

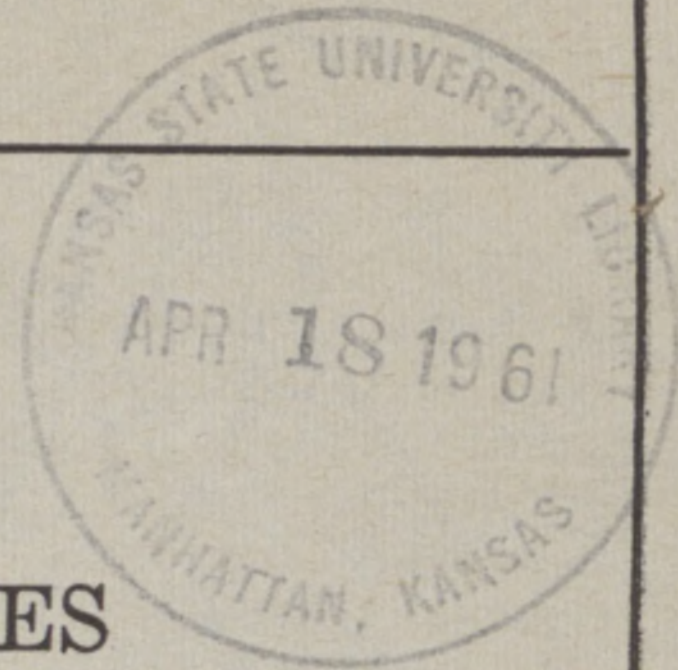
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4/ CANADA-UNITED STATES
INTERPARLIAMENTARY GROUP

REPORT TO THE SENATE
ON THE
FOURTH MEETING, HELD AT OTTAWA AND
QUEBEC CITY, CANADA
FEBRUARY 22-26, 1961
BY
Senator GEORGE D. AIKEN, Chairman
OF THE
SENATE DELEGATION

2 Congress

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MARCH 17, 1961

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LETTER OF TRANSMITTAL

MARCH 17, 1961.

Hon. LYNDON B. JOHNSON,
President of the U.S. Senate.

DEAR MR. VICE PRESIDENT: Pursuant to Public Law 86-42, approved June 11, 1959, and as chairman of the Senate delegation, I have the honor to submit a report on the fourth meeting of the Canada-United States Interparliamentary Group which was held in Ottawa and Quebec City, Canada, on February 22-26, 1961.

Sincerely yours,

GEORGE D. AIKEN,
U.S. Senator.

LETTER OF TRANSMITTAL

March 11, 1933

Hon. Nathan F. Johnson
President of the U.S. Senate

Dear Mr. Johnson: I am pleased to learn that the Senate has passed the bill (S. 11, 1933) which is now before you. I have the honor to acknowledge the receipt of the bill from the United States House of Representatives which was passed in the House of Representatives on March 10, 1933.

Sincerely yours,

John D. Smith

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

BACKGROUND

Good relations between two neighboring countries require initiative, effort, and understanding on the part of each neighbor. The existence of these qualities in Canada and the United States, together with continuing recognition by legislative and executive officials of the necessity and benefits of cooperation between the two countries, led to the formation of the Canada-United States Interparliamentary Group. All its activities have been animated by this philosophy.

The first meeting of the Group was held on January 9 and 10, 1959, in Washington. The general principles under which the Interparliamentary Group has since operated were agreed upon at that time.¹

Public Law 86-42 authorized continuing United States participation in the Canada-United States Interparliamentary Group, provided procedural guidelines, and authorized the appropriation of funds for the expenses of the United States delegations to meetings.

The second meeting of the Group was held in Montreal and Ottawa on June 22-28, 1959, in connection with the opening of the St. Lawrence Seaway.

The third meeting was held in Washington on April 21-22, 1960. In both the second and third meetings the agenda topics were divided into defense, economic, and boundary categories.

