(*March 22nd, 1937*)

Belgo-Canadian Relations

By Baron de Silvercruys, Belgian Minister.

Colonel Mess:—Before introducing our guest speaker might I welcome Our United States Consul General, Mr. H. E. Gould. It is his first visit to our table.

Much has been written and more told of the gallant little nation with which we were so closely associated during the years 1914 to 1918. They have passed through many troublous times since then. More is being written now on their participation in the economic war, and much is being said of the devoted, faithful services of their diplomatic representatives at home and abroad. She has chosen one of her best to be her first Minister to Canada, one with years of experience in Washington which will help him to appreciate the more our problems and aid his nation's understanding of our national Characteristics and sentiment.

I would like to introduce to you our new Belgian Minister, to whom we extend a most warm welcome. Baron Silvercruys.

Baron Silvercruys:—Mr. President and members of the Canadian Club: Before I say anything else, let me first tell you that I count it an honour and a privilege to have been invited to speak here on this occasion. When I last saw Mr. Vincent Massey on the eve of my departure from London he gave me some good advice and a sound warning. While he did not conceal the fondness of his compatriots for public speaking, yet he did say, "if ever you receive an invitation from the Canadian Club, of Toronto, just shut your eyes, and accept it!" Now I need not explain that any word from the Canadian High Commissioner of London goes a long way with me. I have known him for many years. I have seen him put Canada on the map in Washington. I have formed the highest respect for his devotion to public duty. There could be no question of my trying to shirk the responsibility of speaking in public so soon after my arrival in Canada. I have heard it said that diplomats are like children, "they should be seen, and not heard" —however, in my case, I was too sensible of your friendly gesture not to respond to it in an equally friendly spirit.

So, I made up my mind not only to speak, but to speak with great frankness, entirely confident that my remarks will be treated as the expression of only my own personal views.

This rare privilege of finding myself in your midst I deeply appreciate—I have before visited Toronto on two occasions, and I have always admired the order and the strength of your city, and I have been aware of its resources in manufacture and trade. But I knew also that it is the center of a great deal of learning. Proof has not been lacking that in the daily struggle of business you have also kept alive your quest for the intellectual and spiritual. And, of course, I realize that in such a center of industry, in such a center of learning, in such a beehive of activity, there must be found some of the leading men of the country, whose judgment and opinion weigh heavily in matters of national and world affairs.

I know now that many of these men are members of this club. I feel that I can return in no better way the compliment which you have paid to me than in "ventilating", so to speak, some of my thoughts and impressions upon arriving here to fulfill my recent appointment.

Canada and Belgium have many ties in common, both countries are democracies. Both countries are firmly attached to their freedom. Both respectfully devoted to their Sovereign. They are jealous of their liberties, and of their own institutions. But—lest it be said that I am passing judgment on this Dominion to which I have but only recently arrived, let me say that my further remarks will apply only to Belgium, and you can draw your own conclusions therefrom as to how they may also apply to Canada.

Independence is the keynote of our national life. Love of freedom is deeply rooted within us, and can be traced throughout our history from the days of the Roman conquests till now. It was responsible for the establishment

during the Middle Ages of our local institutions, and these institutions have been maintained to this date and have contributed to giving us to the fullest extent a system of provincial and municipal government of which we may well be proud. Although my country is small in size, with a population of only eight and one half millions, it is also divided into nine provinces. In each of these nine provinces the King is represented by a "Governor" and a "provincial council", acting as a local parliament for local affairs. This love of freedom has also been applied equally and for centuries to preserve separate characteristics and separate languages. For instance, while French is spoken throughout the southern part of Belgium, Flemish has been preserved in the northern half, and is more honoured there today than ever before. So attached are the people to their language traditions that it is not infrequently we find on the borderline between the north and the south a village split into two parts—French on one side of the street and Flemish on the other. It is only natural then that this spirit should find expression in the national life of my country. Just over a century ago Belgium was recognized as an independent state. Independent she has truly shown herself ever since in her foreign policy.

Between neighbours and friends she has been careful to steer a course clear of political implications. She has been equally careful to remain aloof whenever her own interests were not at stake. So, today, she is resolved not to depart from this strictly national policy, which policy is justified by her special position, by her special duties, and by her special rights.

While listening a few weeks ago to a speech of your Prime Minister on the occasion of the defence debate in Ottawa, I realized that there is hardly any difference between his policy and the one pursued by the Belgian Government. Our own main objective is Peace—this "will to Peace" stands as the cornerstone on which are built our foreign relations. Belgium seeks nothing from anyone. Belgium has nothing to receive, except security. She is perfectly satisfied with her lot. Her ardent desire is to work in peace, to join with other nations to make the world a better place to live in. Peace is indeed our main objective.

