

WASHINGTON • THROUGH CANADIAN EYES

Vol. I, No. 13

September 2, 1958

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Dear Sir:

In Washington when Congress is in town, there seems to be a crisis every minute . . . a panic every hour. But when the Congressmen go home, the town settles back to normal urgent and emergency matters. That time now is with us and it's opportune to look back and see what Congress did affecting Canada over the last eight months.

Two things you have to keep in mind about Washington. First, remember it is in Congress where Canada has most trouble; and second, worry about what is done, but don't get too excited about what is said. Here, in capsule form, is what Washington did for and to you at the 1958 Session:

* * THE CANADA SUBCOMMITTEE--As we've said before, this was the greatest achievement of the Session and of the last decade at least, in furthering Canada-U.S. relations. Its establishment was spurred by Canada's vigorous vocal complaining and it is the instrument through which we can pour a lot of education. This is not a woolly proposition, for if you ship lead and zinc to United States, or plywood or hardboard, or oil, fish or cattle, or sell wheat abroad, you will benefit directly. It means your fears about U.S. trade policies will go right to the ears of those in Congress who make the policies.

* * LIBERAL TRADE--Another action important for you was the four year extension of the Reciprocal Trade Agreements Act with authority to cut tariffs by five percent per year. Again, this could mean dollars and cents in your pocket book because negotiations soon will begin for slicing American tariffs, and if you export to United States, you may benefit. Now, cross your fingers and hope the protectionists who collapsed at the 1958 Session of Congress will stay collapsed in 1959!

* * SURPLUS DISPOSAL--Well, it could have been worse. The extension of Public Law 480 (a year and a half and \$2.25 billion) is hardly helpful to Canadian farmers, but before the renewal became law, there was a chance Canada's farm exports would have had a terrible jolt. After lengthy debate, a \$500 million barter section was thrown out, to relief of Canadian farmers and, incidentally, it was thrown out because of the loud complaining voiced by Canadian farmers. Also, written into the law was a section saying Uncle Sam has to consider the normal commercial marketings of other friendly nations before making a surplus deal--before, only U.S. marketings were taken into serious consideration.

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* * MINERALS--There is real danger here for us now that Congress has rejected a vast deficiency payments scheme for the U.S. minerals industry. The President held back tariff boosts on lead and zinc because he felt this subsidy program would do more for the domestic industry than tariff increases. Now, he'll have to review that unanimous Tariff Commission recommendation for substantial duty hikes. There is considerable pressure for the increase and right now it looks like Mr. Eisenhower either will grant the jump in rates or start some kind of stockpiling program as he did in 1954 to avoid a recommended tariff rise. There is trouble too, for copper, because the Administration's proposed stockpiling program fell when the deficiency payments scheme was turned down. Demands for more tariff protection now are pouring into the White House from U.S. coppermen.

* * HAYS-COFFIN--You remember, of course, the report by Representatives Brooks Hays and Frank Coffin, both Democrats, on Canada-U.S. relations in which they recommended such things as study of a joint Canada-U.S. wheat marketing corporation and other titbits. They're carrying on their studies and should be in Canada shortly.

* * ALASKA--Statehood for Alaska is most important for Canada. It gives British Columbia an economic shot in the arm for goods and materials now can be shipped via such B.C. ports as Prince Rupert. While Alaska was a territory, everything had to be shipped through Seattle. But now, freight rates being what they are, it will be cheaper to ship through Prince Rupert than Seattle. More pressure will be added, too, for that highway from Washington State up through B.C. to Alaska and for paving the Alaskan Highway in Canada. Equally important, with the Congressmen now turning their eyes north to Alaska more often, while looking up there they will see Canada too, and better appreciate our problems.

* * COPPER--We lost here. The 1.7 cents a pound duty on copper was restored. But still, efforts to increase this further were beaten down.

* * WHEAT--A seed wheat bill which would have jumped the tariff rate from 10 cents a bushel to 21 was passed by Congress, but vetoed by the President in order to avoid harming relations with Canada. By that stroke of his pen, Mr. Eisenhower saved a \$12 million Canadian business for Prairie farmers.

* * ALUMINUM--Plenty of efforts this past Session to restrict Canadian aluminum exports to the U.S. Bills to do this were left on the shelf, however. But the domestic industry now is trying to get Administration action to cut down on Canadian aluminum entering the U.S. market.

* * NEWSPRINT--More jingles in the cash registers of Canadian newsprint mills will result from a new law authorizing duty-free entry into United States of narrower newsprint rolls, down from 15 inch widths to 13 inches.

* * WATER DIVERSION--The "Chicago Water Steal" seemed a cinch to get okayed this year, even having some Administration backing. But a filibuster in the dying hours of the 1958 Session by Great Lakes Senators killed this measure once again. Canada objected to the diversion of an extra 1,000 cubic feet per second of water from Lake Michigan into the Illinois Waterway because it would have lowered Great Lakes water levels, thereby damaging shipping by forcing

lighter loading and hurting power development. It would have cost you money if it had been okayed. It also would have provided even more strength to any Canadian thoughts about diverting the Columbia River.

