

WASHINGTON • THROUGH CANADIAN EYES

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Dear Sir:

Finance Minister Fleming, already wrestling with some delicate budgeting, may be getting a bill in the near future for \$675 million.

That's the extra money Canada will have to pay if the recommendations for increases in the resources of the International Monetary Fund and the World Bank are approved. Since approval seems likely, Fleming may get the bill before next Sept. 15.

Canada is paying more in these recommended increases for the Fund and Bank than most other nations because our economy has shot ahead faster.

The fatter cash registers of the Fund and Bank should go a long way to expanding trade and stabilizing currencies. For a trading nation like Canada, that's very important. Very likely, we'll get our money's worth in this investment.

* * As we mentioned in your last letter, Rep. Frank Coffin of Maine is a man to keep your eyes on. By now, you've seen press stories on his report on Canada-U.S. relations. He and defeated colleague Rep. Brooks Hays, have prepared what from now on will be the "bible" on current Canada-U.S. relations. It's a must for every library and you can get a copy by writing to: Rep. Coffin, House of Representatives, Washington, D.C. Supply is short so if you want a copy, better write now.

Probably the most important single recommendation made by Messrs. Coffin and Hays concerns the sharing of defense contracts. They say we should have more of them and, more important, they specify exactly how we should get more of them. Here's the key paragraph worth your special notice:

"The Canadians have extensive capabilities in the components field and if the Canadians are going to purchase from us, then we should, in turn, permit them to participate in the components business. It is suggested that consideration be given to the means whereby such an end can be secured; specifically, to the question of the applicability of the 'Buy American' statutes to procurement in Canada and to improved procedures to inform Canadian manufacturers of proposed procurements and of invitations to bid. The recently established Canada-United States Ministerial Committee on Joint Defense, which is to be composed of representatives of the United States and Canadian defense agencies, would appear to be an appropriate vehicle for discussing this proposition and for laying some sort of groundwork for positive action."

The ball now seems to have been tossed to Ottawa and it is up to the Canadian Cabinet to take up this suggestion with members of the U.S. Cabinet when they are in Ottawa Jan. 5 and 6.

* * Mr. Hays and Mr. Coffin also demanded an exemption for Canada from U.S. oil import restrictions . . . they thought lead and zinc problems might best be settled via NATO . . . they wanted closer Parliament-Congress relations . . . they wanted the U.S. Treasury to educate Americans on why the Canadian dollar is worth more than the U.S. dollar . . . they asked American labor unions to re-evaluate relations with their Canadian locals . . . they asked a beefing up of the Canada-U.S. Cabinet-level Economic Committee . . . they asked the American press to carry more news of Canada . . . warned against higher tariffs, especially on Canadian minerals . . . said Canadian subsidiaries of American firms need to do a better job of community relations, such as upping charity contributions . . . urged more intensive and effective consultations on farm surplus disposals . . .

Canadian knuckles were rapped a few times by the Congressmen. They complained about Canada's new anti-dumping law . . . said it was aimed directly at American exporters . . . they bitterly denounced Ottawa's desire to extend the present three mile limit on territorial waters . . . they warned of rising protectionism in Canada on both the industrial and farm fronts . . . and they said in some cases it would be alright for the American subsidiaries to offer stock to Canadians, but the stock probably would end up in United States anyway, and the whole stock issue was greatly over-rated . . .

These are briefly some of the highlights of that all-important report. It has been getting the attention of the big Eastern United States newspaper editorial pages and even penetrated to a smaller degree west of the Mississippi. Not many Congressmen have read it yet . . . too busy with Christmas and the opening of Congress Jan. 7. But it will be must reading for anybody on Capitol Hill who thinks of Canada in the coming year. And, too, it will be a handy tool with which to remind some forgetful individuals as time goes by.

We end these comments as we started them . . . if you're interested in current Canada-U.S. relations, get yourself a copy of this Hays-Coffin report.

* * You'll be interested to know that the State Department is mad as blazes at the Justice Department over that anti-trust suit which hits Canadian radio and TV-makers. "There must be a better way to do it . . ." says the State Department.

This is the case where the Washington trust busters are trying to punish General Electric, Westinghouse and Phillips for the patent pool set up in Canada by their Canadian subsidiaries. The State Department recognizes this is getting dangerously close if not over the line of extraterritorial application of U.S. laws. Most American newspapers which have commented on the case take the same line.

But there might be something concrete come out of this hullabaloo over the U.S. trust busters reaching into Canada. From now on, the U.S. anti-trust boys will be consulting a little more fully with their Canadian counterparts. Probably no formal arrangement for sharing information will be established but a well-oiled informal exchange would avoid the excesses taken in this current anti-trust case.

* * And while the Washington trustbusters may not be reaching into Canada so vigorously in the future, the Washington space planners may be doing more reaching north in the months and years ahead.

For one thing, the American astronomical experts, or the "Buck Rogers boys" as they are called here, believe Fort Churchill, Manitoba is about the best place from which to send the first man into space. The U.S. space bases in Florida and California can't be used because of the two belts of intense radiation around this planet's midriff. If, however, you shoot a man into space from the northern regions, you will miss those death-dealing radiation belts. And Washington has been making great use for upper atmosphere explorations of the Fort Churchill location. Dr. James A. Van Allen, discoverer of the radiation belts and leading member of the "Buck Rogers boys", says Fort Churchill would be the best spot from which man can make his ascent from things terrestrial to things celestial.