COMPOSITION OF DELEGATIONS

The Vice President, pursuant to Public Law 86-42, named the following Members of the Senate for the February 1961 meetings: Senator George D. Aiken (Vermont), chairman; Senator Homer E. Capehart (Indiana), Senator Russell B. Long (Louisiana), Senator Margaret Chase Smith (Maine), Senator Henry Dworshak (Idaho), Senator Gordon Allott (Colorado), Senator Ralph W. Yarborough (Texas), Senator B. Everett Jordan (North Carolina), Senator Thomas J. Dodd (Connecticut), Senator Vance Hartke (Indiana), Senator J. Caleb Boggs (Delaware), and Senator Lee Metcalf (Montana). Senators Capehart, Long, Smith, and Dworshak were unable to make the trip and Senator Hiram L. Fong (Hawaii) was added to the delegation.

The Speaker of the House of Representatives named the following Members of the House: Representative Cornelius E. Gallagher (New Jersey), chairman; Representative Edna F. Kelly (New York), Representative Sidney R. Yates (Illinois), Representative Frank Ikard (Texas), Representative Thaddeus J. Dulski (New York), Representative Philip J. Philbin (Massachusetts), Representative Samuel

¹ The history of the Canada-United States Interparliamentary Group is given in more detail in my report to the Senate of July 31, 1959, and in the report on the Group dated January 17, 1961, prepared for the Committee on Foreign Affairs by the Legislative Reference Service, Library of Congress.

S. Stratton (New York), Representative Laurence Curtis (Massachusetts), Representative William S. Broomfield (Michigan), Representative Glenn Cunningham (Nebraska), Representative James Harvey (Michigan), and Representative Stanley R. Tupper (Maine). Representatives Yates and Ikard were unable to make the trip and Representatives William T. Murphy (Illinois) and Harold Donohue (Massachusetts) were added to the delegation.

The Canadian delegation was composed of the following: From the Canadian Senate: Speaker Mark R. Drouin (chairman), Senator P. H. Bouffard, Senator W. R. Brunt, Senator Norman Lambert, Senator (Mrs.) J. D. Quart, and Senator S. J. Smith; from the House of Commons: Speaker Roland Michener, Mr. Egan Chambers, Mr. R. Bourdages, Mr. John MacLean, Mr. James McGrath, Mr. H. M. Batten, Mr. John B. Hamilton, Mr. J. Pallett, Mr. K. H. More, Mr. E. M. Woolliams, Mr. G. J. McIlraith, Mr. Jean-Paul Racine, Mr. Paul Martin, Mr. Paul Martineau, Mr. A. Denis, Mr. H. W. Her-ridge, Mr. G. J. Valade, and Mr. William Payne.

ORGANIZATION OF THE MEETING

Formal sessions of the Group were held in Ottawa in the main Parliament Building on February 23 and 24. Plenary sessions were held at the beginning and at the end of the conference and three sets of committee meetings were held between the plenary sessions. At the first plenary session Secretary of State for External Affairs Howard Green welcomed the United States delegates.

The delegates divided into three committees, Canadians serving as active chairmen assisted by associate United States chairmen: (1) Defense Cooperation and Disarmament, Hon. Mark Drouin, chairman; (2) Trade and Economic Matters, Hon. Roland Michener, chairman; and (3) Boundary Matters, Cultural Affairs, and Foreign Policy, Hon. Paul Martin, chairman.

During the afternoon of February 23 the United States delegates attended a session of the House of Commons which was opened by gracious addresses of welcome by Prime Minister John G. Diefenbaker, leader of the Liberal Opposition, Mr. Lester Pearson, and by Mr. Hazen Argue, leader of the Co-operative Commonwealth Federation Party.

At a luncheon in historic Room 16 in the Parliament Building Prime Minister Diefenbaker, Hon. Lionel Chevrier, Senator Aiken, and Representative Gallagher spoke at a ceremony dedicating a plaque to be installed in that room commemorating the occasion in 1943 of the first formal meeting of Canadian and United States parliamentarians.

At the final plenary session, reports to the full Group were made of the work of the three committees. The Group adopted these reports as the agreed record of the discussions. The final business of the conference was an authorization to Speakers Drouin and Michener, Representative Gallagher, and myself to issue a joint press statement which summarized the results of the conference.

On Saturday, February 25, after completing the joint press statement, Canadian and United States delegations went to Quebec City where they were welcomed by the mayor of Quebec City and by officials of the Province of Quebec. Departure of the United States delegation for Washington, scheduled for the following day, was

delayed more than 24 hours by a severe ice and snow storm which disrupted communications and transportation over a wide area.

