

HYDE PARK DECLARATION --- NOTES EXCHANGED

TEXT TABLED IN COMMONS: The Secretary of State for External Affairs, Mr. St. Laurent, in the House of Commons, February 13, tabled notes exchanged in 1945 between the Government of the United States and the Government of Canada regarding the Hyde Park agreement:

Tabling the notes, Mr. St. Laurent said:

On February 3 the hon. member for Swift Current (Mr. Bentley) asked a question about the Hyde Park agreement. At that time he asked if there were any details about it unknown to parliament. I answered immediately that I was not aware that there were any, and that the Hyde Park agreement had not been set out in any document other than the communication to the press of April 20, 1941, which had been tabled in parliament.

Since that time there has been an exchange of notes between the government of the United States and the government of Canada in May of 1945, which I think I should table, so that hon. members may have not only the details relating to the Hyde Park agreement itself, but anything that has flowed out of the agreement since that time.

ECONOMIC COMMITTEES

As a result of the Hyde Park agreement, joint economic committees were formed, composed of interested officials of both countries, the function of which was (1) to achieve more efficient utilization of the combined resources of the two countries in the production of the defence requirements; and (2) to reduce post-war economic dislocation consequent upon the changes which the economy in each country had undergone. The joint economic committees were set up on the Canadian side by orders in council P.C. 4500 of June 20, 1941, and P.C. 7227 of October 4, 1941. While these committees were successful in achieving their first object, little progress was made in regard to the second, and by mutual agreement they were dissolved in 1944, Canadian action being taken by P.C. 2586 of April 11, 1944, following an announcement made to the press on March 14, 1944.

A year later, on May 7, 1945, a note was received from the United States embassy proposing that the general principles of the Hyde Park declaration be continued on a fully reciprocal basis for the remainder of the war and that the same spirit of co-operation between the two countries should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses.

In our note of May 15, 1945, the Minister of National Defence, who was then the Acting Secretary of State for External Affairs, replied welcoming the assurance of the government of the United States that it would continue to deal with the problems of the transi-

tion from war to peace in the spirit of the Hyde Park declaration. Further, it was stated that the government of Canada, on its part, desired to assure the government of the United States that the same spirit of co-operation which was manifested in the Hyde Park declaration would characterize the Canadian government's consideration and treatment of the problems of the period of transition which are of mutual concern.

At the instance of the United States, publication of these notes was withheld at the time, although the substance of the understanding evidenced by the notes was communicated to the press in Ottawa and in Washington on May 21, 1945. From then until last October the notes were treated as confidential; but in response to a request from the United States Department of State permission was granted by Canada in October last that they be released to the United States Senate small business committee. And I understand that they have since been published in the United States.

CONTINUANCE OF PRINCIPLES

Exchange of Notes between Honourable Ray Atherton, Ambassador of the United States of America, at Ottawa, Canada, and the Honourable Brooke Claxton, Acting Secretary of State for External Affairs, dated May 7, 1945, and May 15, 1945, respectively, proposing that the General Principles underlying the Hyde Park Declaration of April 20, 1941, be continued on a fully reciprocal basis for the remainder of the War, and that the same spirit of co-operation between the two countries should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses.

Ottawa, May 7, 1945.

Confidential No. 320

Sir:

Under the Hyde Park Declaration of April 20, 1941, measures were taken to make the most prompt and effective utilization of the productive facilities of the United States and Canada for wartime purposes. As the period of reconversion approaches, the Government of the United States has given consideration to the continuance of co-operative measures. It believes that these measures apply as a matter of course to the Pacific War and it has noted that the Declaration itself contains no termination date, specific or implied. Accordingly, under the instructions of my Government, I have the honor to propose that the general principles of the Hyde Park Declaration be continued on a fully reciprocal basis for the remainder of the war and that the same spirit of cooperation between the two countries should

characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses.

Consequent upon the degree of integration resulting from our wartime measures of co-operation in the economic field, numerous specific problems will arise from time to time. One such problem to which urgent attention is being given is the reconversion of industry to the maximum extent compatible with vigorous prosecution of the war against Japan. The problem is particularly urgent from the viewpoint of the United States because the Hyde Park Declaration was implemented in large part by the equal application to Canada of domestic procedure in respect of priorities and allocations.

It is evident that during this initial phase of reconversion, priorities administered by the respective control agencies of the two governments are of the utmost importance to industries seeking to prepare for normal trading conditions. In response to informal inquiries received from Canadian officials in Washington and on condition of reciprocity, particularly where Canada is a principal supplier of materials needed for reconversion and civilian production, the Government of the United States would be prepared to implement the following principles as regards requirements which Canadian industry may desire to fulfil in this country for reconversion purposes:

1. The application of the priorities powers towards Canadian requirements should be as closely parallel to the application of the same powers toward domestic requirements as is practicable.
2. Canada should, in general, be given priorities assistance only of a character and to an extent parallel to priorities assistance given similar requirements in the United States, including any machinery needed for immediate reconversion. To the extent, however, that components could be obtained by Canada without benefit of priorities assistance, no objection could be made to more rapid reconversion activities in Canada.
3. Assistance should be given to Canadian companies through their priorities officer to grant automatic AA-4 priorities and firm CMP allotments to manufacturing concerns producing less than \$50,000 of product per quarter, similar to such assistance granted domestic small firms. Similarly, the rating privileges of Pri. Reg. 24 and L-41, as they may be amended, should be available to Canadian applicants.
4. It is recognized that complete parallelism of revocation and relaxation of orders between the United States and Canada is not possible because of the differences in the situations in the two nations. However, an effort should be

made, in conjunction with the Canadian authorities, to reach the greatest parallelism possible. If it should become necessary for Canada to relax their orders more rapidly than the United States, in no case should priorities assistance be given to a Canadian manufacturer to make civilian goods which are prohibited in this country by War Production Board order.

While the problem of reconversion of industry is the first of the problems which my Government believes it mutually desirable to consider under the principles of the Hyde Park Declaration, other problems will shortly arise. The Canadian Ambassador's note, No. 156, of April 30 to the Secretary of State regarding the disposal of surplus war-like stores arising from orders placed by either government in the other country may, when the dimensions of the subject become more clearly defined, provide an instance in which my Government will seek the favourable consideration of your Government under the Hyde Park principles. Other questions will inevitably arise in connection with the relaxation of wartime controls affecting trade, such as the War Exchange Tax and procedures applicable to exports to the other American republics.

In his statement on the initial period of reconstruction presented to Parliament by the Minister of Reconstruction last month, the Minister referred to the great wartime increase in the output and exchange of goods which was dependent on close collaboration among the Governments of the British Commonwealth and of the United States. He stated that postwar collaboration along equally bold and imaginative lines was essential in the interest of expanded world trade. At Washington on March 13, 1945, a similar statement was made by Prime Minister King and by the late President Roosevelt in regard to the problems of international economic and trading policy.

In view of the high degree of economic inter-dependence of the Canadian and American economies, the Government of the United States desires to assure the Government of Canada that it will consider and deal with the problem of the transition from war to peace in the spirit of the Hyde Park Declaration which gave rise to such successful cooperation for war purposes. My Government would greatly appreciate a similar assurance on the part of the Canadian Government, together with an expression of its views on the principles which the United States Government would be willing to apply in the initial problem of the reconversion of industry.

Accept, Sir, the renewed assurances of my highest consideration.

(Sgd) RAY ATHERTON.

The Right Honourable
The Acting Secretary of State for External
Affairs, Ottawa.