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DF/7605-07

*Notes sur les discussions avec les hauts fonctionnaires  
du département du Trésor américain  
et la Réserve fédérale à Washington*

*Notes on Discussions with Treasury  
and Federal Reserve Officials in Washington*

CONFIDENTIAL

Washington, July 23, 1962

*Those present:*United States

## Treasury

R. Roosa  
J.D. Daane  
G. Willis  
A. Holmes  
R. Hirschtritt

## Federal Reserve

Wm. McC. Martin  
A. Hayes  
C.A. Coombs

## I.M.F.

F.A. Southard

Canada

L. Rasminsky  
A.F.W. Plumptre  
R.W. Lawson  
D. Hudon

The discussions were held in Mr. Roosa's office and ran from 9:30 a.m. (through lunch in the Treasury) to 2:30 p.m. Mr. Dillon joined the group for 20 minutes or so before lunch. (Messrs. Dillon, Martin and Rasminsky had previously had a talk together at a dinner given by Mr. Martin on July 21. There had also been discussion between Mr. Roosa and the Canadians at dinner at his home on July 22.)

The meeting began with a review of Canadian developments by Mr. Rasminsky, supplemented later by Mr. Plumptre. The principal points that emerged in discussion were the following:

1. On the Canadian emergency program Mr. Roosa commented that there were "two schools of thought in every government" and he attributed the opposition to the Canadian import surtaxes in the U.S. administration to concern about the passage of the U.S. administration's trade legislation and to concern in principle that a "leading member of GATT" had had recourse to measures of this character. He noted the advantages that would flow from the early formulation and announcement of longer-term measures of a non-protectionist character. Mr. Plumptre commented on some of the factors which will influence the timing and the nature of the longer-term program.

2. On the underlying Canadian balance of payments position there was general agreement with the Canadian view that our current account deficit should over time be greatly reduced. Mr. Roosa seemed to feel that there must be much more to come from the change that has occurred in our exchange rate and he recognized that the increases required in U.S. exports would have to be achieved in other areas. He said that U.S. opinion was to some extent sensitive to the way in which the case for reducing the Canadian current account deficit is put and hoped that statements with a protectionist flavour could be avoided.

3. On the flow of capital from the United States to Canada, the U.S. officials confirmed that there were no official reservations of any kind about access by Canadian borrowers to the New York capital market. Mr. Roosa said that the efforts of the administration to increase the