RESULTS OF THE MEETING

Informal private discussions on a wide range of subjects once again proved their value. The interval between the third and fourth meetings of the Group had been appropriate to the generation of mature topics. The presence of a high percentage of both Canadians and Americans who were participating in the Group for the first time heightened interest and extended the benefits of the exchanges. Knowledge and understanding of problems of concern to both countries increased markedly and, as usual, differences in attitude turned out to be far less numerous and significant than the instances of agreement.

For a summary of the discussion I submit the statement agreed upon in the final plenary session at Ottawa:

JOINT PRESS STATEMENT

The Canada-United States Interparliamentary Group, composed of 24 members of the Parliament of Canada and 21 members of the Congress of the United States, representative of all political parties concluded several days of discussion on matters of common interest in the two countries.

This was the fourth meeting of the Group which continued its procedures of having informal, off-the-record discussions and refrained from making recommendations, leaving it to each national delegation to make such reports and recommendations to its respective legislatures as it determines.

The Group met in plenary sessions on Thursday morning and Friday afternoon. Committee meetings were held on both days. Committees discussed the following subject areas: (1) Defence cooperation and disarmament; (2) Trade and Economic Matters and (3) Boundary matters, cultural affairs and foreign policy matters of common concern.

On Saturday and Sunday, the Group visited Quebec City and returned to Ottawa and Washington Sunday afternoon.

At the first plenary session, the Secretary of State for External Affairs, the Honourable Howard Green, welcomed the United States delegates and wished the meetings success. The reports of the three committees which were approved at the final plenary session follow.

COMMITTEE I—DEFENCE COOPERATION AND DISARMAMENT

The Committee on Defence Cooperation and Disarmament considers that there is need for early progress in the development of a comprehensive and carefully verified system of disarmament. The Committee has examined the many political and technical difficulties which must be resolved before any reduction in armaments can be achieved. Pending satisfactory progress in this direction the free world has no alternative but to assume a defence posture capable of meeting Soviet aggression whatever its character and scale. In the view of the Committee it is important to recognize that the Communist threat is aimed at every single part of the free world and that our continued unity is essential if it is to be countered.

The Committee has discussed the collective arrangements for defence in which both countries participate. It considers that NATO and NORAD are among the principal bulwarks upon which rest the security of the United States and Canada, and the other nations of the free world. It is vital that these associations be kept strong and viable in a period when the character of the threat is changing rapidly. With respect to NORAD it considers that the development of alternative weapons systems in no way diminishes its importance. Continuing attention is necessary to ensure its adequacy in order to counter improved enemy weapons capability.

The Committee believes that the maintenance of a strong industrial base in Canada is essential to North American defence. The Committee notes that since its last meeting there has been real progress in advancing the Canada-

United States Defense Production Sharing Program. The necessary policies and procedures have been established to provide a more equitable climate of opportunity for Canadian defence industry to participate with the United States in defence development and production. In 1959 these arrangements resulted in United States contracts in Canada of \$96.3 million; in 1960 the figure was \$112.7 million. On the other hand, Canadian production-sharing contracts placed in the United States in 1959 amounted to \$108.2 million and in 1960 increased to \$196.3 million. Therefore, it is recognized that there is continuing need to sustain the Canadian portion of the common defence production base through increased U.S. defence procurement in Canada. In this connection the Committee observes that the long-term prospects for defence production sharing would be greatly enhanced by Canadian participation in the U.S. military research and development programme. Some progress has been made in this direction; further efforts in this field should be expanded. The Committee agrees that continuing efforts should be made both by government and by industry in the two countries to encourage broader public understanding of the interdependent character of the common defence effort in its economic as well as its military aspects.

COMMITTEE 2—TRADE AND ECONOMIC MATTERS

Trading with Communist countries

The Committee discussed the effects of trade with Communist countries. It was pointed out that this trade might strengthen the Communist economies and thereby contribute to the expansion of Soviet political influence; on the other hand, trade might keep peaceful channels open between the Soviet Bloc and the West. The Committee noted that Canada and the United States trade with the Soviet Bloc did not loom large in their total foreign trade and that both countries traded with the Bloc within the framework agreed between NATO countries. The Canadian Delegation referred to the possible problem raised for Canadian subsidiaries of United States companies by the application to their trade of the United States Foreign Assets Control Regulations.

