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CANADA'S CHOICE LEADERSHIP OR ANNIHILATION?

Address of Cyrus Eaton
Canadian-Born Chairman of the Board
Steep Rock Iron Mines Limited
and
Chesapeake and Ohio Railway
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The Canadian Manufacturers' Association
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(For Biographical Data on Cyrus Eaton, See Last Two Pages

My pleasure in addressing this distinguished group of Canadian business leaders is doubled because of your selection of my beloved Maritimes as the site of your 1959 meetings

In nearby Pugwash, Nova Scotia, where I was born 75 years ago and where I still spend part of every summer, one readily gains a sense of the seaside glory of the Atlantic Provinces. Look north from Pugwash across the Northumberland Straits, and the coast of Prince Edward Island fills the horizon. Turn your head but slightly to the west, and New Brunswick's Cape Tormentine quickly catches your eye

I shall have something else to say about the Maritimes and their place in the Canadian economy later. First, however, I should like to have you share with me a broad view of the complex world in which we are living in this revolutionary new nuclear age, and a more particular look at the preeminent part Canada can play in it if she chooses

Mood of Whole Modern World is to Build Industry

The keynote of this convention, "Build Industry - Build Canada," clearly states the ideal goal. The mood of the whole modern world, east and west, capitalist and communist, is to build industry. The peoples of every race, creed and color are doggedly determined to secure for themselves a greater share of the good things of this earth

Old Mother India, whose civilization dates back 5,000 years, typifies the trend. Some years ago I spent a week end with Sir Rabindranath Tagore, Bengal

scholar and classicist whose poetry had won him the Nobel Prize for literature Justifiably proud of India's ageless fame for art, poetry and philosophy, Tagore frankly expressed his scorn for western industrialism "In India," he asserted, 'we do not want your automobiles, we do not want your locomotives We are happy as we are " More recently there has been assurance from Prime Minister Nehru that India will not rest in her quest to upbuild industry At the same time, I feel sure she will demonstrate that emphasis on the material need not result in neglect of matters of the mind and the spirit

Those of us who dedicate the working part of our lives to industry and trade will find strong allies in many quarters. I have just been reading Faber's new life of Jowett, one of the greatest classical scholars and philosophers the English-speaking world has known. Jowett gave tremendous impetus to the growth of Oxford as a center of learning during the second half of the nineteenth century Quoting a less orthodox but better known British savant as saying, "The greatest of evils and the worst of crimes is poverty," Jowett designated that as the one statement by Bernard Shaw with which he completely agreed.

Nineteenth Century Canada Lacked Economic Opportunities

The Canada of my boyhood, particularly the Maritime Provinces, offered limited economic opportunities for ambitious and industrious boys and girls So it was around the turn of the century that I joined my footsteps with the countless others beating a path across the border to the better jobs that then beckoned there My good fortune was to find my first American business association with the late John D Rockefeller, the very model of creative and imaginative industrialism. At that time Mr Rockefeller was receiving lavish praise for his philanthropies.

Although he took satisfaction in the founding of universities and the building of hospitals and churches, I often heard him say that he considered his greatest contribution to the welfare of mankind the giving of gainful employment through the industry he created.

Twentieth Century Canada Offers Limitless Possibilities

If I were a boy in Canada today, I would waste no time casting a covetous eye across the border. My native land, which was content to be little more than a colony in my youth, has attained sovereign status. Second in area only to Soviet Russia, Canada possesses rich and limitless natural resources, whose surface has barely begun to be scratched. Industry for the most part is in its young and vigorous beginnings.

Canada is blessed with a strong centralized banking system, for which I am impelled to say a special word of praise. The small and scattered banks of the archaic American system suffer sharply in contrast. Their impotence in times of financial difficulty have accentuated panics of the past. Sooner or later, banking in America is bound to be reformed.

