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Canada and the United States, having completed more than a century of friendship with growing mutual respect and increasing co-operation, have just given the world a unique example of wartime co-ordination, and may profit themselves by the experience if they carry the lessons forward into peace. They are closer together today, economically and spiritually, than any other two important nations in the world, and their relations cannot be viewed by any other nation with Olympian detachment.

These two countries are active participants in world affairs, custodians of 13 per cent of the world's area and home of 7 per cent of the world's population. They have just marched together to a victory over philosophies which threatened their democratic principles, but this victory only removed certain specific dangers. Peace is more than the absence of fighting: it is a manner of living together. While Americans and Canadians have an idea of where they are aiming to go and what they wish to do in the peace, a little clarification of the why and how will not hurt, particularly if it is presented with a minimum of statistics.

Few figures are necessary, because, despite their liking for statistical data, these peoples are more interested in the vital aspects of life, in thinking and feeling and doing. Here is a comparison, in three lines, of the numerical features:

	Canada	The United States
Area (square miles).....	3,695,189	3,022,387
Population (1944).....	11,975,000	138,100,000
National Income (1944)....	$9,685,000,000	$160,653,000,000

This is a per capita national income of $809 for Canada and $1,164 for the United States, but it does not mean that Canadians relatively are indigent neighbours. As will be shown, the standard of living does not differ greatly.

Some persons go to the length of thinking that Canadians are just like Americans except that they did not have sense enough to settle farther south where it is not so cold, and that their population clusters along the border because Canadians wish to get as close to the United States as they can. It is true that half the Canadians live within 100 miles, and 90 per cent within 250 miles, of the border, but it is also true that more than half the population of the United States lives within 250 miles of the same border. The explanation is simple; in the early days there were no highways or railroads, and the pioneers were compelled to use the older method of travel, water. Settlements grew up beside the best rivers and the lakes they connected, and many of these waterways extend along what is now the boundary. On the other hand, the Laurentian Shield, a wedge of rock extending from Hudson Bay down to the Great Lakes, provided a million-square-mile barrier to northward expansion of Canadian settlers. The effort to bind Canada together on an east-west axis has compelled the Dominion to build almost twice the railway mileage per capita of the United States.

In another realm, without parallel in the United States, Canada has achieved greatly. Canada is a bilingual country, with more than 30 per cent of its population of French origin. In the Province of Quebec this large minority has maintained a cohesion of custom, religion and language which distinguishes it nationally and internationally. French Canadians have proved to be good farmers, gifted politicians, and eminent in the professions. They have kept intact their manner of living, and when they marry their English-speaking fellow-countrymen it is to absorb them, as witness the thousands with Irish or Scottish names in Quebec who can speak only French. The French Canadian was cut off almost completely from Europe by the fall of New France in the Seven Years' War and the gulf produced by the anti-clerical aspects of the French Revolution. He regards himself as truly Canadian.

Because of its dual base and subsequent mixed immigration, Canada will never produce a narrow racial nationalism. The trend is evident in these figures of population:

Origin:	*1871*	*1931*	*1941*
	%	%	%
British.....	60.55	51.86	49.68
French.....	31.07	28.22	30.27
Others.....	8.39	19.93	20.05

Canada is most tolerant of religious and cultural convictions among its people. As Hugh L. Keenleyside remarked in his book, "Canada and the United States" —"The people of Quebec know that if Canada were to join the American Union they would lose most, if not all, of the special priviliges they enjoy at present. No American Congress would look favourably upon the linguistic and religious situation that exists in Canada." The genius of the Dominion must be recognized in its handling of this split population, but it may be easier to maintain effective democratic government among people of common political principles but different languages, than among people of the same language but opposing political principles. This is evidenced, on the one hand, by the situation in Switzerland and the Union of South Africa as well as in Canada, and on the other by the American war for independence, the American civil war, and the Spanish civil war.

The rest of the world looks with respect, and sometimes envy, upon the economic development of the North American nations. Life on this continent is not the simple, frugal undertaking it is in older countries, devoid of comforts and conveniences. Successive stages of growth followed upon each other's heels with such rapidity that some "growing pains" resulted, but these have mostly disappeared as adolescence passed. Geography and the pressure of events have combined to intertwine closely the business structures of Canada and the United States, and the unusual degree of similarity in the economy of the two countries has meant that business men and capitalists have been attracted by opportunities across the line, so that there have grown up hundreds of enterprises which are known as "Canadian-American." The latest available figures report the following foreign investments in Canada: United States $4,190 million, Great Britain $2,466 million, Others $270 million: Total $6,926 million. In 1937, Canadian investments abroad totalled $1,757,900,000, of which more than a billion dollars was in the United States. Canadians are naturally more conscious of United States investments in Canada than are Americans of Canadian investments in the United States, though per capita the investments in the United States by Canadians are four times as great as those of the United States in Canada.