* * COLUMBIA RIVER--Congressional investigators castigated the Administration for not making a deal with Canada on joint power development of the Columbia. It was clear from the hearings Canada seems to have Uncle Sam over a barrel on this issue, so we should be able to make a good deal when the time comes to start tentative negotiations on sharing power next year. (That is, providing we don't decide to divert).

* * O.T.C.--The Ike-backed and Canada-hoped-for proposal for the Organization of Trade Cooperation to be set up to act as an administrative arm of GATT, failed to get even a decent burial at this past Session of Congress. The legislators fear okaying it would mean, in effect, giving their blessing to GATT, something Congress never has done. So, it's dead and gone, although the President may try to resurrect it again in 1959.

* * ARCTIC--It was made crystal clear in Congress this year that many Congressmen know nothing about Canada's claims in the Arctic. Many a solon talked of staking American claims in the Arctic . . . one Senate Committee seriously discussed putting American colonies in the Arctic. It all made it even more necessary that Canada get Washington recognition for our Arctic territories.

* * RED HUNTERS--Probably the saddest episode in Congress this year was the desperate defense made by the Senate Internal Security Subcommittee on its Communist charges against the late Canadian Ambassador to Egypt, Herbert Norman. It renewed the charges and then for good measure, tossed in the name of the Clerk of the Canadian Cabinet, Robert Bryce. Despite Ottawa's denials and the Administration's unhappiness, the red-hunting committee declined to back down. Just to cap the whole thing, the House Un-American Activities Committee said its investigations showed there were 100,000 Communists in Canada. (Tim Buck would be ecstatic, if true!) Apparently, nobody on these committees has wondered about the propriety of investigating citizens of other nations.

* * WELLAND CANAL--Congressional approval was given for a study by the U.S. Army Corps of Engineers for an "All-American" Welland Canal near Buffalo. There were complaints about the inadequacies of our Welland. Nobody, except Buffalo area politicians, seems excited about this study . . . mainly because it would be so much cheaper to twin the Welland.

* * ST. LAWRENCE SEAWAY--Despite strong Congressional pressure from those representing East and Gulf Coast regions, tolls for the St. Lawrence Seaway were set relatively low. You can expect more demands from these same Congressmen in the next Session for higher tolls.

* * GOLD--As usual, the mining state Congressmen wanted a rise in the price of gold. Sen. "Molly" Malone, Nevada Republican, suggested \$105 an ounce. All these suggestions died in committee. Interestingly, though, there probably was more discussion about gold prices this time than for many a year in Congress.

* * URANIUM--New demands were made for restrictions on Canadian uranium. Nothing was done, but it begins to look like our producers will be in trouble after the current contracts run out. Pressure is building up, especially with Canadian uranium exports to the U.S. increasing as our production gets into high gear.

* * CATTLE--We'll have trouble in the U.S. cattle market next year. Pressure was on this Session to cut down Canadian cattle imports, and with more American cattle coming on the market next year, the cries for protection will increase sharply.

* * IRON ORE--Efforts to restrict imports of Canadian iron ore fell through, but the Senate Finance Committee did pass a resolution asking the Tariff Commission to study the import situation. That study already has begun.

* * FISH--A wide-scale subsidy program for American fishermen went down to defeat in the face of Administration head-shaking. This could have spelled serious trouble for Canadian fishermen who would have found a narrowing of the U.S. market resulting from the price support program for American fishermen. The program had been offered as a replacement for tariff increases which have been denied by the President. Defeat of this bill certainly will lead to more cries for tariff boosts.

* * PLYWOOD-HARDBOARD--The usual yelps were heard about ruinous imports, but this time most attention was given to Japanese imports. No bills got past the Committee stage, though.

* * LIQUOR ADVERTISING--A bill to prohibit interstate liquor advertising, which would mean sales losses to Canadian distilleries operating in United States, died in committee after extensive hearings. This one, backed by left-over prohibition addicts, comes up frequently, usually has noisy hearings and usually dies before getting to the floor.

* * OIL--Despite strong pressure from oil state Congressmen, the President declined to seriously tighten the U.S. oil import program. At the same time, he likewise declined to lift the restrictions against Canadian oil as suggested by several Congressmen, including Rep. Frank Coffin of Maine and Sen. Hubert Humphrey of Minnesota.

* * FREE TRADE--Another proposal that went down the Congressional drain was one by Sen. Richard Neuberger, Oregon Democrat, who suggested free trade between Canada and United States. It probably was one of the most totally ignored proposals put before Congress in 1958.

* * ANTI-DUMPING--With strong Administration backing, a new law tightening the anti-dumping rules sailed through Congress. It is not too dissimilar from the anti-dumping tightening done in Ottawa recently.

* * WESTERN HEMISPHERE SECTION--A bill to set up a western hemisphere Under Secretaryship in the State Department to give Canada and Latin America more attention was another which barely saw the light of day before being snuffed out. This one, though, may be brought up again in 1959.

So, all in all, Canada and you had a fairly good year in Congress in 1958 . . . better than we've had in a long time. Despite the whooping and hollering pouring off Capitol Hill, you didn't lose too much this year and, in fact, you gained in a number of places.

Sincerely,
The Editors