

United States-Canadian Co-operation in Preparedness

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ON 26 October, 1950 a simple ceremony took place in Washington, marking a further chapter in the unfolding story of close relationship between Canada and the United States. The occasion was an exchange of notes establishing a set of principles to guide the economic relationship between the two Governments. As a cornerstone to the principles, the Governments agreed to "co-operate in all respects practicable, and to the extent of their respective Executive powers, to the end that the economic efforts of the two countries be co-ordinated for the common defence and that the production and resources of both countries be used for the best combined results."

This action provided a foundation for a broad and associated undertaking in defence production, and paralleled the forming of the Permanent Joint Board on Defence in 1940. A suitable structure is, therefore, available for joint participation in the measures required both for military defence and for industrial mobilization in support of the defence. Co-operation in both instances was contemplated not only for compelling reasons of mutual security but also for the equally urgent motive of a maximum contribution to the defence of the other nations of the Free World.

There is, however, no magic in joint boards or joint statements of principles; they are only facilities. Their usefulness

depends entirely on the manner of their application. What are the chances then that in the present crisis the United States and Canada will be able to co-operate to a degree sufficient for the carrying out of their related defence responsibilities?

The best gauge for estimating success or failure in undertakings of this kind is the record itself. For upward of a century the two countries have so conducted their affairs with each other as to become a symbol among nations of that meaningful phrase "good neighbors." Such problems as have arisen during this long period have been dealt with frankly and with a will to reach equitable and prompt solutions. An unprotected border of nearly four thousand miles in length, the increasing envy of so many peoples of other parts of the world, has long since lost its novelty for Canadians and Americans—they will have it no other way.

Commenting on the friendship that has characterized Canadian-United States relations President Truman, in addressing Parliament in June, 1947, said "The example of accord provided by our two countries did not come about merely through the happy circumstance of geography. It is compounded of one part proximity and nine parts good will and common sense."

In addressing the Canadian Society of New York in February, 1950, Prime Minister St. Laurent said "Under the Hyde

Park Declaration of 1941, each country produced for the other those armaments it was best fitted to produce. * * * The Hyde Park arrangement involved no loans, no gifts, no charity—nothing but plain business sense. And we in Canada cannot see why a business arrangement which produced such good results for both countries in war should not produce equally good results in providing security during this period of the cold war.”

Probably the strongest reason for expecting the requisite co-operation in preparedness is found in the way in which the many challenges of World War II were met. While the present situation and that which existed just prior to and during the war are not the same, they are sufficiently analogous to afford ample evidence both as to the degree of co-operation which will be required and the chances of achieving it. In the latter connection it is noteworthy that a large number of those in both countries who were instrumental in bringing about success in combined operations during the war are either now in government, or available to government.

II

LET us consider briefly co-operation with respect to military measures. From the military point of view, the defence of either the United States or Canada cannot be conducted independently; the two compose a single defence area. This concept of common defence is indicated in the North Atlantic Treaty Organization where Canada and the United States compose a regional planning group.

An early and clear-cut recognition of this fact was the formation in August, 1940, of the Permanent Joint Board on Defence, Canada-United States, following a conference between President Roosevelt and Prime Minister Mackenzie King. Its stated purpose was to “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 Board has become the source of the closely-knit United States-Canadian defence relationship. Almost all of the important measures of common security since 1940 either emanated from the Board or were actively discussed by it. One of the outstanding agreements sponsored by the Board was announced in February, 1947, regarding the extent to which the wartime co-operation between the armed forces of the two countries should be maintained in the postwar period. It was stated that “in the interest of efficiency and economy, each government has decided that its national defence establishment shall, to the extent authorized by law, continue to collaborate for peacetime joint security purposes.” Collaboration between the two countries includes the interchange of service personnel; encouragement of standardization of arms, equipment and methods of training; as well as joint use of military installations as mutually agreed upon. All this has proved of assistance in enabling the two countries recently to intensify their defence actions. The Board is a striking example of bilateral co-operation in matters of mutual defence.

A good case of military co-operation instituted by the Defence Board was the initiation of a system of reciprocal procurement of equipment. The United States program for purchasing equipment in Canada was started in May 1950. It called for the placement of contracts in Canada within the range of 15 to 25 million dollars during the U.S. fiscal year 1951—a range similar to Canada’s estimate of her purchases in the United States during the same period. The May arrangement served temporarily as a basis for the suddenly expanded programs which developed as a result of the outbreak of war in Korea. In December the sights were raised by the United States to a permissible limit of 100 million dollars. In practice, U.S. purchases in Canada and Canadian purchases in the United States will reach or exceed the 100 million dollar mark during U.S. fiscal year 1951 (beginning 1 July, 1950 and hence following Korea). As these purchases have been on an accelerating scale, their projection foretells a still higher level for fiscal 1952.