We realize perhaps more keenly than others that war does not pay. That war can never be justified, unless in self-defense.

Duty, we share with others in contributing to the maintenance of peace. We are prepared to cooperate to the fullest of our ability to make wars more difficult to start, and more remote. At the same time, we are ready to adopt whatever measures are necessary for our own defence. That is indeed a paramount obligation. All the more so since the plighted word and the written signature have of late been too often disregarded. Today we fear that both must be discounted in terms of international security. Today, in terms of war, Belgium is again a vital spot. Perhaps one of the most vital in the world. Therefore, when we take necessary measures to prevent our country from being used as a highway for aggression, we feel that we are reducing in no small degree the possibility of international conflict and the risks of war.

Circumstances make it clear that it is a matter of international duty for Belgium to organize her own defences. However, in return she is entitled to the assistance and the help of her neighbours. But she has another mission to perform. Situated at a crossroads where greater powers meet with their trade, their influence, and ambition, and where they have often clashed in the past, Belgium is in a position to bring about a better understanding by each one, of the other's point of view. For years she has provided such a common meeting ground. For years, on more than one occasion, she has succeeded in bringing about this better understanding. It will occur to you that the same thing may be said of Canada, and of the link which this Dominion can forge between the United Kingdom and the United States of America.

True it is that Belgium has an international mission to perform, and true it is that the organization of her own defence is no small element in the preservation of international peace. But there is one further point I wish to stress, because of certain convictions I have formed during the last five years I have spent in London. Between September, 1931, and December, 1936, I have lived many a day of anxiety. And let me say now that I can recall during

that time no occasion which did not strengthen my attachment to Great Britain, to the Commonwealth to which you belong, and which did not increase my affection for their people.

When I left London I was very confident there were in the world many political volcanoes. Grievances were flaring up. Ambitions were rising. Nations were arming. But I was equally confident that the greatest asset to peace was Great Britain, and the Empire. Their strength is an essential element of safety and security. It is to the credit of the British people to have tried—even to the point of accepting a great risk—it is to their credit to have tried to lead the nations to a saner conception of international life in a disarmed world.

But I feel that an even greater asset in the ledger of peace will be their firm determination, without any illusions, to maintain their position, to enforce these elements of security and stability so essential for the future of mankind. I dare say that if the world situation today seems a bit less disturbed, and if there seem to be somewhat better prospects for the settlement of some of these international difficulties, it is largely due to this stand which they have taken for rearmament and for defence.

There is no question in my mind that in facing such problems in Canada and Belgium we both feel and act alike. Our actions are inspired by the same conception of international order. By mutual respect for the agreed canons of international law. And by an earnest desire to live-and-let-live, and by the firm determination to live ourselves free and independent. In this the Canadian people and the Belgian people are surely one.

The majority of you in this room today have taken an active part in defending those principles in which our two countries jointly believe. It is only natural then that we should approach the questions I have in mind at the moment, in the same spirit, and with the same point of view, even though our people live three thousand miles apart.

The natural affinity between Belgium and Canada, which accounts for so much similarity in their political outlook, might be expected to apply to other fields of their national life. And so I should like to turn to the field of trade, and

to show that here, too, there are many points of contact between the two nations. Here again I deem it wisest for me to deal largely with Belgium. My knowledge of Canadian affairs hardly goes beyond what I might call an "encyclopedic" ignorance. Again I will leave it to you to draw your own conclusions, convinced that these will be formed to our mutual advantage.

A brief survey of the economic position of Belgium is worth conducting at any time. Belgium has always been extremely sensitive to any variation in world affairs. She reflects the trends in markets before they are even slightly apparent elsewhere. Let us consider for a moment the somewhat chaotic events of the past decade. As you know, the peak of the boom was reached early in 1929. At that time "high blood pressure" conditions were universal. The stroke was inevitable.

We realize now that indications of abnormal prosperity were noticeable in Belgium as early as 1928. We realize now that signs of the impending collapse first appeared there. We must realize now that recovery can be traced back to Belgium as early as 1934, as again a herald of the better times which began to prevail the following year. Figures will prove this point, and I shall quote them briefly, with all due respect to the statistics.

However, when we draw conclusions from certain premises, we must be certain that the premises themselves are true—one little miscalculation in the premise spoils the whole result. You may remember the case of the chemist who had difficulties at home over *certain* experiments over whiskey and soda. He promised his wife to keep away from Scotch, so he drank brandy and soda, and again he was in trouble. He then gave his word that he would change his habit, and he drank gin and soda, with the same disastrous results. The next day he apologized to his wife, and said, "Now, my dear, you must admit that I am right—the cause of all the trouble was the water!"