Because of her comparatively small population, as contrasted with the gigantic and costly enterprises pressing to be undertaken, Canada must call on outside capital. The generally high character of her governments, federal, provincial and municipal, under whatever political party, fortunately commands the confidence of the investors of the world. This is not to say that Canada will always automatically win the keen world wide competition for capital. Other countries hold out great inducements. Chile, for instance, allows all machinery and equipment for new mines to enter duty free, in her eagerness to develop her iron ore deposits.

I spoke earlier of the colonial status with which Canada was so long content. Even more we were proud to do obeisance to Britain, and to follow her lead both at home and abroad. I must confess that I have never lost my nostalgic affection for England, and that I have made a conscious effort down the years to maintain daily contact with things British. The Times of London and The Economist of London come regularly to my desk by air mail. In sixty years I have never missed an issue of Punch, The Illustrated London News or The Times Literary Supplement

Britain Sets the Example in World Commerce

Four hundred years ago England dispatched her first trade mission to Russia. Within recent weeks she has concluded a promising new five-year trade treaty with the Soviet Union. She is following up to bring about the broadest exchange of goods by making government loans to her industries that will conduct the trading. This makes better sense than our customary American and Canadian policy of direct foreign aid for the development of resources and industries in countries that will not permit our nationals to participate in ownership of any of their enterprises.

The British, very wisely in my view, have concluded that Russia is determined to occupy a prominent place in world commerce, and that Russia will accordingly make a policy of maintaining her credit at a high level. The Soviet Union, after all, is no feeble or faltering economy seeking a handout, but a front rank industrial power possessing vast resources and hard-working people, ambitious to excel in every field of modern life.

Even while we bow to Britain for her brilliant success in maintaining world leadership in commerce for more than four centuries, we must also

recognize that her failure to encourage the upbuilding of industry in Canada, Australia, India and South Africa not only retarded their development, but ultimately changed the Empire into a loosely-knit Commonwealth. Through this oversight, England has become a "tight little island" in fact as well as in poetry.

Canada has cut the ties that bound with Britain as far as foreign policy goes. For her former deference to English judgment in this field, however, she has substituted hesitation to differ with the United States on international matters. Here I submit, as one who knows and loves both North American countries well, Canada is making a mistake. Her most favorable course, not only to further her own economic development but perhaps to help save all mankind from annihilation, lies in exercising complete independence in foreign policy.

America's late Secretary of State persistently proclaimed that we could not do business with the Soviets because they embraced ideologies that differed from ours. On the same grounds, he forced the United States to embrace the fatuous myth that Red China, with its 600,000,000 citizens occupying the world's third largest land area, did not exist. These precepts have been repeated so frequently and so shrilly that burning hatred of everything Russian and Chinese has practically become a condition of political respectability in the United States. Hopefully the new head of the U S State Department will adhere to sounder and less fanatical doctrines.

Vast Canadian Commercial Potential Lies Across Pacific.

Whether or not this turns out to be the case, Canada cannot afford to wait and see, without sacrificing her tremendous potential for trade with the Far East. Opportunities for business with expanding Communist China have already mani-

fested themselves. An examination of the ambitious Siberian development program in the new Soviet seven-year plan leaves no doubt of the thriving traffic that can be conducted across the Pacific between the west coast of Canada and the Russian Far East. The Siberian prison bastion of the story books should not be allowed to cloud the reality that here is a vast area, liberally endowed with rich mineral wealth and fertile soil, and destined to become a busy modern industrial workshop. Certainly the Soviets have not inaugurated jet plane service to connect Moscow and Vladivostok by a fast 5,300-mile flight for the mere purpose of quickly transporting political malcontents into exile!

Opposing Ideologies Pose No Obstacle to Commerce

Let us examine the fallacy that peoples of opposing ideologies cannot do business with each other, that cold war or even hot war between them becomes inevitable. I speak as a dedicated capitalist and an incurable free enterpriser, who believes that the economic system under which I have enjoyed success is the best that man has been able to devise. Despite these unshakable convictions, I see no reason for the United States to declare cold war and to threaten to unleash hydrogen bombs on Great Britain because she has socialized all of her railroads, telephone companies, electric and gas utilities and coal mines.