THE fact that the two countries constitute a single area for defence points up the need for meshing together the two national economies in the common interest of preparedness. Normal economic interdependence supports such action. Many U.S. companies have subsidiaries in Canada; trade unions in each country are to a considerable extent affiliated with their counterparts in the other; many U.S. radio programs are carried on Canadian networks, and vice versa. Moreover, certain aspects of this interrelationship assume much greater significance in times of international crisis such as the present. For instance, the United States depends upon Canada for varying quantities of nickel, asbestos, aluminum, copper, lead, zinc, newsprint and other forest products, uranium and other materials. Under the expanded schedules of production for preparedness purposes, these requirements are vastly increased. Similarly, normal Canadian dependence on the United States is greatly increased for such items as certain types of steel, machine tools and components. Thus, it is obviously important that actions taken in either country to expedite its own defence production be consistent with actions across the border on complementary or supplementary production to avoid any interference with the vital flow of materials and products from one country to the other.

Canada has the capacity to produce far more in the way of war supplies and equipment than is required to meet the needs of her own armed forces, provided the flow of some necessary materials and components from the United States is assured. During World War II, national requirements for the forces were some thirty percent of actual military production—the seventy percent balance going to the United States, the United Kingdom and other allies. With the expansion in industrial facilities since 1945, Canada has a present capacity for still greater excess production. One essential for the effective utilization of this productive capacity is that Canada be posted as to the demands which will be made on her facilities. In fact, Canada should know these demands

before planning certain phases of her own defence, for some of her own requirements alone would involve uneconomical operations and might better be sought in some other market. Adequate exchange of requirements data is a “must” in any joint effort, if the goal of the “best combined results” is to be attained!

III

THIS interdependence of the two economies, so evident under normal peacetime conditions and so clearly proven under the recent conditions of war, was recognized in April 1949 by the establishment of a Joint Industrial Mobilization Planning Committee. As was stated at that time, the inherent factors “indicate the advantages of coordinating plans for industrial mobilization, in order that the most effective use may be made of the productive facilities of the two countries.”

This action had followed a meeting held in Washington in June 1948 between representatives of the Canadian Industrial Defence Board and representatives of the U.S. National Security Resources Board and the U.S. Munitions Board, when it was agreed that co-ordination of mobilization planning was desirable and that a high level committee should be established for the purpose. Notes subsequently formalized the proposal and gave the Committee primary responsibility for exchanging information and making recommendations to each government on mobilization planning, and co-ordinating industrial planning with the Permanent Joint Board on Defense.

At the first meeting of the Committee, held in Washington in June, 1949, five subcommittees were established: nonferrous metals and minerals, forest products, chemicals and explosives, motor transport, and administrative controls. During the ensuing twelve months these subcommittees both prepared and exchanged data pertaining to their respective fields, particularly in regard to availabilities. The assembling of these data is proving its worth currently as planning gives way to programming. In addition to the work of

the five major subcommittees, other industrial areas were explored such as machine tools, petroleum and natural gas, abrasives, health resources, and civil defense.

The Committee's second meeting was held in Ottawa in August, 1950—a month and a half after the outbreak of war in Korea. It was, therefore, within a new and alarming set of world conditions that the agenda for this meeting was finalized. Shortages of materials, priorities, allocations and controls were no longer terms on the planning board in case of an emergency; rather they were practical problems placed on the council table for early solution.

In this atmosphere of concern for the immediate future, a guiding set of economic principles was approved for recommendation to both Governments. The principles, based on the premise that neither the United States nor Canada can risk a compartmental defence position in time of emergency, proposed that the two Governments: develop a co-ordinated program of requirements, production, and procurement; institute co-ordinated controls over the distribution of scarce raw materials and supplies, and insure comparable effects in each country; exchange the technical knowledge and productive skills involved in essential production, where feasible; remove barriers which impede the flow of essential goods across the border, insofar as possible; and consult on financial or foreign exchange matters should such problems arise.

THE Hyde Park Declaration, a document of profound significance, might well be considered for a moment with the new statement of agreed principles. The impelling reason for the Declaration was the necessity of joint action to protect Canada's foreign exchange position vis-a-vis the United States at the time when Canada was already in the war and contributing so heavily to the support of the allied cause in the grim struggle with Hitler Germany.

The Declaration was jointly announced by President Roosevelt and Prime Minister Mackenzie King at the conclusion of

their meeting at Hyde Park in April 1941. They agreed on the general principle that, in mobilizing the resources of this Continent for both local and hemispheric defence and for continuing the assistance being rendered to Great Britain and the other democracies, the United States and Canada should provide each other with the defence articles which each was "best able to produce, and, above all, produce quickly, and that production programs should be co-ordinated to this end." The agreement recognized the importance to both countries of protecting Canada's foreign exchange position by placing under lend-lease her purchases of component parts for incorporation in munitions and supplies for British account. It also established monetary goals for sales of munitions and strategic materials urgently needed by the United States from Canada which it was hoped would be reached during the ensuing twelve months. In this connection the record should be made clear that Canada chose not to use lend-lease for her own account. Canada took the simple and direct course of paying cash for every item secured from U.S. sources for Canadian military purposes.