I may say that the water I am going to furnish you is the water of the League of Nations—that should vouch for its purity. Let us consider, for instance, "special trade". That is the imports and exports of goods irrespective of gold and silver between 1929 and 1935. Between 1929

and 1934 the world trade suffered a decline of sixty-six and two-thirds percent. From sixty-eight and one-half billion dollars it went down to twenty-one and one-half billions.

The figures are worth studying. Take the 1929 total and see what part of that sixty-eight and one-half billion dollars the principal countries of the world had:

The United States had	9½	billion	dollars
The United Kingdom	9	"	"
Germany	6½	"	"
France	4½	"	"
Canada	2½	"	"

Japan, Italy, The Netherlands, nearly the same, and Belgium just a little short of these.

That was in 1929, at the crest of the wave. From this it immediately appears that Belgium is ninth on the list, outranked by some countries whose special trade is normally inferior to hers. She was losing out already. Yet world trade was still in full swing and still on the up grade. The slowing down in Belgian trade in 1929 was a warning that the peak of prosperity had been reached, and that, from then on, the trend would be downward.

Let us see now what the situation was in 1933 and 1934 at the very bottom of the world depression. In 1933 the special trade of the principal countries was as follows:—

United Kingdom	3¼	billion	dollars
United States	2 2/5	"	"
Germany	2⅛	"	"
France	1¾	"	"
Belgium, a little over	¾	of a billion	

The interesting point of all this is that Belgian trade, while it had shrunk with the trade of all nations between 1929 and 1933, gradually shrank less and less. In 1933 Belgium has climbed to the fifth place, quite a rise from the ninth place, which she occupied in 1929. This slow rising in *place* is an indication that the fall in trade was not only "shock absorbed" in Belgium, but that we were approaching already the bottom of our depression.

Yet the first signs of world recovery were not to appear, generally, until 1935.

The figures for 1934 are even more "illuminating". Let us look, for instance, at the percentage of drop in volume of special trade in 1934 compared with 1929. We see that the

United States of America was off about..	76%
Italy	74%
Canada	72%
Germany	68%
Holland	63%
United Kingdom	63%
France	62%
Japan	60%
Belgium	59%

In that year, 1934, the drop of volume compared to 1929, is proportionately less for Belgium than for any of the other countries. Belgium had started on the up grade. No wonder then that her special trade, which reached only some twenty billion francs in 1933, had risen in 1935 to over thirty billion.

I have recited these figures, and perhaps laboured my argument, because I want to show to all of you who are interested in sizing up the trends of markets, the peculiar importance of a careful study of Belgian conditions. Belgium is a fairly accurate barometer of the sort of weather which may be expected in world trade.

Now, I should like to go a step further and consider the general situation from the economic point of view. Perhaps you may be able to draw conclusions from this which will show the special relationship between Canada and Belgium.

As you know, 1936 marks the beginning of a general recovery. Gold prices, which had increased at a rather slow rate, went up from June on, and finally closed in December at a level 30% higher than in December, 1935. Various things have contributed to this "flowing up" of economic life. The monetary agreement between the United States of America, the United Kingdom, and France, to which Belgium was the first country to immediately adhere, had undoubtedly the happiest influence on this widening of international markets, but no factor has had greater influ-

ence than the lowering of the tariff policy of the United States, and the first steps which have already been taken by some other countries toward a return of greater freedom of exchange.

Recently, Mr. Lewis Douglas, former Director of the American Budget, who, in my opinion, is not only one of the clearest thinking economists I have ever met, but also one of the most courageous—Mr. Douglas said before the Senate Finance Committee in Washington that the post-war public policy of higher barriers to trade had not only immeasurably intensified the economic and political disturbances over the past few years, but had even caused many of them.

But to mention Europe only, and to take a broader view of the situation, there are three points I would like to stress in this connection.

First—Do you think, for a moment, that it is sheer coincidence that the most prosperous nations there today are those who have remained to the largest possible degree faithful to a traditional policy of free trade? You may well look around and you will find that those countries which have obstinately pursued a policy of artificial control have only succeeded in adding to their difficulties, political as well as economic.

In this connection, it is interesting to note that the most substantial return to prosperity may be found among the free democracies.

Second—Small countries cannot thrive when their trade is handicapped by international restrictions. Their economic and frequently their political independence will soon be at stake. Their salvation lies in commercial agreements with such nations as will offer a fair "quid pro quo" in mutual trading arrangements. It is not without interest to note in this connection the renewed efforts which are being made at this moment by the signatories of the "Oslo Agreement", namely, Norway, Sweden, Denmark, The Netherlands, and Belgium, to widen the scope of their arrangements and to find better means of consolidating their trade with one another.

