am referring to strategic considerations.

In case of an emergency, partial or global war, the United States immediately turns to Canada and other external suppliers for large quantities of strategic material supplies. The United States did so three times within the memory of the present generation. But unless external suppliers are embarked on a continuing expansion of their natural resources, the creation of new capacity takes time. During World War II, it took us three years to reach peak output requirements to meet our own military needs and those of our allies.

We have serious doubts whether an atomic world war would allow us the time we need to open new mines, build new plants, and construct storage and transportation facilities. We are told by the military that time may be the essential element in another global conflict. But how much attention is being paid to this advice in our resources and industrial planning?

We are all hoping that the only kind of war we may have to fight is, as your President suggests, a struggle against hunger and poverty. But until the foundation of international peace is more firmly established, governments cannot afford to overlook strategic considerations.

Increasing Raw Material Imports VS. Subsidizing Domestic Producers

Now here, it seems to me, is the problem the United States is facing:

(1) You object to suggestions that raw material-wise, you are on the road to becoming a have not nation - and rightly so because these are not in accordance with the facts as we understand them.

(2) You hear about potential shortages of this or that material, but then some of your raw material producing industries complain about current surpluses.

(3) You are keenly aware of your strategic requirements for raw materials; you stockpile them; you are sympathetic to foreign commercial development that produces important standby capacity in case of war, but you feel your first consideration is to domestic suppliers even though these may be able to meet requirements only at higher costs than foreign suppliers. You justify this on the ground that domestic industry must be strong in the case of war.

Now, what does this all add up to? It means the encouragement of high-cost industries to meet peacetime demands in the United States and the keeping out of a number of foreign low-cost producers from your market. By denying

other countries the opportunity to sell competitively in the American market, they are prevented from earning dollars needed to buy more from you or even to pay you for what they already bought. We in Canada know little about lobbying activities in Washington - it seems to us that the American consumer and American export industries are far less effectively organized than your industries catering to the domestic market. Perhaps this is an interesting field for examination by newspaper editors turned statesmen.

In any event, come an emergency, all the high-cost mines of the United States taken together cannot possibly meet strategic raw material requirements. You have to come to other countries and Canada, being your next door neighbour, is one of your most natural sources of supply.

#### Canadians Do Not Like Being Marginal Raw Material Suppliers

Frankly, Canadians do not like being marginal suppliers to whom Americans turn in wartime only - to be forgotten as soon as peace returns. Here are some reasons:

It isn't good business, for important non-renewable natural resources are wasted in the process.

It isn't good protection, for in an emergency, when survival of the free world is at stake, raw materials may not be available in the quantities and at the places they are most urgently needed.

It isn't in the interest of raw material consuming industries and the general consuming public in the United States to whom access to low-cost resources is denied.

It isn't in line with established United States-Canadian trade relations, whose mutual benefits have been firmly established over a long period of fruitful commodity interchange.

Canadians are sympathetic towards the problem that your Congress and Administration face. What can you say to a smelter operator in Hillsboro, Illinois, who has to suspend operations because of a drop in domestic demand or because of increased foreign competition, or both?

#### Canadians and Americans Face Similar Problems

We understand your problems because we also face them at home. The problem of your smelter operator in Hillsboro is not much different from that of the Canadian textile manufacturer in Cornwall, Ontario or Marysville, New Brunswick, who have to close plants because of the large increase in imports of lower priced textiles from the United States.

The Canadian Government and some Canadian producers have had to recognize that there has been some over-expansion; that it is not a peculiarly Canadian problem; that it is a world-wide problem and that we have to adjust ourselves to it the best way we can. We do not believe it is a good thing for the Government to interfere in the flow

of trade and to create a high-cost economy in Canada through raising tariff barriers, introducing import restrictions or through paying subsidies. Canadian prosperity depends on an increasing volume of trade, and we will do all we can to achieve this in concert - we hope - with the other free nations.

What, in essence, we in Canada are saying to our domestic industries is:

That we believe in the working of the open market;  
That a country can best develop a strong and resilient economy if the market regulates the use of resources and the government refrains from interfering with market forces just as far as it can;  
That a country is perhaps best served if it is left to the sound judgment of businessmen to determine what resources are used, when, where and how.

Now we know that most Americans also subscribe to these basic premises of a private enterprise economy. But does this sound philosophy of yours need to stop at your borders?

#### Why The Free World Must Strive for Continuing Efficiency In Using Its Resources

You may ask this question: If the American public is willing to pay higher prices by buying higher cost raw materials from marginal or sub-marginal suppliers at home so as not to displace some workers' jobs and disturb some operators' profits, why worry about it? If this were solely an American problem, I would readily concede the point, for Americans know best what is good for their country. Your economy is wealthy and big enough to afford some degree of inefficiency here and there, but other countries are not so fortunate. They have to compete in world markets. Their prosperity depends on a high level of world trade. Their standard of living would materially deteriorate if they did not keep their economic efficient and their industries competitive. Encouragement of high-cost, non-competitive industries may have only minor effects on the U.S. economy as a whole but it might have serious consequences on the economies of some other countries. This would hardly be the way of binding the free nations of the world into a strong bulwark against aggression.

#### Needed: A Common Resource Policy of the Free World

We do not think it is a selfish policy to recommend to the United States to buy from the cheapest raw material suppliers. We are not asking for special treatment either on defence grounds or because we are your neighbours or your best customers. What we would like to see the United States do is to adopt a policy that would encourage the long-term development of resources of the free world. In that process, you will encourage development of Canadian natural resources which are strategically located from your point of view. This will ensure you of a more adequate supply of raw materials should an emergency occur. It will give your raw material consuming industries and the

general public the benefits of buying in the cheapest market. It will give us expanding resources industries and the wherewithal to buy even more from you than we ever did before.

Canadians believe that the free world will reap the greatest benefits if the development of new low-cost resources is encouraged, their exchange facilitated and the exercise of sound business judgment interfered with as little as possible by government action. In this field, as in many others, Canada, like other free nations, is willing to join with the United States in offering concrete evidence of readiness to help build a world in which all peoples can be productive and prosperous.

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