

environment. The delegations agreed that, although water pollution was the area of greatest current concern to Canada and the United States, both governments should not limit the area of cooperation to solving current pollution problems but should adopt forward-looking interdependent policies covering the entire spectrum of controlling man's behavior toward the earth's limited resources. There was a general consensus that there was a great lack of knowledge about the pollution control programs of the other country and that more effective means of studying and disseminating information should be devised. Both delegations agreed to recommend that their respective governments examine the question of reciprocal law dealing with pollution problems since pollution is a global issue which does not respect national lines. There was general recognition that it was of little benefit on common problems for one country to have restrictive anti-pollution laws unless the other has similar controls.

There was an exchange of views on the mutual problem of inflation, its causes, the methods being pursued by both governments in trying to control it, and the results to date. There was some concern expressed on both sides of the results, in human terms, of methods used in both countries to control inflation.

Some consideration was given to the problem of the effect of United States immigration laws on the employees of business concerns operating in both countries. It was pointed out by members of the United States delegation that both the Senate and the House of Representatives have passed legislation to correct this problem and it was anticipated that the bill would become law in the near future. The introduction and passage of this bill was a direct outgrowth of concern expressed by Canadian delegates during the meeting of the Group last year.

Members of both delegations expressed concern over the recent arming of United States customs guards stationed on the Canadian border. There was general agreement that the use of the sidearms was an unnecessary irritant in United States-Canadian relations and that the proper officials of the United States reconsider the decision.

The growing concern of Canadians over the extent of investment by United States citizens in the Canadian economy was also discussed. Reference was made to the feeling of Canadian equity is reaching such proportions that economic servitude may become a permanent status.

It was agreed that further consideration should be given to the effects upon the economies of both Canada and the United States of the 1965 Automotive Agreement, particularly with reference to the results upon the labor markets of both countries.

REPORT OF COMMITTEE II: DEFENCE AND SECURITY MATTERS

The committee's discussion was based on the agenda, which had been agreed to by the two delegations in advance of the meeting.

Problems Arising from Arctic Development:

There was a full discussion of the consequences of the discovery of oil and of minerals in Alaska and in the Canadian Arctic, as well as of the possibility of commercial shipping operations in arctic waters in order to exploit these discoveries. It was recognized that these developments posed new problems, which could have implications for relations between the two countries.

The Canadian delegates placed particular emphasis on the dangers of oil pollution. They asserted the need for effective controls to ensure that ships proceeding through arctic waters would be sufficiently strengthened and have adequate power to withstand the danger of puncture or destruction with consequent loss of oil which would disastrously damage the delicate ecological balance in arctic regions.

There was some discussion of the sovereignty issue. Canadian delegates noted that the Canadian government had for many years laid claim not only to the islands but also to the waters of the Arctic archipelago. United States delegates expressed the view that they anticipated no difficulty in reaching agreement between the two governments on the measures necessary for controlling the danger of pollution. But they did not expect the United States government to accede to arrangements which would involve United States recognition of Canadian claims to all the waters of the Arctic archipelago. The concern was not over United States access to arctic waters, but fear of the implications for freedom of passage in other confined waters. In this exchange the Canadian side stressed the unique character of Arctic waters because of the fact that ice cover prevents free movement, with a consequent need for special navigational aids and icebreaker support.

It was recognized on both sides that regulations to control pollution must be internationally accepted. United States delegates emphasized the importance of proceeding by