

WASHINGTON • THROUGH CANADIAN EYES

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Dear Sir:

Mark one down for our side.

Now we really may get somewhere after all the hullabaloo of the last year on Canada-U.S. relations. A secret of success, as we see it, lies in the establishment of a Congressional Committee on Canada-U.S. problems which will meet with a similar group of Canadian Parliamentarians.

You will remember last May we told you this was something to watch. But, we added that if this idea were to get off the ground, it needed a jabbing needle from Ottawa. The needle was provided by Prime Minister Diefenbaker at his June speech in Connecticut and later again when Eisenhower visited Ottawa. As a result, a resolution now has been passed by the Senate okaying establishment of the Canadian committee. It will be a subcommittee of the Senate Foreign Relations Committee.

So, now the Congressional committee is a fact of life. We should be sure it just doesn't sit there, but actually does something. Most Canadian problems with Uncle Sam stem from Congress, so the Canadian committee provides us with an ideal avenue down which to pour some badly-needed education on things Canadian. At the same time, our MP's might not suffer from a little education on things American.

* * Just to keep things straight, we should go into some background on where this idea came from. It popped up first in a foggy form in that report by Congressmen Brooks Hays and Frank Coffin on their study of Canada-U.S. relations. It was then preserved, perfected and polished by ex-Prince Edward Islander and now professor at Princeton, Percy E. Corbett who presented it to the Senate Foreign Relations Committee last May. Several Senators thought it a good idea, as did U.S. Ambassador to Canada Livingstone Merchant, but it was largely overlooked in the press in the rush of the day's news. Prime Minister Diefenbaker plucked it from the testimony of the hearing and gave it the necessary needle to stimulate Washington into doing something about it.

* * You can just about count on the recommended tolls for the St. Lawrence Seaway as being the final tolls. There remains only one question mark, and that's the Welland Canal. Washington is going to stay strictly out of this controversy. Although strong pleas were made at the recent Tolls Hearing in Washington to get rid of tolls on the Welland, the U.S. Seaway agency is sticking by its guns, saying if Canada wants to charge Welland tolls she can and the U.S. Agency has authority to go along with them.

If tolls on the Welland are removed, it will be strictly a decision made in Ottawa.

In case you need them handy, here again are the recommended toll rates which probably will be the final ones: six cents per gross registered ton of the vessel and 42 cents per ton for bulk cargo and 95 cents a ton for general cargo . . . this is for passage from Montreal into Lake Erie. From Montreal to Lake Ontario, the charge will be four cents per gross registered ton of the vessel and 40 cents for bulk and 90 cents for general cargo. Through the Welland only is two cents per gross registered ton of the vessel; two cents a ton for bulk; and five cents a ton for general cargo.

* * It'll be at least a year before Canadian planes defending North America through NORAD will have as up-to-date nuclear equipment as the American planes doing the same job.

When Defense Minister Pearkes was in Washington recently it was made clear that there would have to be a change in the American law before Canada could get nuclear air defense weapons. He did not make a major pitch for such weapons, but said this would be on the agenda for the first meeting this fall of the new Canada-U.S. Cabinet-level defense committee. Possibly at that meeting, Canada might persuade the U.S. Administration to have an amendment introduced in the 1959 Session of Congress to expand sharing of nuclear weapons to include Canada. Right now, only the United Kingdom can get them.

* * Another item on the agenda for that Cabinet-level defense committee meeting will be our CF-105's. We'd like the U.S. Air Force to buy some, thereby enabling us to recoup some of our millions poured into its development. Our selling point is that the CF-105's are ideal for the type of air defense work needed over North America. There are few stronger lobbies in Washington, however, than the U.S. airplane-makers' lobby, and our chances for such a sale are slender, indeed. Pearkes has made sure the Pentagon is well aware of our desire to sell the CF-105's, but so far, no nibbles.

* * Mike Pearson's idea--or was it Mr. Diefenbaker's?--for a UN police force is getting surprising support in Washington. Secretary of State Dulles has unexpectedly come out strongly for such a force and the U.S. Senate has approved a resolution supporting a force of about 10,000 men. The resolution says any nation not a permanent member of the UN Security Council could contribute men. Canada would be one country expected to make a healthy contribution.

This will be a big item on the agenda of the forthcoming "regular" Session of the United Nations.

* * Did you see that Russia's economic boss, First Deputy Premier Anastas I. Mikoyan has come out for a rise in the price of gold? He says the present U.S. rate of \$35 an ounce is artificially low and has been imposed by Washington despite protests of other gold-producing nations. He charges it amounts to a tribute paid to Uncle Sam by nations which sell gold to the U.S. This, of course, is not a kiss of death for any chance of a gold price rise, but it does not exactly encourage Washington to boost the rate.

* * We've mentioned several times the increasing American interest in the Arctic. Now, with U.S. atomic submarines sailing under the North Pole,

interest here heightens even more. It's about time we got a firm recognition from Washington on Canadian ownership of the Arctic Islands above the Canadian land mass and the waters in between. While Washington never has claimed we do not own them, it never has officially agreed that we do. Until such a U.S. statement comes, Arctic ownership will remain a cloudy thing and lead to still foggier statements.

