

Canadian american relations during world war ii

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The relationship between Canada and America, which forms a major field in the study of history in many schools in the two countries, goes back to more than two centuries. According to history, this relationship between the two countries is marked by the conflict of the earlier United States and the British colony in the earlier years and the aftermath development of one of the strongest international relationships in the present world.

As with any other relationship however, this relationship has over the years been marked by many up and downs with the most threatening been the war of year 1812 a period during which America sought to invade British Northern America. British North America countered this invasion through a joint army with the Canadians. Despite the war and the fact that some minor attacks continued to take place, the relationship between the two countries continued to grow with military collaborations taking place both during the World War I and World War II (Thompson, Randall, 2002, p. 11).

During the world recession that happened to the world economy before Second World War II, strategic planners in America struggled to devise a plan to uphold the security of Canada. The then president of United States, Franklin Roosevelt showed an interest in the northern neighbor of America and continuously encouraged Canada to step up efforts that would ensure its security especially through alliance with United States.

The resultant aspect of foreign policy resulted into an act of balancing between officials in United States who were seen as downplaying the strategic significance of Canada and leaders in Canada who saw the interests of American officials as a threat to the sovereignty of Canadian country. In the year 1939, Canada individually declared a state of war with German and

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vowed to stand up for its allies inclusive of America and British. It surmounted its human capital to volunteer and join the war and in this regard, many Canadians, women and men flocked recruiting offices to volunteer themselves to participate in the war.

The initial involvement of Canada in World War II was inspired with the existing relationship with the British and French army. Canada first involvement in the war was in 1942 and its military deployment reached corps level in 1943 in Italy. It is estimated that over one and a half million Canadians served in the war. Though not many of the Canadian troops participated actively outside the country, those deployed outside the country cooperated with the British and American troops to suppress German attacks in the northern America and on British frontiers (Beisner, 2003, p. 23).

For example, the Canadian troops played a vital role in the liberation of Paris in corroboration with the British and French troops. However, the Canadian army was accused of inexperience a thing that is seen to have enabled German troops escape without destruction in the Falaise Gap. However, before the first army of Canada could link with that one from United States forces, destruction of the German troops in Normandy was nearly complete.

According to (Celluci, 2005, "Canada made a number of contributions during the war that saw an increase in Canadian pride and increased economic, political and military relationships with United States" (p. 16). For example, the efforts to train commonwealth air troops and production of military and food requirements for the allied forces increased not only the relationship of Canada with the British but also with United States. During and after World

War II, Canada and America created relationships that today are considered to be among the strongest in the world.

Trade relationships between America and Canada had improved in the year 1934 with the passage of Reciprocal Trade Agreements Act in the same year. This was some few years before the two countries met and participated in the allies to defeat opposing forces in the World War II. In 1938 and on the onset of Second World War, the two countries signed a trade agreement that was to see a further reduction in tariffs charged on goods traded between the two countries further from those agreed in the 1934 trade agreement.

Corrective participation in the world war two further reinforced the relationship between the two countries. In 1940, a meeting between Canadian prime minister and United States president Roosevelt in New York saw the creation of Permanent Joint Board of Defense further providing for means of close social, cultural, military and economic relationship between the two countries (Celluci, 2005, p. 17). The Permanent Joint Board of Defense was later to organize a number of activities which were financed by the United States government and which much helped with the participation of America in Second World War.

Such activities included the canol project and the Alaska Highway the former which saw the expansion of oil production at Norman Wells. Canada had been able to expand its industrial capacity dramatically before America could officially enter into war. This was done through purchase of equipment and machinery from America though not to imply that this was solely done from United States. In the earlier months of 1941, the foreign currency exchange

in Canada was fairing quite bad and the country had to turn for help from United States.

The prime minister of Canada and the American president got involved in Hyde Park Agreement which sought for increased in purchases by united states from Canada and which sought to allow the use of united states lend-lease funds by the British for war components imported by Canada from America and which were expected to be used by the British army. The two measures covered in the agreement enabled Canada to increase it holdings on American dollars that were then useful in covering imports from the states (Den, 2005, p. 67).

In his research study, (Adams, 2003) has argued that the “ increased demand for consumer goods that resulted after the Second World War coupled with vast movement of immigrants and the desire to convert industrial machines used during war times for the benefit of civilians led to an increase in the level of demand for American imports by Canada both in terms of consumer goods and industrial machinery” (p. 45).

On the other hand, the period saw a sharp decline in exports from Canada and by the year 1947, the country was importing twice as much what it was exporting to United States. Owing to the fact that Europe and Britain were devastated by the results of war, it was problematic and largely impossible for Canada to counter America trade deficit with trade surplus from the rest of the world. This problem was however to come to an end soon by the fact that Canada was later to enjoy an investment boom by the year 1950.

The atmosphere that resulted from the cold war increased the interest of corporations from United States to embark on programs of relocating to Canada and to try and use resources which were abundant in the country to benefit their production capacity. Such resources included oil, uranium, gas and nonferrous metals inclusive of iron ore and copper. Such programs coupled with other parallel investments done in other major industries further brought the economies of Canada and United States further closer.

In essence, a large percentage of Canadian manufacturing industries, mining in oil, gas and other minerals fell under the control and ownership of corporations from United States (Barlow, 2005, p. 29). In his work, (Brooks, 2006) has stated that “ later in the years and following America’s numerous investment in Canada, the Canadian leaders sought multilateral arrangements such as North Atlantic Treaty Organization (NATO) involved in military relations and the General Agreement on Tariffs and Trade (GATT)” (p. 37)”.

