



## STATEMENTS AND SPEECHES

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A REVIEW OF CANADIAN-U.S. RELATIONS

Address by Canadian Ambassador to the United States, Mr. A.D.P. Heeney, at the Twenty-fifth Anniversary Banquet of the Young Men's Section, The Montreal Board of Trade, February 27, 1956.

During this week of celebration it is permissible for us to take some pride and satisfaction in the founding of the Montreal Junior Board of Trade, a quarter of a century ago. For my own part, looking back to 1931, I wonder how even our youthful enthusiasm was able to penetrate the prevailing gloom and pessimism of those days. The older among us will always remember the early thirties, when the economic framework of our society was at the point of collapse and the Marxian prophecy seemed about to be fulfilled. For hundreds of thousands of Canadians, existence was meagre and uncertain - and the prospect grim indeed.

In 1931 - the year that the Junior Board was founded - Canada's population stood at just over 10 million. Almost half a million of the country's wage earners - nearly one in five - were out of work on June 1st of that year. The gross value of all Canadian production had fallen to just over \$4 billion - only 60 per cent of what it had been two years before. (It was to fall even lower in 1932). Our export trade - then as now the mainspring of the Canadian economy - had shrunk to little more than half its 1929 level.

A few figures cannot begin to recreate the bleakness and depression of the thirties. But they can help us to appreciate how far and how fast we have come in twenty-five years. So that now we can affirm with confidence that the faith in the future of our city and our country that underlay our efforts then has, in the event, been amply and dramatically justified.

As the thirties wore on, the grip of depression eased. Slowly but steadily Canada resumed her economic growth.

Internationally, through agreements with the Commonwealth, the United States and other countries, steps were taken to open the way for an increasing volume of external trade. Canadians took an active part, too, in the conferences of this period by which nations sought co-operative means to shake off world depression. On the international political scene the pace was slower; Canadians were feeling their way. Our country had but recently acquired the full trappings of sovereignty. There was no great desire among us that Canada should play a significant part in the affairs of the outside world. True, we watched with anxiety the ominous march of events in Europe and the Far East. But few of us thought our young country had much to contribute to the debate that accompanied the gathering storm. During the anxious thirties most Canadians - like most Americans - had little stomach for more than their own troubles.

In September 1939 Canada - like the other peaceful nations - was sadly unprepared for the fury of the Nazi onslaught. But, as in 1914, the second great challenge provoked a response which opened a new chapter in the history of this country. From Canadian farms, forests, mines and factories poured the mounting volume of resources so critical to the Allied effort. Our naval and merchant forces, our soldiers and airmen brought new distinction to the name of Canada in almost every arena of the global conflict. As the war went on, Canadian representatives participated increasingly in the decisions that marked the road to victory for the Alliance.

When the fighting was over, Canada had taken a new place among the nations of the world. In the post-war period, she confronted new and larger responsibilities.

From its very beginnings, Canada has given full support to the United Nations in its many and varied activities in co-operation between nations and in the great effort to work out a more permanent and stable basis for world peace. From an early stage more conscious than most countries of the importance of external trade, Canada has taken a leading part in efforts to remove the barriers to multilateral commerce and has made a real contribution to the developing stability of the free world economy.

Looking back over these past twenty-five years, we have much to be thankful for, and a record of national accomplishment in which we may take some pride. A gross national product which last year reached the record level of over \$26 billion is in striking contrast to the bare \$4 billion of 1931. Today employment is high and the prospects are for further steady increase. Personal income in 1955 rose by almost

10 per cent over the previous year. Recently, your distinguished guest of last year, the Minister of Trade and Commerce was able to say - "all key indicators of economic activity point upwards and the underlying market forces continue strong."

Since the thirties the base of the Canadian economy has broadened and deepened. And the benefits of our increased production are being more widely and fairly distributed among our people. In these twenty-five years our population has increased by more than half and we are now some sixteen million in place of ten. Even our geographical boundaries have been thrust out and the grand design of the Fathers has been filled in by the addition of our tenth province. Great wealth and effort has been invested - by ourselves and by others - in exploring and developing large new areas of the inheritance with which we Canadians have been so richly blessed.

This remarkable national experience - in which we have all in some way shared - has touched the imagination of the world. It has also, I believe, induced a new sense of assurance and self confidence among Canadians.

But the pace of material development, these past twenty-five years, has been so rapid and the change in our fortunes so marked, that I sometimes wonder whether we ourselves are managing to keep up with it. Are we Canadians adjusting ourselves as we should to the quite new situation of our country? Does our attitude toward other nations and other peoples always display the maturity, the responsibility and sense of proportion befitting our increased wealth and stature? For whether we like it or not, we Canadians have reached man's estate and, in our international demeanour, can no longer permit ourselves the irresponsibilities of youth. We are no longer in the wings; we are on the stage, in the spotlight with the other players.

Nowhere is this change more remarkable, nor its consequences more significant, than in our relations with the United States.

Most Canadians have a fair idea of how important these relations are. They know that the United States is at once our best customer by far and our principal source of supply and that our trade with the United States is greater than with all other nations combined. They know from experience that what happens in the American economy is reflected, and reflected pretty soon, in their own. And every Canadian is quite certain that, for good or ill, the destinies of the two countries are mixed up together, inextricably and forever.

In the last twenty-five years the United States, too, has been going through a period of enormous change and development. While the Canadian population has increased from 10 to 16 million, that of the United States has risen from 123

to over 165 million. Their gross national product, some \$60 billion in 1931, came close to \$400 billion in 1955.

But - as in our own country - still more significant changes have taken place in the American scene - changes which cannot be measured by statistics.

