

(Orders in council were passed to give effect to (a) and (b) above: P.C. 1962-902, and 903, June 24, respectively.)

R.B. BRYCE

762.

DF/7605-07

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM 1911

Washington, June 25, 1962

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1893 Jun 24.†

Repeat for Information: CONGEN New York, London, Paris, Brussels, Bonn, Hague, Geneva, T&C Ottawa, Berne from Ottawa, Finance Ottawa, Bank of Canada Ottawa, PCO Ottawa from Ottawa.

FINANCIAL SITUATION

The State Department called us in early this morning to discuss the actions announced June 24 by the Prime Minister. We spoke first to Weiss, Director Office of International Trade and Finance and later to Griffith Johnson, Assistant Secretary for Economic Affairs. Weiss had with him Goldstein, Chief of the International Finance Division; Lewis, Chief of the Commercial Policy and Treaties Division; Hays of the Canadian Desk and Hollis, Deputy Assistant Legal Adviser for Economic Affairs. Johnson and Weiss showed a clear and sympathetic understanding of Canada's financial and exchange rate problems, but they were concerned about the effect the measures announced were likely to have on USA Trade Expansion Bill⁷ which is due to be debated in the House of Representatives Tuesday and Wednesday of this week. We were told that Under-Secretary Ball had spoken on Sunday to Representative Mills, Chairman of the Ways and Means Committee, and that Johnson had spoken today to Representative Byrnes, the leading Republican on the same Committee, in an attempt to explain the Canadian government's actions and to damp down the expected reaction on Capitol Hill. We gathered that neither Mills nor Byrnes have been too difficult, but Johnson was careful to point out that it was still early to judge how severe the reaction in Congress and the business community might be. Johnson said that in his conversation with representative Byrnes he had sought to explain that the Canadian measures were temporary only, even though no repeat no terminal date had been mentioned in the Prime Minister's announcement. Johnson was concerned that protectionist interest might well suggest that USA should adopt similar restrictive measures to improve its balance of payments.

2. Weiss expressed surprise that Canada had chosen to impose variable import surcharges; he and Johnson agreed that from the point of view of the GATT and USA trade program, import licensing and QRs would have been preferable. Weiss thought the GATT aspect of the question was bound to raise difficulties with congressmen who were likely to adopt the usual

⁷ Voir/See documents 269, 270; Trade Expansion Act of 1962, Public Law No. 87-794, 76 Stat. 872 (1962).