And, third—Free exchange of goods is the surest guarantee of lasting prosperity and peace. To quote Mr. Cordell Hull: "A nation's best chance to avoid war, or to escape the economic upheaval that war causes, is to promote peace through the revival of international trade."

Now, may I come a bit closer to Belgium and Canada in the matter of trade relations. Let us return to figures. The field of statistics is an ideal playground provided by the economist where the politician and the diplomat alike may romp with impunity.

It was my good fortune to listen a few weeks ago to Mr. Dunning's budget speech. It was indeed a masterly review of Canadian trade and commerce. However, when he came to imports and exports, his comparative figures did not extend beyond the field of American or Imperial relations. I should like to continue where he stopped, and to point out some of the items in Belgian-Canadian trade which are worthy of serious consideration. The figures for 1936, which are now available, will show that Canada imported in that year a trifle over six million dollars worth of Belgian goods, while Belgium imported from Canada over twenty-three million dollars. The balance of trade between the two countries is therefore one to three and three-fourths in *favour* of Canada.

Then there is another side to your foreign trade to which I would like to draw your attention. That is the trade of Canada with some of the major countries of the world. In 1936, Canadian imports from Belgium represented less than one percent of your total imports—six million dollars, as I said, out of a total of some six hundred and thirty-nine million dollars.

Now let us look at the other sheet of the ledger. In the same year, 1936, Canada's sales to Belgium amounted to 2.27 percent of her total exports—twenty-three million dollars, as indicated, out of total export of approximately one billion dollars.

Belgium stands today as your third best customer in the world. After the Empire and the United States, Belgium comes next. She imports from Canada twice as much as the Netherlands, more than twice as much as France, nearly four times as much as Germany. Yet when it comes to shipping goods into Canada, Belgium is in the fifth place, down below some of these other countries.

The difference of the balance of our trade between six million dollars and twenty-three million dollars is, indeed, a very large one, and, perhaps, it can be accounted for in the last year by extensive purchases of Canadian wheat by Belgian dealers. But here is precisely the crux of the problem. Wheat is a major item in *all* of your export trade, and, under different circumstances, is it not conceivable that it might suffer from serious competition? However, the first thing that we notice is that Canada naturally exports to Belgium largely agricultural and vegetable products—wheat, wood, pulp, metals, minerals—all products which are welcome in my country. While, on the other hand, Canada imports from Belgium almost exclusively industrial or other products which cannot seriously compete with Canadian goods. The two countries are thus in the best position to trade freely and profitably with each other. Their imports and exports do not conflict. There should be no barrier to such a free and natural exchange. There should be no barrier to such a necessary exchange. There has always been, and there is, in Belgium, an instinctive tendency to buy from Canada, but we also have a very earnest desire to have Canada buy more things from us. Bigger and better trade, both ways, is a formula to which I, for one, am only too glad to do everything in my power to bring about.

As I am drawing to the close of my remarks, there are two thoughts I would like to leave with you. First, a statement of Mr. Dunning in his budget speech in the House of Commons, a statement which I fully endorse: "An increase in our national wealth and income can best be secured by facilitating the production of the many things which Canada is best fitted to produce, and, by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce." And, second, an observation from the Leader of the Opposition: "When it comes to markets, to *capture* is one thing, to *hold* is sometimes more difficult, and *always* more important." That was well pointed out by the Right Honourable Richard B. Bennett in the course of the budget debate. In the present period of trade expansion throughout the world, there may be serious danger of losing ground. In this respect, I can

assure you that the Belgian Government, in their endeavour to find not only suitable but stable markets for our products in Canada, will be always prepared to facilitate the consolidation of your own trade with us.

I have spoken as I have because I hope, because I feel, that the matters we have discussed come within the scope of the objects of your club. They are matters close to my heart.

When I handed over to his Excellency, the Governor-General, my letters of credence, two months ago, I said that my efforts in the discharge of my mission would be pledged to bringing about closer commercial and intellectual relations between our two countries. Thus I have dwelt today not only on the material bands, but also on the higher and spiritual ties which unite us. We have much more in common than our trade, we have remembrance and sacred memories!

Those of this Dominion who lie in our soil at Saint Julien, Poelcappelle, Passchendaele—these are the silent witnesses of Belgium's memory and gratitude. I can do no better than recall the words of the Belgian Prime Minister: "In the present troubled times there are still Nations who can look one another in the face without any hidden thought, and simply say to each other: 'For all contributions to Peace, for better and for worse, you can count on us'."