As a director of The Cleveland Electric Illuminating Company and the Kansas City Power & Light Company, I credit private ownership with providing the incentive that spurs these utilities to operations of unsurpassed efficiency in the electric power world. The Chesapeake and Ohio Railway, of which I am Chairman, last year made more profit under private ownership than any railroad in the world, privately or publicly owned. These records of success incite no uncontrollable urge on my part to demand that the United States aim nuclear

warheads at Canada to force her to give up federal ownership of her largest railroad and airline, as well as provincial proprietorship of all but a fraction of her electric power facilities

As long as the Canadian people support the able men who are employed to operate government-owned enterprises, and as long as the government companies satisfactorily serve their purpose, public ownership of them will continue. The United States would be regarded as guilty of unwarranted interference to suggest that Canada change her system. Does the American cold war on Russia constitute less of an impertinence?

Canada Should Disassociate Herself from American Obduracy in Foreign Affairs

The insistence of the U S State Department on preserving the status quo, if not indeed harking back to the status quo ante, flies in the face of all recorded history. Change is inevitable, to attempt to stop it is to induce violence. Tremendous transformations are now taking place in standards and conditions that were established in Soviet Russia and Red China when they were backward countries. Success and prosperity stand to modify, while failure can only intensify, the more extreme and less desirable features of their political and economic systems. When and as the communist countries make progress, the strong likelihood is for less dogmatism and more flexibility. By disassociating herself thoroughly from American obduracy, Canada can set a salutary example for her bellicose southern neighbor and, at the same time, lessen the prospect of a nuclear holocaust that will engulf all mankind if it ever happens.

U S Success in Warfare Has Led to Military Conceit

In my lifetime, the United States has engaged in three wars--the Spanish-American War and World Wars I and II, all fought away from her shores. In both

World Wars, America came in late with her great industrial resources, and contributed heavily to the success of the winning side. With the conceit to which human nature is given, she has subsequently claimed almost complete credit for the victories, and come to the conclusion that she is invincible.

The atom bombs that rained down on Hiroshima and Nagasaki at the end of World War II marked a revolution in the nature of armed conflict. Civilians and soldiers alike, grown ups and children, wherever situated, become front line combatants when the first nuclear warhead begins to describe its trajectory. American monopoly of nuclear weapons was transitory. In fact, while the U S State Department smugly sat back and taunted the USSR, Soviet scientists went earnestly to work and demonstrated the capacity to produce weapons of even greater deadliness than those created in the United States. In recent weeks, I have been heartened to observe Viscount Montgomery, the Twentieth Century's ablest soldier, repeatedly warning the world to step back from the nuclear abyss and to work tirelessly for better understanding between East and West.

U S Scientists Call for Halt in Nuclear Armaments Race

I have watched the evolution of nuclear weapons with intense concern from the start. The University of Chicago, of which I am a trustee, conducted the initial experiments that led to the production of the first bombs. Most of the leading scientists who participated in the early development work have subsequently been devoting their full energies to efforts to persuade the American government to halt the armaments race. Through the Pugwash Conferences of international nuclear scientists, I have been trying to help. I fervently hope that history will support the famous French scientist who predicts that Pugwash will rank with Austerlitz and Waterloo as a turning point in the fate of the world.

Enough Nuclear Weapons in Existence to Wipe Out All Life

The stark and terrifying fact is that the use of only five per cent of the atom and hydrogen bombs now in the possession of the nuclear powers would completely wipe out every last vestige of life on this earth. We businessmen cannot be called cowards if, to safeguard our families and the commercial and cultural institutions to which we have devoted our lives, we remonstrate with heedless statesmen for running the nuclear risk. For myself, I long ago incorporated into my personal philosophy Spinoza's advice to harbor "no regrets, no fears." I have lived a busy and productive life, and I shall labor to the end to enable my children and grandchildren to enjoy the opportunities that have been mine. I know that the United States cannot go on spending \$50,000,000,000 a year for military weapons without succumbing to annihilation or impoverishment, and I shall fight both awful fates with all my strength. Canada is caught in the same web, so I would hope that Canadian policy and Canadian opinion might be directed to bringing American statesmanship to its senses.