* * A scientific meeting in Washington this past week revealed that the floor of the Arctic Ocean may be as rugged as the Canadian Rocky Mountains. Scientists reported exploratory work done by the U.S. nuclear submarines Skate and Nautilus this summer showed a huge plateau stretching from Ellesmere Island, the northernmost point of Canadian territory, to eastern Siberia. In the center, parts of the plateau come within 4,500 feet of the surface and on the sides it drops to depths of 10,000 to 15,000 feet.

* * There is real concern for the future of Canadian oil in the American market. Unable to make up his mind, President Eisenhower has extended the present import quotas until the end of next February. By so doing he may have abdicated his control of the situation in favor of Congress. And Congress is in a tough mood on oil. There are some Congressmen, notably the Upper Midwesterners and the New Englanders who want to allow free entry of Canadian oil, but they are in a minority. If the oil state Congressmen were able to slam something through Congress before the last of February, that action might take the place of any Administration action.

The President's Committee on oil imports still is at work, but can't decide whether to go for a continuation of the voluntary program, or make the controls mandatory as demanded by the U.S. Justice Department trust-busters. They fear the voluntary scheme violates anti-trust laws.

* * It's getting close to decision time in Washington for a \$400 million order on which Canadair, Ltd. has bid. The order is for air frames for the U.S. Air Force, and Canadair is part of a team formed by Convair in the United States trying to get the contracts for building of 200 new airborne radar picket planes. Half a dozen other teams also are trying to get the contracts.

* * In outlining a "master plan" for North American air defense, the U.S. Air Force tells us that the Avro Arrow would be a wasteful duplication of American fighters now planned to be the manned air defense of the continent. These are the Lockheed-built f-104 and the future Convair built f-106. The so-called chemical interceptor, the f-108, will come on the job much later.

The Pentagon has turned the Arrow down flat, and it seems to be hoping that Prime Minister Diefenbaker takes the same line before March 31.

This "master plan" incidentally, says the continent will be defended by a "concept of air defense in depth." The manned interceptors first will tackle an attacking force; then the BOMARC's will attack the invader and

finally the Nike-Hercules missiles will be put into action. This three-line defense system has the stamp of approval of the Secretary of Defense.

* * In case you missed it, it's worth noting that the U.S. House of Representatives has done the same thing as the Senate, that is, it has set up a special Canada Sub-Committee. A Brooklyn Democrat, a lady called Edna F. Kelly, will be the Chairman. She and Sen. George Aiken, Vermont Republican, will lead their groups in discussions Jan. 9 and 10 in Washington with the visiting group of Canadian Parliamentarians.

This is a happy development for there was some concern that the House would not name a Canada Sub-Committee. Now, there is a specific place in both U.S. legislative bodies through which to channel relations with Canada. There has never been anything like this before, and Canadian Parliamentarians, businessmen, etc. would be very wise to make maximum use of these Sub-Committees. If we don't show interest in their work, the Representatives and Senators will quickly move on to what they consider more important things.

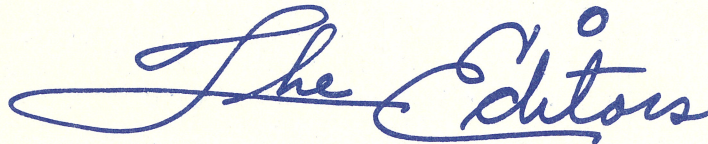
* * A senior Democratic Senator--Mike Mansfield of Montana--has asked Secretary of State Dulles to press for Canadian approval of the U.S. plans for Libby Dam. He says there is evidence Ottawa is weakening in its opposition to Libby. The dam would be in the Kootenai River, tributary of the Columbia and would back water over the Canadian border.

* * Look for announcement in a few weeks on the tolls for the St. Lawrence Seaway. And it looks like the final toll rates will be just about the same as those recommended last summer. If so, that means tolls on the Welland Canal, too. For the Welland, the tolls would be two cents a ton for bulk cargo and five cents for general cargo, plus a charge of two cents per gross registered ton of the vessel. For shipping from Montreal into Lake Ontario, the charge would be 40 cents a ton for bulk; 90 cents for general; and four cents a ton for the ship.

* * Wheat, as we've mentioned before, is a key legislative target for the 1959 Session of Congress, and it now looks as if most Congressmen are leaning to a so-called two price plan for wheat which really will be a three price plan. The scheme would be to sell the wheat for a certain price in the domestic market and then at a much lower price in the world market, probably lower than the International Wheat Agreement current rate.

Farm groups and the farm Congressmen have been conferring and almost all of them think theirs is the best way for the U.S. to sell more wheat. This is not a happy prospect for Canadian wheat sales for if the scheme went through without iron-clad safeguards for the wheat of Allies, the U.S. would be undercutting all the other wheat selling countries, and thereby stealing away the customers.

Sincerely,

A handwritten signature in blue ink that reads "The Editors". The signature is written in a cursive, flowing style with a large initial "T" and "E".

P.S. We like the description we heard the other day comparing vital statistics to a bikini bathing suit. What statistics reveal is interesting, but what is hidden is vital. na