Though often mentioned by public speakers, it is worth repeating that these two countries are each other's best customers, with a total volume of trade exceeding, even in ordinary times, the total of trade between any other two countries. Exchange of goods was greatly enlarged during the war. and it does not need an economist to say that a nation is in for difficulties when it is driven by emergency of war to buy twice as much as usual from another nation. The aptitude of these two countries for not only getting around a difficulty but actually turning the occasion into one of mutual benefit was shown in the Hyde Park declaration of 1941. The underlying reason for that agreement was to provide Canada with sufficient United States dollars to purchase all the American-made goods she required, with the secondary objective of co-ordinating production effort so as to avoid needless duplication. By the end of 1942 notes had been exchanged extending measures of economic co-operation into the post-war years. In the words of the United States Secretary of State, the aims are: ". . . 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."

Canada's experiences have not been easy, economically speaking. She is rich in resources, and her people are energetic and efficient, but her market of consumers is too small to absorb the production of her farms, forests and factories. This problem has been enhanced during the war. Canada added a million people to industrial employment. She doubled her production of steel, and became the fourth greatest producer among the United Nations. She is first in the world in production of nickel, asbestos, platinum, radium, and newsprint; second among world nations in wood pulp, gold, aluminum, mercury and molybdenum; third in copper, zinc, lead, silver, arsenic, and fourth in magnesium.

Canada's darkest days, probably, were in the middle 1800's, when Great Britain adopted free trade, because this action deprived her of a favoured position in the colonial empire. So black was the outlook that talk of annexation to the United States sprang up, and a manifesto was published in Montreal in 1849 calling for union of the two countries. Five years later a reciprocity treaty with the United States relieved Canadians of their fears, but in 1866 it was cancelled, largely due to Washington's resentment toward British sympathies with the South during the civil war. By 1897, after many futile attempts to regain reciprocal treatment, Canada adopted imperial preference, and switched to ideas of trade with the Empire. In 1911, a second reciprocity treaty was rejected at a Canadian election. The tariff war had its greatest flare-up in the Fordney-McCumber and Smoot-Hawley tariffs of 1922 and 1930, which reduced Canadian access to American markets, and Canadians retaliated with large tariff increases of their own. In 1932 Canada entered into the "Ottawa" agreements designed to make the Empire more self-sufficient. By 1935 everyone was tired of the tariff battle, in which the economists, many of them amateurs, exhausted themselves and their countries by defying geography in their effort to prevent the natural movement of goods. The reciprocal trade agreement reached in that year was revised and renewed in 1938, when Great Britain also completed a trade pact with the United States.

It can be said that of recent years the American State Department has displayed remarkable knowledge of Canada's economic position, taking into account her great dependence upon export trade, her financial connections with the United States, and her relationship with Great Britain and as a member of the British Commonwealth of Nations. Just how important the bilateral exchange of goods can become is indicated by comparing 1939 with 1944. In the year

war broke out, Canada bought United States goods valued at $497 million, and in 1944 her purchases from the United States totalled $1,477 million; in 1939 United States purchases in Canada amounted to $380 million, and in 1944 they totalled $1,301 million. Canada is the best customer the United States has. She buys more there than she sells there. On the other hand, she sells more to the United Kingdom than she buys, and uses her balance of sterling funds to purchase United States dollars with which to pay the trade balance ordinarily due.

American business men do not regard Canada as foreign territory, but as a northward extension of the domestic market, and this familiarity is of incalculable force in the destinies of the two nations. There are hundreds of American-owned factories, mines and what-not in Canada. Some were located there because the Canadians erected tariff or duty barriers, and it was necessary to build plants in the Dominion to avoid the charges; others established themselves in Canada to come within the Empire preference. Many were built by young Americans who saw in the northern country a new frontier challenging their enterprise. Canadian banks have United States agencies, not for the purpose of soliciting deposits or doing domestic business, but to round out their service to cross-the-border traders. Insurance companies of each country do business in the other.