Cuban Trade

With respect to trade with Cuba, the United States Delegation explained that the concern expressed in the United States was a reflection of the serious view the United States had taken of the threat posed for the Western hemisphere by the Communist orientation of the Cuban revolution. The relatively minor value and the character of the present Canadian trade with Cuba in relation to total North American trade with Cuba was considered as well as the declared Canadian policy of preventing the bootlegging of United States goods to Cuba.

Marketing of Agricultural Products on a Subsidized or Non-Subsidized Basis

The Committee noted the increase of productivity in the agricultural field and the desirability of pursuing domestic agricultural policies which would take into account the existence of surpluses and marketing problems. The Canadian Delegation emphasized the importance of wheat exports for Canada and recalled that sales of United States agricultural commodities on special terms could disrupt and impair the growth of commercial markets for Canadian wheat abroad. In this connection the Canadian Delegation expressed appreciation of the United States Government's willingness to consult with Canada and to consider Canadian commercial interests. Both Delegations referred to existing or possible restrictions on agricultural trade between Canada and the United States and more particularly on cheddar cheese and edible oils. They expressed the hope that these restrictions will be kept to a minimum and that trade will be rationalized between their two countries.

Oil Import Policies

The Committee agreed on the need to maintain the oil industries of both countries in a healthy state in the face of production, exploration, and marketing issues which they largely share in common. The greatest importance was attached by the Canadian Delegation to the continued access for Canadian crude oil to expanding United States markets particularly in the United States Northwest. The two Delegations recognized that policies pursued in each country could raise serious national and international issues for the other and agreed that Canada and the United States should work closely together in seeking rational solutions to the problems of oil production and trade.

United States Investment in Canada and reciprocal tax agreements

The Committee considered the changes in reciprocal tax treaties and other tax changes now before the Canadian Parliament. It was stressed by Canadians that these were not designed to restrict the free movement of capital across the border nor to discourage future foreign investment but to correct adverse trade balances and to encourage greater participation by Canadian capital in Canadian growth. The advantages of dollar parity were also in mind.

Other opinions were advanced, however, that the changes might discourage American investment and restrict Canada's presently expanding economy by denying it ready money.

In any event it was agreed that reciprocal investment across the border on equal terms should be promoted at all times, and should be the goal of both countries.

COMMITTEE I—BOUNDARY MATTERS, CULTURAL RELATIONS AND FOREIGN POLICY

1. Richelieu-Champlain Waterway

The Committee considered the background of the Richelieu-Champlain Waterway, the facilities now available, the use which is made of it and its potential. It was agreed that it might be desirable for both countries to join in studies on the improvement of transportation, especially water routes, between United States and Canada. Mention was also made by the United States Delegation that the International Joint Commission might be willing to undertake a study specifically related to the Hudson-Champlain waterway.

2. Niagara power

The United States Delegation pointed out that electric power being generated in the United States at Niagara was being transmitted across Canadian territory for a short distance to Massena, New York. Under Canadian law, this power was taxed to the extent of 3/10 mill per kilowatt. It was understood that, under Canadian law, the tax was designed to apply to power generated in Canada and not to power transmitted over Canadian territory. It was therefore agreed that this matter might well be the subject of discussions between appropriate authorities of the two countries.

3. Chicago diversion

In response to an enquiry from the Canadian Delegation, the United States Delegation explained that three separate diversion bills have been submitted to the House of Representatives. Further, the United States Delegation expressed the view that it was much too early to predict how far these proposals might proceed in Congress. The Canadian Delegation pointed out, that as in the past, any further diversion at Chicago was a matter of serious concern to Canada.