That the government agencies on both sides of the border worked well together in the spirit of this Declaration may be judged in part by the fact that total sales of war equipment and supplies between the two countries from 1940 to 1945 approached 5 billion dollars in value.

By an exchange of notes in May 1945, the two Governments continued the principles of the Hyde Park Declaration for the remainder of the war and agreed that the same spirit of co-operation should characterize their treatment of the problems of reconversion and the other problems of mutual concern which would arise during the transition to the then hoped-for peacetime conditions.

This reference to co-operation under the Hyde Park Declaration is not intended to dismiss lightly the numerous and knotty problems which occurred during the war period. It is meant to show, only, that such problems as arose were handled with-

out impairment to the over-all objective of getting the goods and getting them quickly.

IV

LET us examine briefly how the 1950 Statement of Principles is being put to use presently.

Early in October 1950, the U.S. National Production Authority issued a regulation giving defence orders priority in the production of goods and services. Although it was recognized that this regulation would produce serious repercussions in Canada, there appeared at first no practical way of extending its provisions to Canada. However, on further examination, it was decided that the proposed Principles could serve as the necessary "bridge". Immediately upon their adoption, the National Production Authority issued a regulation providing generally for the extension of the United States priority system to Canadian firms concerned with either United States or Canadian defence programs. For her part, Canada immediately gave assurance that United States defence orders would be treated in Canada on the same basis as Canadian defence orders.

The action taken by the United States in extending its basic priority system to Canada has been followed by other actions of a more specific nature. For example, steel has been made available to Canada for her programs for freight cars and Great Lakes vessels, and more recently for her locomotive program. In addition, orders issued in the United States are being scrutinized carefully in the draft stage and continuously thereafter for their impact upon the Canadian economy. As an example of this, the National Production Authority order requiring U.S. steel producers to establish regular allotments of steel for purchase by steel distributors in the United States was subsequently amended to include Canadian warehouse distributors normally supplied by U.S. mills.

On the other side of the border, Canada has observed closely the control measures adopted in the United States, and taken complementary action where necessary.

Indicative of such action is the restriction on various types of construction in order to assure supplies of steel for essential construction projects.

IN the light of the new threat now confronting the peoples of Canada and the United States, a coordinated civil defence system is being instituted against unprovoked attack from the air.

A meeting was held in November 1950, in Washington, between the staffs of the two civil defence organizations for a discussion of common problems. It was agreed that there should be close working relationships and uniformity in the nomenclature, warnings, training and operations of civil defence in the two countries, with supplies and civil defence forces being readily interchangeable. It was recommended that a U.S.-Canada Joint Civil Defence Planning Committee be established composed of the respective heads of the civil defence agencies.

In February there followed a meeting in Ottawa, which resulted in recommendations that the respective governments approve an agreement based on the principle that civil defence activities, so far as possible, shall be co-ordinated for the protection of personnel and property, as if there were no border. The general terms of this agreement will require implementation, including possibly legislation. It will be necessary that the States and Provinces be permitted to enter into international defence mutual aid compacts to permit the movement of civil defence workers and supplies across the international border.

V

THE foregoing discussion has covered some of the principal channels of Canadian-United States co-operation in preparedness. In addition, there are numerous other points where governmental units of both nations are engaged in close and effective day-to-day contact. As the mobilization in both countries proceeds, it will undoubtedly mean new joint administrative machinery, in some instances probably to replace that of an earlier

period. A start only has been made; the bulk of the work lies ahead. Suitable provisions will have to keep pace with the march of events.

Finally, although the two countries are resolved to work together more closely because of a common danger and for the purpose of a combined defence, certain benefits may be expected over and above preparedness alone. Surely some advantages found in co-ordinated programs required under the emergency will be retained for their own sake. Again, certain actions which would take years to develop under normal conditions will be accelerated by pressure of the emergency. For instance, because of the urgent requirement for iron ore, both in large volume and by relatively safe haul, and for greatly in-

creased power, it may be hoped that further delays will be avoided in starting the St. Lawrence Seaway. Another opportunity lies in simplified customs procedures. Again, petroleum and natural gas offer great potentialities.

In working out the joint United States-Canadian undertaking for preparedness there will be times, probably many times, when honest differences of opinion will arise. This is to be expected between two sovereign states. However, peering into the uncertain future, with an occasional backward glance at the reassuring past, it seems a fair expectation to count on a full measure of co-operation in preparedness on the part of the two countries. There are no obstacles that cannot be surmounted by good will and common sense.

War Generator

The tragedy of the national totalitarian states consists principally in this: while they require the total devotion of the person, they lack and even repudiate explicitly all understanding and respect for the person and its interior riches. In consequence, they are impelled to seek a principle of human exaltation in myths of outward grandeur and unending efforts toward external power and prestige. Such an impulse tends of itself to generate war and the self-destruction of the civilized community.

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