It may be seen, therefore, that the interchange of capital and the growth of bilateral trade have reached proportions which make them important to both countries. They have come into being in a normal way in the course of business, and not by forced culture. Post-war planning shows an inclination to continue the trend, and to present to the world an example of what neighbouring nations may do if they decide to give effect to the ideals of the Atlantic Charter by facilitating the exchange and consumption of goods "which are the material foundations of the liberty and welfare of all peoples."

Problems have arisen, of course. The United States can return, now that peace has come, to almost normal economic conditions, but Canada has been completely changed. She is no longer merely a producer of raw materials. Her manufacturing output increased from $3,400 million in 1939 to $9,074 million in 1944. What is she to do with the products? It is no wonder that the Canadian Minister of Finance announced his readiness to discuss with the governments of the United States, the United Kingdom, or other countries "reciprocal trade arrangements wider in scope and longer in duration than have hitherto been made." Certainly, with 25 to 35 per cent of the national income accounted for by exports and receipts from tourists, Canada will do all in her power to reach reciprocal agreements, and the Anglo-American-Canadian trade talks hold great significance for her. An article in Fortune three years ago said "If British and Canadian goods can be sold in the United States in reasonable quantity, the Empire-trade system will never be revived." Not only that, but if the Anglo-American group of nations are resolute in striving for freer trade throughout the world, and for normal alignments of materials and production, they can remove most of the economic frictions which upset nations. A fair interchange, on equal terms, of the products of these two North American countries will be greatly to the advantage of both, and will give to the world another example of their successful application of common-sense methods to international relations.

Exchange of goods is facilitated by the splendid systems of transportation existing between Canada and the United States and the rest of the globe. The St. Lawrence-Great Lakes waterway penetrates the continent for 2,350 miles. It takes large ocean-going vessels 1,000 miles inland to Montreal, and smaller ships to the head of the lakes. Other waterways in the United States and Canada carry freight south to the Gulf of Mexico, and north to Hudson Bay. Through fifty border gateways, upwards of 8,000 miles of Canadian-controlled railways in the United States are linked with their parent systems in Canada, and more than 1,500 miles of United States-controlled railway line is operated in Canada. This network links every part of both countries, and there is a fine disregard shown for political map accidents. The old Grand Trunk line ran from Portland, Maine through Canada to Chicago; even at present the shortest route from Montreal to Saint John, New Brunswick, lies through Maine, and American trains from Detroit to Buffalo take a short cut across Ontario. There were only 66 miles of railway in Canada in 1850 and 9,000 miles in the United States; today the figures are 43,000 and 257,000, with capital investment of $3,400 million and $18,800 million respectively. With one-twelfth the population and volume of traffic, Canada has one-sixth the railway mileage and nearly one-sixth of the capitalization of the United States. Highways follow a similar pattern, although Canada has not nearly the number or width of paved roads, and has not, as yet, a highway paved all the way from east to west. In air transportation, Canada is a major world crossroads, lying athwart the shortest route from the United States to either Europe or Asia. It is headquarters of the Provisional International Civil Aviation Organization, representing the governments of the world in regulation of air traffic, and of the International Air Transport Association, formed of air transport lines. There were 31 countries represented in organization of the latter body, which has for its objective the promotion of safe, regular and economical air transport, and provision for collaboration among the air transport enterprises engaged in international services.

Finance, manufacturing and transportation having been mentioned, notice should be taken of agriculture, which engages 23 per cent of the total population of the United States, and 27 per cent of that of Canada. In both countries the agricultural industry is made up of family farms; there is no peasant class. The temperature range in the United States permits the raising of semi-tropical fruits and cotton in the south; corn, wheat and other grains in the Mississippi and Columbia river valleys, and hardy fruits in the northwest. In Canada, wheat of the finest quality is grown in great profusion on the prairies in lee of the Rockies; the lower peninsula of Ontario grows tobacco, grapes and

peaches; the central and eastern provinces are given to dairying and mixed farming; in the coastal east and west are orchards which are world-famous for their product, and fisheries which yield $100 million a year and give employment to 50,000 persons in 33,000 boats; while northward there are forest resources of apparently inexhaustible quantity.

In spite of Canada's preoccupation with manufacturing during the war years, when only three men were left on the farms for every four who were there in 1939, agricultural production doubled and food shipments quadrupled. Total food exports during the war amounted to $3,772 million, of which $1,886 million went to Great Britain and $1,186 million to the United States. A measure of the Canadian wheat yield is given by figures showing shipments of about a million bushels every working day of the three crop years ended in July, sufficient for the normal bread requirements of 80,000,000 people in addition to the population of Canada. In proportion to population, Canada exported more food than any other nation. That was in war time. Significant for the future is the need for integration of Canadian and United States agriculture, to avoid waste effort, waste foodstuffs, and a lowering of the standard of living of farmers through needless competition.