You will all remember how Americans used to be blamed for failing to shoulder their just share of international responsibility. You will recall some of the familiar charges - heard in Canada as well as abroad: the United States had scuppered the League her own President had founded; the United States was not behaving responsibly in her international financial dealings; the Americans couldn't manage their own domestic economy and were dragging the rest of the free enterprise system down with them.

Whatever validity there may have been in such criticisms twenty-five years ago, surely they have little relevance today. Consider the change wrought in less than a generation. The United States has had thrust upon her a degree of world responsibility that is probably without parallel in history. The manner in which the American people have accepted this heavy load should command the respect and gratitude of free men everywhere - and perhaps of Canadians most of all. For it is particularly fitting - and somewhat sobering too - for Canadians to remind themselves of what the free world owes to their giant neighbour.

It was the vast material and manpower resources of the United States, poured unstintingly into the great hopper of the Alliance, that finally turned back the forces of aggression in World War II. It was American money and goods - over \$30 billions worth, through the Marshall Plan - that made possible the quick and impressive recovery of the shattered economies of Western Europe. Without American support and enthusiasm the United Nations - with all its weaknesses, the embodiment of mankind's best hopes for peace - might never have been born. It was the decision of the United States to retain substantial forces in Europe after the fighting was over that choked off the threat of new aggression. It was the United States participation in NATO that helped to consolidate the resources of the Atlantic Community, into the main bulwark of peace in Europe. It was the United States, with the moral backing and material support of other U.N. members, that bore the brunt in checking Communist aggression in the Far East. And now, throughout most of the free world, the United States is powerfully committed and American forces and influence are deployed for the defence of freedom around the globe.

In the many organizations developed since World War II for international economic co-operation, the United States has taken a leading part. And she has borne the major share of the costs involved. Through United Nations agencies and in other ways, including the Colombo Plan, American economic assistance has been the main element in aid programmes to the under-developed areas of the world. United States imports have quadrupled since before the war and, although their merchandise exports are higher than their imports, it will come as a surprise to some that the total of U.S. payments, including economic aid, has been of such magnitude that, during the last few years, the rest of the world has been adding to its gold and dollar assets at a rate of over \$1½ billion a year.

At home the continued high level of American production has been reflected in increased economic activity throughout the free world. This high level of activity is a substantially different thing from the boom which developed in the "free wheeling" days of 1929. Throughout the past year, the United States Government has actively intervened with monetary and other measures in a conscious effort to ensure that extremes were avoided, and that the economy did not get out of hand. A close look at recent trends shows a remarkable record of sustained growth and expansion with accompanying price stability. Particularly impressive is the quiet feeling of confidence that, although all may not be plain sailing ahead, government and business can and will act to ensure that the U.S. economy maintains a reasonably even keel.

Yes, the strong, confident giant alongside us in 1956 is very different to our worried and inward-looking neighbour of twenty-five years ago - and we should be very grateful for it.

Familiar as we are, in most ways, with our friends across the border, I think that, sometimes, we Canadians do not take fully into account the radical changes over this period in both our countries. (Incidentally, the same can be said of certain American attitudes about Canada). For it is so very easy in one's thinking to fall back into outmoded patterns. The self-centred, self-satisfied, aggressive Uncle Sam is a familiar figure in Canadian history. And a critical, even hostile attitude toward things American finds many echoes in earlier epochs of our Canadian story.

But the inclinations and prejudices of former days have little relationship to present realities; nor should we allow them to determine our current opinions or behaviour. We have lived to see the firm establishment in our northern half of this continent of a strong and sovereign Canada, taking her own independent place among the nations of the world. We have lived to see our great neighbour's vast power and influence deployed throughout the world at a time when the foundations of

freedom were everywhere threatened. Let us, therefore, give full weight and recognition to these great changes and, in our relations with these people, eschew all pettiness and suspicion, all ill-considered and facile criticism and deal with our differences in an adult, responsible manner. To do otherwise is unworthy of our own station - and, incidentally, plays directly into the hands of those who would divide us.

All this is not to say that the policies of the United States and the actions of Americans should be immune from Canadian criticism and even attack. That would not be possible, even if it were desirable - which it is not. In the conduct of our relations with one another the process of responsible public discussion and free criticism is as vital as it is in our own domestic affairs.

Nor do I intend to convey the impression that there are no differences between Canada and the United States - no irritating and at times frustrating administrative tangles for example - no divergencies of viewpoint and policy, no conflicts of national interest. Of course there are, and I spend a good deal of my time and effort, as do my colleagues at your Embassy in Washington, in trying to deal with just such problems. There are - and probably always will be - some cracks in the structure of our partnership. But in no sense do they threaten the essential strength of the edifice. And I would not have them papered over.

No, my plea is neither for embarrassed silence nor meek consent, but rather for a sense of proportion and responsible gravity in our attitude toward the United States. If we are shocked by some proposals in Congress, some action by the Administration which, for example, may threaten our commerce in some particular, let us by all means complain and protest and do everything in our power to dissuade U.S. authorities from such courses. But let us at the same time remember that twenty-five years ago the Smoot-Hawley Act established the highest tariff rates in history - and that we have come a long way since then. If we are puzzled and worried over policies of the United States in the Far East or elsewhere, let us by all means make our own position clear and do all that we can, alone and with our other allies, to bring the Americans to our point of view. But at the same time let us not forget that it is the armed force and authority of the United States that constitute the principal bastion and support of the free world and the major deterrent to aggression.

The objectives of the United States and Canada, the major standards and ideals of the American and Canadian peoples - the great essentials; these by tradition and by choice are the same both sides of the border and, please God, will remain so. Let us then in the multitudinous dealings we have with each other - on this North American Continent and beyond - so conduct ourselves that the next quarter century will add still greater strength, still closer friendship and still more confident mutual understanding and respect to the unique association of our two nations.

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