

Mr. Wrong has now asked for instructions as to how he should handle any proposal that is made to him.

Attached are the significant portions of:

(a) Our despatch No. X1456 of September 13 to Mr. Wrong in which we sought his views on the State Department memorandum and indicated the information on current Canadian policy regarding the O.A.S. which the American Division had given informally to Mr. Morgan when he called;

(b) Mr. Wrong's despatch No. 2074 of September 25, giving his views regarding the State Department memorandum.

The U.S. memorandum contains some impressive arguments in favour of acceptance of observer status at the 1953 meetings and of Canadian membership in the O.A.S. The counter-arguments in the attached papers are, however, pretty compelling at the present time and one of the main problems in accepting observer status in 1953 would be that it would then be more difficult to put off further proposals for a closer association with the O.A.S.

I am not convinced that membership in the O.A.S. would benefit Canada or improve our situation to a degree corresponding to the effort involved; also, I take it that under present circumstances our contribution to the Organization could not be substantial. Our existing attitude towards observer status and membership might, of course, become difficult to maintain if considerable pressure were brought to bear on us by several members of the Organization to join it, and the whole position would have to be reconsidered if some day an inter-American economic agreement provided a new structure, not only for inter-American trade, but also for the treatment of foreign enterprises in all the other American countries.

On balance, I do not feel I can recommend that we become more closely associated with the O.A.S. at this time. If you agree, I propose asking the American Division to prepare a message to Mr. Wrong authorizing him, as he suggests in his final paragraph, to reply to any State Department approach that while we appreciate the suggestion of observer status, we would not like to receive an official invitation at the present time.

As the question of Canadian association with the O.A.S. does not appear to have been before other Ministers since 1947, you might prefer to raise the matter with Mr. Howe, or with the Cabinet on Thursday, before I reply to Mr. Wrong.

L.D. W[ILGRESS]