

WASHINGTON • THROUGH CANADIAN EYES

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Dear Sir:

We'll have a chance to really put across Canada's story to United States in the next fortnight when President Eisenhower and Secretary of State Dulles come to Ottawa to see what's eating the Canadians.

This is a great honor for Canada and recognition that the White House, at least, is aware of our problems with Uncle Sam. As usual, though, our real problem is with Congress which reflects much of the ho-hum attitude of the American public when it comes to our troubles with United States. So, the real significance of the Eisenhower-Dulles visit is what is reported back home in the American papers. If the American press, radio and TV simply report the usual hoopla that surrounds a foreign visit by the President, then we will have lost a golden opportunity to get some of our points across. The American press will go to Ottawa with Ike aware of Canadian economic unhappiness with Washington policies. Therefore, it is up to Ottawa to impress upon Ike and Dulles the seriousness of Canadian feelings and, equally or possibly more important, let what Canada says to Ike be known to the American correspondents.

* * Ike himself may come up with some strong ideas in private sessions with the Prime Minister. The President is known to feel there should be closer economic unity between Canada and the U.S., and at one time he told Prime Minister St. Laurent during a White House chat that the two countries should set up a common market. With memories of 1911, Mr. St. Laurent quickly backed away. But maybe Ike might bring it up again next month.

* * This idea of a Canada-U.S. common market is not new, of course, but it has been revived by several American economists in recent months and others. Eric Johnston, sometime Presidential advisor and motion picture czar also has suggested something like this and a number of American newspapers have mused about the idea. There have been thoughts too, that certain segments of the economies could be brought closer together, such as the recommendation to study a joint wheat marketing corporation as proposed recently by Congressmen Hays of Arkansas and Coffin of Maine.

It does seem ironic, though, that this idea is getting some circulation in United States these days, while thinking in Canada has been going in the opposite direction.

* * As we mentioned recently, the best concrete thing that could happen to better Canada-U.S. relations and get Canada's story across to Uncle Sam is the establishment of Congressional and Parliamentary Committees to discuss separately

and together problems between the two nations. Prime Minister Diefenbaker's Wesleyan College speech wherein he promoted this idea may be just the needle needed to get action from Washington. While a measure has been introduced in the Canadian Senate to set up a Committee, nothing yet has been done in Washington. But if we do something, Washington will have to follow through since the idea originated in that Senate Foreign Relations Committee hearing on Canada-U.S. relations a month and a half ago.

* * British Prime Minister MacMillan's proposals for the U.S. and West Germany to provide more international liquidity (a \$50 phrase if we ever heard one!) to boost trade and strengthen economies, is getting close study here. Something probably will be done in a year or so, but it will be much less than Mr. MacMillan wants. Probably a financial injection for the International Monetary Fund, World Bank, etc. While most of cash for this injection will come from Washington and Bonn, undoubtedly Canada would be asked to pitch in with some more money to be made available.

* * Did Mr. MacMillan ask Washington to raise the price of gold? The best informed answer here is, "No." When asked this in public, Mr. MacMillan replied: "I am told that that is one of those questions which is even indecent to ask, and still more improper to answer."

In private, the British P.M. was less coy. He did not, he said, discuss gold with Washington. This, however, does not rule out the possibility that some of his financial experts who were here before him did discuss gold.

Needless to say, any possibility of a rise in the price of gold is of utmost importance to Canada and talk about it in recent months has been a very big factor in the rise in the price of gold shares on Canadian and other markets.

* * Speaking of gold, a resolution is before the Senate for a study of the condition of the U.S. gold industry. Those supporting it would like to have a boost in the price of gold. But they feel there is not a chance, at least at this time. Therefore, they hope a study would be okayed and they further hope it would show the U.S. gold mining industry needs either a price boost or some more Government aid.

* * Who owns what of the Arctic? And how much do we own? This ticklish legal question is plaguing more minds these days, especially with American military occupation of many parts of the Arctic in connection with the DEW line and other aspects of North American defense. Effective occupation has been a rule of thumb in the past, but in this case, it may not be. We trust not, since there are quite a few U.S. military people occupying parts of that northland these days. Dr. Oscar Svarlien of the University of Florida, an expert on such matters, has come up with one answer which has met some agreement from those in Washington who know of it. He says this: Canada and Russia may own the islands in the Arctic, under the Sector principle, but the ice floes and seas must remain international.

The Arctic Ocean, he says, cannot be considered as an inland sea, and the ice floes--even if meteorological bases are established on them--must be regarded as part of the ocean, and not part of Russian or Canadian territory.

* * Speaking of our north and the DEW line, Lieut. Gen. W.H. Turner, U.S. Air Force Deputy Chief of Staff says Russian planes are flying within range of the DEW line. He says on the average, a baker's dozen planes show up on the radar every day which cannot be identified and presumably are Russian.

