

# WASHINGTON • THROUGH CANADIAN EYES

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Dear Sir:

Alaska soon will be the 49th State of the U.S.A. While they're setting off firecrackers and whooping it up both south and north of us, we should take a look to see what this all may mean to Canada.

For one thing, now there's going to be a lot more steam behind the projects for highway and/or railway links from continental U.S.A. to Alaska. Up to now, the Administration has been lukewarm and many Congressmen uncaring. But it'll be different from today on. You can bet your boots there will be a new highway and/or railway route to Alaska, probably slicing up through British Columbia. A commission established by Congress presently is studying the economic feasibility of the scheme and which route would be best. It now will speed up its investigations. With two Senators in Washington, Alaska will be able to exert its own pressure for the first time, and this will help move things along. So far as we're concerned, a highway and/or railway through B.C. (which seems to be favored over a route through Alberta) is bound to bring economic development to some of the more isolated parts of Canada's northwest region. There's been no discussion yet on who pays for how much of such a route. An educated guess at this early date might see Uncle Sam paying for the route itself, with Canada chipping in for construction of feeder roads to the highway or railway.

\* \* We'll also gain from Alaska statehood by being able to handle shipment of goods to the new state. The Jones Act, limiting shipments to Alaska to go via Seattle, will lose its effect when Alaska formally ceases to be a territory. So, this likely will shift more business to the ports of Prince Rupert and Vancouver.

\* \* One other thing: Statehood for Alaska also will reawaken demands for joint Canada-U.S. development of the Yukon River. Alaska wants the power that can be generated on the Yukon. It's a problem similar to power development on the Columbia River. Probably, though, despite Alaskan pressure, nothing will be done on the Yukon until some principles are laid down for settlement of the Columbia River issue. The problem, of course, is basically: how much and in what form (dollars or power) will Uncle Sam pay Canada for downstream benefits?

\* \* Statehood for Alaska also means there will be representatives in Washington who understand and can do something about the problems of the north, and this will be helpful for us because we have similar problems.

\* \* In case you missed it, Senator George Aiken, Vermont Republican, made the most important Congressional speech on Canada-U.S. relations given in the last couple of decades. Stripping away the froth and trimmings, Senator Aiken has come up with some hard ideas which have gotten little attention in Canada.

The most important and far-reaching recommendation is for joint Canada-U.S. stockpiling and planning for wheat, oil, lead, zinc, aluminum and other commodities. He says the supplies don't have to be merged physically, but policies relating to production, stockpiling and disposal should be worked out jointly. Aiken is an influential man in the Republican Party and his ideas carry weight with the White House.

Aiken has other ideas too: he agrees with Prime Minister Diefenbaker that Canada and the U.S. should likewise work together to solve unemployment. And he supports strongly the idea of committees on Canada-U.S. relations both in Congress and Parliament. Aiken's ideas on joint stockpiling and planning may be a little too ambitious for the present, but this committee idea, as we've said before, is an ideal solution for solving many of our problems. Aiken has thrown the ball to Ottawa and if Ottawa sets up such a committee in Parliament, the Vermont Senator says Washington will do likewise. This is a chance we should not miss because our biggest problem in Washington is with Congress, not the Administration.

\* \* One Diefenbaker idea you can mark down as dead, however: NATO food stockpiles. Aiken, ranking Republican on the Senate Agriculture Committee, says it's no good because it would cost too much money and there's no urgency about it just now. Aiken is reflecting Administration thinking on this one.

\* \* This past week has seen an outburst of Senatorial love and kisses for Canada. "Our greatest and dearest friend," Sen. Ives, Republican of New York, said on the Senate floor. "Great nation," said Sen. Aiken. "The Canadians are kinfolk of ours..." said Sen. Wiley, Republican of Wisconsin.

This sugary oratory was a little offset by some vinagery oratory in the Senate Finance Committee. Senator Long, Democrat of Louisiana, denounced our fish exports to the U.S.; Sen. "Molly" Malone, Republican of Nevada, blasted our uranium exports; Sen. Anderson, New Mexico Democrat, attacked our lead and zinc; Sen. Carlson, Republican of Kansas, damned our oil exports to the U.S.; and several Senators decried our anti-dumping laws and warned of Canada's rising protectionism.

\* \* An unusual admission by Secretary of State Dulles was made during the trade legislation hearings before the Senate Finance Committee. He said Washington had sacrificed relations with Canada and Venezuela in order to satisfy domestic oil producers who wanted protection against imports.