Formula for Fullest Canadian Domestic Development

Let us turn now from the foreign scene to the leadership that must be provided at home if Canada is to realize her almost infinite potential to the full. It should go without saying that the people of Canada should be encouraged toward the highest physical and intellectual development. The new world in which we live is no place for weaklings of mind or body. The amazing advances in science throw down a tremendous intellectual challenge. Colleges and universities must pursue the truth relentlessly wherever it leads, even if it means modifying opinions that have been tenaciously held for centuries.

Even as better understanding and closer cooperation are needed among nations of the world, so are they essential between management and labor. This, I think, is industry's most crucial problem, and it is one that cannot successfully be delegated, but must be handled directly by constant contacts between top management and the leaders of labor. Crossing the Atlantic last fall on the Queen Elizabeth, I heard from the Commodore of the Cunard Fleet a success story of labor relations that all businessmen could profitably ponder. Conducting the largest shipping operation on the high seas, the Cunard Line has not had a strike for fifty years. Problems that arise are discussed and settled at monthly meetings of high Cunard officers with top union officials. The two sides recognize the mutual benefit of finding some middle course of agreement. Thus, while the rest of the world's shipping has become notorious for labor troubles, Cunard has set a unique record in its freedom from destructive warfare between management and labor.

Industrial Leaders Must Take Intelligent Interest in Government.

Leaders of industry should, I believe, form a habit not only of making their views frequently known to government leaders, but also of keeping in close touch with politicians, whether of the city, the Province or the Federal government. This is not to go so far as to recommend that big businessmen attempt a wholesale invasion of the Cabinet, because I think we have demonstrated in the United States that the 1952 American Cabinet composed of eight millionaires and a plumber was not an unqualified success. In democracies like Canada and the United States, however, it behooves all citizens, including businessmen, to take an active and intelligent interest in government.

Finally, since this is a gathering of businessmen who have made their marks in their various fields, I am sure it would be in order to point out that a special moral and social obligation rests upon those of us who have prospered under the capitalistic system. If we exercise restraint in our conduct, and give loyal support to all that is highest and best in our civilization, then we can be confident that we have done our utmost to make this wonderful world of ours a better place in which to live.

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May I add a postscript on the Maritimes to these remarks, even as you are adding a post-convention tour to these meetings you have held here.

Maritime Tourist Potential Calls for Broad Development

Early in the season though it is, I hope your tour will give you some appreciation of the vast possibilities of the Atlantic Provinces for large and profitable tourist traffic. A look at the map will show you that the superlative summer attractions of this area could by adequate transportation be made easily accessible to the eastern American population numbering some 50,000,000.

Recently I made a brief visit to Puerto Rico, which makes tourism its principal and thriving industry. The government and the newspapers have worked hard to popularize Puerto Rico as a tourist paradise. Their efforts would have come to nought, however, if first class transportation had not been available. Flying the 1,600 miles from New York to San Juan, the tourist has his choice of magnificent modern planes owned by a number of strong airlines. New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island deserve as much.

There are other ways in which the Maritimes can and should be lifted economically. One would be the location here of a number of small industries to

give year around employment to the present labor surplus The problem belongs not to the Maritimes alone, but to all of Canada In the interests of brevity, I shall not attempt to spell the subject out

I could not be in New Brunswick without saluting Lord Beaverbrook, who has just celebrated his eightieth birthday here, and who has made such generous contributions to the Province's cultural institutions In my own way, through the Pugwash Conferences and through Deep Cove Farms, with its Shorthorn cattle herd and its wild fowl conservation program, I am trying to give my native Nova Scotia a hand.

May I remind you that the only Canadian in the great American Hall of Fame in New York is Simon Newcomb, the noted astronomer who was born near Pugwash in Nova Scotia I challenge any other part of the world to match the Maritimes' record for producing university presidents, scholars, physicians, statesmen, bank presidents and business leaders

In conclusion, I commend the Maritimes to you, and ask that you give them the earnest consideration to which they are entitled.