* * Canada might get some atomic secrets from United States. Our military men have been wondering if we will come in under new legislation likely to go through Congress at this Session allowing some allies to have the secrets. Congress wants to retain a veto power over sharing of these secrets in case they don't trust some country's security arrangements. They are inclined to let the British have the secrets, but not the French. The question of Canada getting them has not yet been formally brought up. But the New York Times in a recent editorial says Canada must get the American atomic secrets along with the British. "Is Canada to be treated as a second-rate military partner...?" asks the N.Y. Times.

* * Well, you've probably read of the announcement of the St. Lawrence Seaway tolls. Six cents per gross registered ton and 42 cents a ton for bulk and 95 cents for general cargo for passage from Montreal through to Lake Erie. For Montreal into Lake Ontario it's four cents per registered ton, 40 cents for bulk and 90 cents for general cargo. To go through the Welland Canal will cost you two cents per gross registered ton, two cents for bulk and five cents for general cargo. And for partial transits, it's 15% for each lock.

A last minute session by the Canadian and American Toll Committees in Washington cleared away the last difficulties which had slowed up the announcement. There will be a hearing on these rate recommendations in Washington on August 6. Anybody can come and make a statement if he wishes. There will be a hearing in Ottawa, too.

Canada will get all the money collected from the Welland tolls and 71% of the rest. United States will get the remaining 29%. The first year of business, the Seaway agencies expect 25 million tons of business, and by 1960, they figure the traffic will be double that.

* * More good news for Canadian lumbermen. As we forecast recently, housing starts in United States continue to climb, now hitting 1 million plus for last month. This means more Canadian lumber will be needed to build the houses.

* * You can write out the death notice for the Organization for Trade Co-operation. This scheme for establishment of O.T.C. to be the administrative arm of the General Agreement on Tariffs and Trade has been given an almost permanent cold shoulder by the U.S. Congress. Ottawa and the rest of the free world wanted O.T.C. Congress does not, so we won't get it. It's too bad, for O.T.C. would have smoothed over a lot of problems in international trade.

* * The Senate now is well into its hearings on the President's liberal trade program after the surprisingly strong House endorsement. It now is clear the protectionists overplayed their hands and lost a lot of support. They just asked for too much. It'll be middle or late July now before the President's program calling for a five year extension of his authority to make multilateral

trade arrangements and to cut tariffs by five percent a year, gets into law. This means there will be two or three weeks when Washington has no trade legislation on the books. The current law runs out at the end of June. But it won't really matter. The only thing...United States won't be able to make new trade arrangements during that period.

The betting here is that the Senate will add a few more protectionist trimmings to the measure and maybe shorten its life from five to three years. But even so, this will be a good trade law. And it's expected to get Senatorial okay, although not by the margin it got in the House. So, within half a year or so, we can expect a call for another big tariff-cutting session in Geneva and that's good news for our exporters.

* * The President has to make up his mind about whether or not to slap more controls on oil imports into the West Coast. The decision must be made by the end of June. We're told by officials here that the best guess is he will add new restrictions. It won't matter so much to us right away because American importers are not buying their full quota of Canadian oil anyway. But, in principle, Canada presumably would object. The protection-seeking groups are arguing that since the importers are not taking their full quotas, this demonstrates the quotas are too high.

While the Texas and California Congressmen are pushing the White House for more oil restrictions, we still have a friend on this one in the Senate. Senator Hubert Humphrey, Democrat of Minnesota, says United States needs Canadian oil and to keep it out creates "sentiment in Canada toward retaliation."

* * Senator Richard Neuberger, Democrat from Oregon, is again pushing for an agreement between Canada and United States to develop a power project on the Yukon River. Nothing will happen on this, though, until the principle of downstream benefits is settled in the Columbia River issue between the two countries. At one time, Alaska delegate to Congress Bartlett wanted to make a deal to give Canada a corridor through Alaska to the Pacific Ocean in exchange for agreement on a Yukon power project. He got slapped down, though, by the State Department.

* * Plywood imports are getting it in the neck again. Congressmen galore have been denouncing imports in recent weeks, demanding higher tariffs and/or quotas. Japan is the major target in these demands. One Congressman complained that even Canada has been forced out of some parts of the U.S. market because of Japanese competition. He did not suggest, however, that Canada be exempted from his proposals for more import restrictions on plywood.

Sincerely,

The Editor

P.S. The Toronto Transportation Commission had better get out its perfume bottles or else Canada will be left behind in the race for the world's sweetest smelling subway. In Paris, French perfume is used to sweeten the subway air; in Japan, the essence of pine needles is used; and now, in New York, apple blossom scent is being sprayed in the subways. What is Toronto doing to make life sweeter for the riders? We don't want Canada to have the only smelly subway in the world!

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