One such "still foggier" statement has come from Senator Warren Magnuson, a Democrat from Washington, who said the other day that the Arctic is "still a virgin international sovereignty field . . ." Magnuson is Chairman of the powerful Senate Interstate and Foreign Commerce Committee.

* * You can count on American farm surpluses being around for a long time. The surplus problem has become permanent and Canadian farmers might just as well forget about it being a temporary thing. Grim, gloomy and even ghastly forecasts on world commodity markets are coming in from Rome where the Food and Agriculture Organization's Committee on Commodity Problems met recently and from Geneva where the UN's Economic and Social Council conferred. And in Washington, at last, the Administration has admitted the surplus problem is here to stay. In a report to the President, White House farm surplus disposal advisor Clarence Francis says Washington will have to make long-range plans on getting rid of surpluses in the world market.

All this, of course, spells trouble for Canadian farmers. We're simply going to have to live with cut-rate U.S. surplus deals for another five, ten, fifteen or more years. The only thing we can do is to keep hollering when we're hurt and try somehow to have a little more international coordination in getting rid of the surpluses.

* * And just to add emphasis to this situation and also to scare the pants off all Malthusians, it's been officially announced that 1958 will see American farmers harvesting the biggest crops in the history of the nation. Farmers are bringing in the fantastic crop of 1,420,000,000 bushels of wheat, the greatest in history. It's the same story with corn, barley, rye and practically every crop. This big harvest is all the more amazing when you consider it was grown under strict government restrictions on acreage, marketing and the Soil Bank. What has happened is that the farmers have used more and better machines and fertilizers, and improved varieties of seed. For example, American farmers this year are growing 26.5 bushels to the acre as the national average for wheat.

This all spells more trouble for Canadian farmers. It means Uncle Sam will have a whopper of a wheat surplus and this, in turn, means competition in the world market will intensify. And we'll face problems at home, as American fruits and vegetables push hard to get a bigger slice of the Canadian market.

* * Iron ore imports now are under investigation by the U.S. Tariff Commission. A hearing has not yet been scheduled but will be held in the near future. The investigation was spurred by a Senate Finance Committee resolution which indicated concern over iron ore imports. It was suggested at a committee hearing that U.S. companies were spending too much money to develop foreign sources of iron ore rather than spending the cash at home.

At the same time, Senator Hubert Humphrey, Democrat from Minnesota, the Mesabi Range state, has asked the U.S. Steel Company for detailed figures on the company's iron ore imports and how much the firm spends developing mine sites abroad.

* * You're not going to recognize the fishing boat of 1975. At least, that's the opinion of Jan-Oloff Traung, Chief Naval Architect for the Food and Agriculture Organization. He says Canadian fishermen in another 20 years of less may be using airborne fishing craft with adjustable jets to keep them stationary or at low speed when fishing and then, flying with their catch direct to consumption centres far inland.

He's drumming up business for a world fishing boat congress to be held in Rome next April 5-10. He says Canadian fishermen can learn how to save considerable money by improving and modernizing their operations.

* * You may have seen the call by Congressman Frank Coffin, Democrat from Maine, for the President to lift U.S. import restrictions against Canadian oil. He says Canadian oil is just as vital to the U.S. in an emergency as American oil. And he warns of the extra pressure of Venezuelan oil on the American market if the U.S. restrictions encourage Canada to build an oil pipeline from Alberta to Montreal, thereby replacing Venezuelan oil now serving that part of Canada.

Well, the Congressmen's help always is appreciated in our efforts to lift the psychologically-inhibiting U.S. import restrictions. The Congressman, however, is not doing this entirely out of the goodness of his heart and it is important for Canadians to know this. He has a vital self-interest in this oil matter. The background of his statement gives us a good lesson in using for our own ends the self-interest of various groups in the United States.

Mr. Coffin happens to be from the State of Maine which has a port called Portland. Into that port of Portland every year come more than 500 vessels which are carrying Venezuelan oil to Canada. Each vessel spends around \$5,000 in buying supplies, food, etc. This makes the businessmen of Portland very happy and it is an important part of the economy of the State. Now, if an oil pipeline is built from Alberta to Montreal, Canada won't need that Venezuelan oil. So, those vessels won't be coming to Canada and therefore they won't be stopping at Portland, Maine. So, the Portland businessmen will lose a multi-million dollar business.

Mr. Coffin is a Democrat and up for re-election in November. Now, he can no go to his campaign and say those nasty Republicans are going to drive Portland to ruin because of their restrictions against Canadian oil.

A long story . . . but an interesting one with a lesson for us.

* * On the other side of the oil import restriction coin . . . the oil lobby in Washington figures that renewed Reciprocal Trade Agreements Act amounts to a virtual order for mandatory controls on imports. Provisions written into the new law, says the lobby, imply the Administration has a duty and an obligation to make the oil import control program involuntary. The Administration, happily for us, takes no such attitude and will ignore the oil lobby on this one.

Sincerely,

The Editors