But evidence is coming in to show our hollering about American trade policies that hurt us is paying off. Look at the President's decision to set aside the unanimous Tariff Commission recommendations for higher lead and zinc tariffs. The White House apparently is offering a variety of price support schemes to try to help out the U.S. mineral industry instead of giving them more protection against imports.

\* \* We're not having much luck on copper, though, although the President's aid programs are aimed at keeping import restrictions as small as he dares in face of Congressional demands for more protection. But our copper producers are finding a bigger tariff at the American border. A suspension on copper duties, in effect most of the time for the last decade, ended on the first of July. So, a duty of 1.7 cents a pound went back on copper imports.

There's one bill in the Senate to more than double this rate, but it is not likely to get far. There's another bill in the House to continue the duty suspension for copper. But, no hearings have been scheduled for this one and it, too, looks like a doubtful starter.

The whole minerals picture is so confused and in such a state of flux just now with an overall bill before the Senate, that we'll wait until next issue to give you a run down on what it all means to Canada. In the next couple of weeks Congress should take some firm actions on the numerous price support gimmicks now proposed.

\* \* One thing to keep your eye on: some State Department maneuvering on multilateral negotiations for minerals. The Eisenhower Administration--using the Randall Commission Report as its foreign economic policy bible--has been philosophically opposed to any kind of new international commodity agreement or arrangement, and in fact, has been relatively lukewarm about the existing ones. The economic howls from Latin America and to some extent from Canada, have forced a change in this thinking. Washington has agreed to set up an international coffee study group which might lead to some kind of commodity agreement. Next on the list is a possible international study group for lead and zinc and there is State Department talk too, about a similar group for copper.

We can only comment again that it is amazing what changes can be wrought in Washington policy by some sticks and stones!

\* \* The U.S. Tariff Commission holds a hearing July 29 on tungsten imports. The motive behind the hearing is to limit imports. This could hurt British Columbia, especially. Want to make a statement to the Commission? If so, notify the Secretary, U.S. Tariff Commission, Washington 25, D.C. Our tungsten exports to the U.S. this year are running high.

\* \* Plenty of American wheat will be going into Government storage this year. A record crop is expected--one and a quarter billion bushels. Department of Agriculture economists predict seasonal prices for wheat may sink to \$1.45 a bushel in June-July-August. At that price, farmers will pour their wheat into Government storage for the price support rate of \$1.78.

And speaking of wheat, Canadian wheat officials are heading for Brookings, South Dakota for a meeting July 20-August 8 to try to figure out what to do about surpluses. High brass in Washington and Ottawa will be at this session, sponsored by the Food and Agriculture Organization. They'll try to co-ordinate surplus disposal programs first with each other and then with economic development of underdeveloped nations.

\* \* The bill to require pilots on ships throughout the Great Lakes may be shelved for this Session of Congress. If the bill went through, it would up the cost of shipping in the Great Lakes. Canada is unhappy about it and so are Denmark, Norway and Sweden. The State Department is putting pressure on the Senate Interstate and Foreign Commerce Committee to go slow, and Sen. Magnuson, chief pusher of the measure, may be having second thoughts. The House already has passed one version of the bill, but insiders think the Senate Committee either will water it down or put it on the shelf for 1958.

\* \* As expected, the railroads and East Coast ports are complaining that the announced St. Lawrence Seaway tolls are too low and the shippers say they're too high. Although hearings on the toll recommendations will be held in Ottawa and Washington early next month, the best guess here is that there will be little or no change in the tolls.

\* \* Canadian liquor firms can breathe a little easier. It now appears as if the perennial bill to ban liquor advertising will die in the Senate Interstate and Foreign Commerce Committee. Hearings have been held, but nothing more done so far. Time is running out on this 1958 Session of Congress and Committee sources indicate nothing is expected to be done on the bill--the same fate the anti-liquor advertising measure has met every year for the last decade. If the bill were okayed it would spell trouble and probable sales losses for Canadian distilleries selling in the American market. But it now looks like that prospect is not in the cards this year.

\* \* Senator Richard Nueberger, Democrat of Oregon, says Canada and United States should share the paving of 1,200 miles of the Alaska highway located in Canada. The cost--about \$125,000,000. Nueberger and four other Senators have introduced a bill in the Senate authorizing appropriation of \$66,000,000 in the next six years for the American share of the cost of paving the Alcan Highway. Nueberger says Canada, in addition to sharing this cost, must agree to maintain the highway and make it accessible on free and non-discriminatory terms to United States traffic. It seems a little late in this session of Congress for anything to happen to this bill, but next year might see some serious attention paid to the idea.

Sincerely,

*The Editors*