4. Tourist Trade

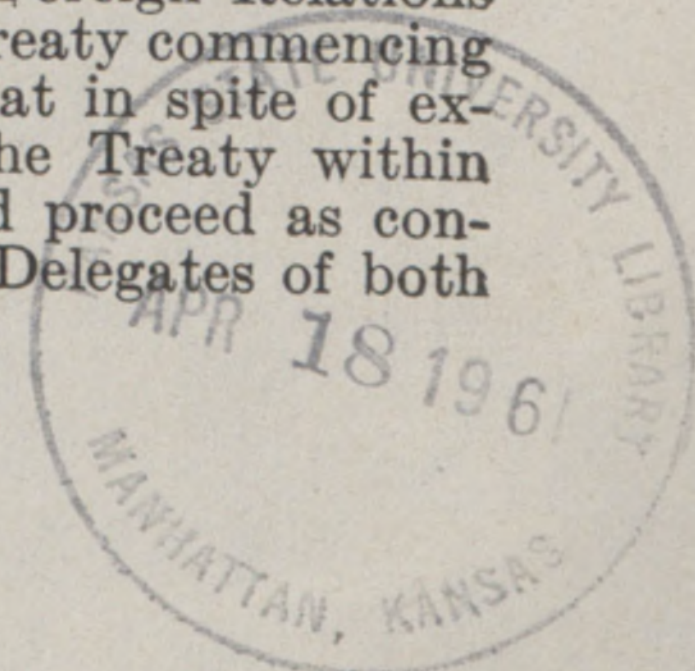
The Canadian Delegation expressed some concern at the recent suggestion placed before Congress that Congress might consider reducing the United States' tourists' duty free entry privileges from \$500 to \$100. After discussion, it was understood by the Committee that this idea was designed to alleviate world-wide United States balances of payment difficulties and was not directed at Canada. The Committee agreed that if the duty free entry allowance were reduced to \$100, it might have an adverse effect on the tourist trade of both countries.

5. Effect of Highways on Tourist Trade

In the context of expanding the Canada-United States tourist trade, there was some discussion concerning the need for all-weather north-south highways in both countries. It was recognized by both Delegations that highway construction in the United States was under the primary jurisdiction of the states and under the provinces in Canada, but it was hoped that the matter would be given further study.

6. Columbia River

The United States Delegation pointed out that the Senate Foreign Relations Committee would hold hearings on the Columbia River Basin Treaty commencing on March 8. The Canadian Delegates expressed the view that in spite of expected controversy in Canada over the implementation of the Treaty within Canada, the development of the Columbia River Basin would proceed as contemplated by the Treaty. Satisfaction was expressed by the Delegates of both



countries over the successful completion of negotiations which had led to the Treaty. There was general agreement too that in the long run, electrical power generated by atomic energy would become increasingly significant.

7. Foreign Affairs

The Committee discussed the question of Chinese representation at the United Nations and considered the possible effects of the People's Republic of China securing the China seat. It was recognized that it was likely that this issue would confront the two countries at the United Nations in the near future.

Members exchanged views on the problems facing the West in its relations with the Communist bloc and on the measures which might be pursued to ease tensions and contribute towards the development of better relations. The view was expressed that encouragement should be given to increasing contacts with the Soviet Union through tourist travel and cultural exchanges. An assessment was made of the ideological conflict in the world.

The Committee concluded its deliberations with a general discussion of foreign policy problems facing both countries. In this connection there was general agreement on the need to give continued support to the United Nations, to the latest United Nations resolution concerning intervention in the Congo, to the Secretary-General and to the course pursued by the United States in the Security Council during the last few days.

It was felt by the members generally that both countries should examine their policies in the non-military cold war to see whether the maximum benefit is being obtained from the resources available and whether the current level of effort is adequate.

In spite of the limited time accorded to the discussion of each item on the agenda, the Committee was conscious of great progress towards the increase in friendly relations between the United States and Canada.

FINANCIAL REPORT

Expenses of U.S. delegation to Canada-U.S. Interparliamentary Group meeting, Ottawa and Quebec, Canada, Feb. 22-27, 1961

Washington, D.C., Feb. 22, 1961:

Departure expenses, taxis, tips, etc.....	\$12. 52
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Ottawa, Canada, Feb. 22-25, 1961:

Hotel expense, Chateau Laurier.....	1, 738. 32
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Reception for Canadian delegates.....	156. 42
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Delegation meals outside hotel.....	28. 00
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Miscellaneous, gratuities.....	44. 25
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Quebec City, Canada, Feb. 25-27, 1961:

Hotel expense, Chateau Frontenac.....	1, 338. 66
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Reception for Canadian officials and delegates.....	45. 00
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Delegation meals outside hotel.....	75. 00
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Miscellaneous, gratuities.....	78. 75
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Total.....	3, 516. 92
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NOTE.—The foregoing expenses were divided by the House and Senate delegations in proportion to the Members and staff in each delegation.