There can be no doubt of the impact of economic policy in one country upon the economics of the other and upon the living standards of its people. There is no more touchy subject at the moment than prices, and it would be neither polite nor discreet to boast about Canada's achievements in price control — yet — but it should be proper to quote Lawrence Hunt, New York lawyer and author: "Canadians should feel a perfectly decent sense of satisfaction when they read in American newspapers and hear Americans say 'Canada does this or Canada does that, and it works'." It goes without saying that the pressure on Canadian price ceilings is greatly increased by upward price movement in the United States. On the other side of the slate should be written the lesson given by Belgian business men; "dealing with Americans under existing circumstances compares unfavourably with the stable conditions in Canada."

It would never do to close this part of the article without laudatory reference to the "undefended border," a subject which crops up in practically every goodwill luncheon address. Once these two peoples were enemies, and now they are friends. They didn't make the change by thinking high and obscure thoughts about the brotherhood of man, but by learning in the uneasy school of experience that it is better business to be friendly, and only common sense to be neighbourly. Both nations are proud of their record in having one of the most artificial boundary lines in the world, a boundary whose shadowy quality is attested by many amusing occurrences. In Rock Island, for instance, a man may get his hair cut in Canada and his shoes shined in the United States at the same time; and nearby a car driving along the highway from east to west is in Canada, but if it is going from west to east it is in the United States.

This boundary is crossed by more trade, travel, tourists, money, radio, trains, cars, newspapers, hockey, and more goodwill than any other frontier in the world. Canadians and Americans do much the same things, and frequently do them together. If anyone wishes to really understand the completeness of the disregard shown the border line, he should stand anywhere along the Niagara-Buffalo boundary on the first or fourth of July. Whether it be the celebration of American Independence or of Canadian Confederation, the Stars and Stripes and the Union Jacks are all mixed up together, and tourists pour back and forth over the international bridges. Malone, N.Y., celebrated American-Canadian Goodwill Day on July 1. The people of Campobello Island, New Brunswick, where the late President F. D. Roosevelt had a summer home, this year dedicated a granite cairn to his memory. This fall, Canadian grain combines lumbered through United States' wheat lands giving a practical demonstration of the good neighbour policy. There were 375 machines from Saskatchewan alone, helping to reap harvests from Texas northward through Oklahoma, Kansas and the Dakotas., while later as harvest-time moves north, United States machines are entering the Canadian prairies on a similar mission.

It took a hundred years to lay out this boundary, about 3,300 miles in length between Canada and the United States, and an additional 1,540 miles between Canada and Alaska. It was not done without mistakes, some of them laughable now, though headaches at the time. For instance, after the Americans had erected a fort at great expense near Rouse's Point, a survey in 1818 revealed that it was on the Canadian side of the line. Did the countries go to war about the fort? The solution was simpler than that: they just moved the boundary line, so that the fort was on United States soil! Northwest, where Ontario, Manitoba and Minnesota come together, a mistake in draughtmanship caused a little jog in the line, which encloses a section of mainland 10 by 12 miles, and about 100 islands. It contains the most northerly post office in the United States, and has a population of 100, but it can only be reached through Canada or by boat over Lake of the Woods. Out at its far western point the boundary line cuts off a little snippet from the mainland, so that its American inhabitants must take a voyage on sea water, or make a detour through Canada, when they visit the United States mainland.

Obviously, neither nation can distrust very much another with which it has such relations; which goes into similar hysterics over the World Series, uses the same shave lotions and lipsticks, cures its colds and poison ivy with the same nostrums and creams, twists the language into queer forms to express indignation at standing in street cars and trains, and, generally, lives the same life in the same way. But this does not mean that the people are the same. Actually each nation has its own peculiarities and characteristics. It is not a two-dimensional matter only, a length of border line and the traffic across it. Its greatest profundities are in the spiritual rather than in the natural world. The question is no longer as to where an invisible line runs; it has moved into the realm where men on both sides are wondering how the flow of people, rivers, harvesting machines, and trade across this line may be added to by the flow of ideas, so that the well-being of both peoples may be promoted.

(*This article will be concluded next month.*)

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