One of the major reasons as to this step by Canadian leaders was to help avoid negotiations with United States which were bilateral and which largely exposed the country to the possibilities of being forced to make concessions in any area to obtain a similar concession from united states in another area. Thus multilateral arrangements to this leaders offered greater and more opportunities with other countries and which would help in reducing the inherent danger of direct confrontation with America and the unilateral exercise of power in matter involving the two countries by the latter.

Despite such fears, continental integration process further continued with United States supplying technology and industrial capacity needed for <https://assignbuster.com/canadian-american-relations-during-world-war-ii/>

production and processing of raw materials supplied by Canada. In essence, the Joint Ministerial Committee on Trade and Economic affairs and which comprised cabinet ministers involved in matters of economy from the two countries for a number of years met and held discussions regarding such matters the program adopted by united states to dispose surplus grains to third world countries and which was seen as undercutting commercial grain sales by Canada.

Another issue that formed a subject of strong discussion is that of extraterritorial application of American law to subsidiaries owned by America in Canada and which limited exports from them to china and later to Cuba and which was seen as infringing upon the sovereignty of Canada as an independent country (Beisner, 2003, p. 41). A new government in 1957 which was conservative as opposed to the previous republican vowed to increase the efforts of reducing the existing ties between Canadian economy and that of united states.

In the same year, a Royal Commission on the economic prospects of Canada warned over a possible loss in the control of Canadian destiny with critics arguing that resources from Canada were been developed in a non-uniform for the benefit of the huge industrial base of united states. Despite the fact that an Autopact Agreement was signed between the two countries in 1965 and which sought to allow vehicle manufactures to have a conditional free zone for motor vehicles and parts produced in Canada, many citizens expressed a desire to reduce the level of influence and ownership in the economy by outside forces.

Such desire threatened the existing diplomatic relationship between the two countries and in particular disputes over banking and tax policies and quarrels regarding United States magazines in Canada. In 1963, the American government had introduced a tax system that was aimed at restricting the outflow of funds from the country but which saw an immediate crisis in the Canadian financial market largely because the latter country depended largely on links with the American capital markets (Thompson, Randall, 2002, p. 20).

The Canadian government had to negotiate for an exemption to the tax policy adopted but this came with the agreement that if its borrowing in United States rose above any level rather than the traditional levels, exemptions granted would be reviewed by the American government. Moreover, the Canadian government had to promise that it would not increase its foreign reserves via any proceeds attained from new borrowings from United States.

These constraints narrowed the ability of Canadian government to implement and conduct desired economic policies. In yet another study, (Den 2005) hypothesized that “later in the year 1968, the American government introduced guidelines that were mandatory for any American multinational. As a result, American subsidiaries received orders to increase profits repatriations from Canada besides carrying out increased investment in American soil as opposed to other subsidiaries” (p. 104).

Moreover, the multinationals were ordered to increase exports that were needed for production by American plants as opposed to subsidiaries in Canada or any other country in the world. In the year 1971, the then <https://assignbuster.com/canadian-american-relations-during-world-war-ii/>

American president, Nixon, advocated for introduction of a number of measures to guard the American balance of payment account. This saw the imposition of a ten percent surcharge on American imports which were by then subjected to duty charges.

For another time, Canadian government was able to negotiate for exemptions to the new policy but this clearly revealed the vulnerability of Canada to ever changing American economic policies. As a result and in an effort to protect itself from effects of such changes, Canadian government developed a third option that was designed to diversify the economic ties that Canada had with the rest of the world and to reduce its dependency on American energy policy. In 1970s, the above named energy policy became a threatening issue between the two countries.

In the late 1960s and partly earlier stages of 1970s, the Canadian government and policy makers were anxious to increase their oil exports to America but this was highly restricted by import quotas imposed by the American government. Unsuccessful efforts were also made by the Canadian government to persuade the American government to backup a program of building a pipeline from Alaska to the United States through the northern side of Canada. By mid 1970s and with the turning down of their interests by the Americans, the Canadians had cooled down on their expectations to increase their oil exports to America.

This was also as a result of the OPEC crisis that hit the world in 1973s and part of 1974 besides the adequacy of the oil held by Canada and their gas reserves to meet the future needs of the country. Around the same time, the reaction of American government and the policy makers was to increase the

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export prices of Canadian oil in an effort to meet the oil prices of the world. Consequently, the issue surrounding energy re-emerged as a possible source of conflict between the two countries (Adams, 2003, p. 70).

This was further reinforced by the 1980 implementation of National Energy Program by the Canadian government with one of the major objective of the program being increasing control of Canadian oil industry up to a level of fifty percent by the year 1990. Following this program, the oil industry in Canada accounted for about thirty percent of non financial profits collected in the country in the year 1980 besides a rough estimate of seventy percent profits accruing to oil industry controlled by foreigners especially the American economy.

To encourage the achievement of the programs objective, Canadian government encouraged its citizens to takeover foreign oil subsidiaries, altered its taxing system in a manner that it favored Canadians in respect to governments fundings relating to risky oil explorations. Moreover, it amended it regulations in relation to land and imposed new ones that required fifty percent participation by Canadian in frontier gas and oil fields (Barlow, 2005, p. 48).