

it was clear that such aid had generally proven successful so far as a means of achieving relative peace and stability, if not friendship, and that it was likely to continue getting adequate support on these as well as on humanitarian grounds.

"Both delegations agreed that bilateral aid does not always yield its intended economic results because of the extreme difficulty on the part of the donor country on retaining an adequate measure of guidance or control over the implementation of economic assistance programs. As an example of this, a member of the United States delegation cited the Alliance for Progress where lack of control has led to waste and where attempts to keep a guiding hand in development resulted in political resentment.

"Both sides agreed with the view of a member of the United States delegation that the political, social and cultural dimensions of development are as important as its economic dimensions, and that a prerequisite of effective aid is a proper understanding of existing social, cultural and political infrastructures in recipient countries—an example of this being the rejection by the World Bank under purely western economic criteria of the Tanzania-Zambia railway project, and its subsequent takeover by the People's Republic of China in the light of largely local, social and political factors.

"On the matter of European security, both sides agreed that the basic principle behind NATO was to foster a climate enabling détente to take place; that Canada's small physical participation was nevertheless one of the main psychological buttresses of the Organization; and that any Canadian trend toward disengagement would be likely to spark similar demands in the United States, thereby seriously threatening the Organization's potential.

"It was noted however, by both delegations, that as Europe grows closer and stronger and stands out more and more by itself as a force for the preservation of freedom, this tends gradually to relieve the Organization's non-European members of part of their share of the collective defence burden.

"The political implications of the enlargement of the European Economic Community were also discussed. A majority of delegates from both sides felt that Britain's entry was now a foregone conclusion in spite of the recent tight vote at Westminster on the principle of entry. One Canadian delegate cautioned, however, that a clause by clause study in the British House of Commons might result in rejection of some of the terms of entry. In any event, it was thought by both sides that the United States and Canada should start considering what trade re-alignments, particularly in the Western hemisphere, might be called for as a result of Britain's entry in the EEC. This might take the form of similar "common market" arrangements within North America, or between all the Americas, accompanied by a development of their trade potential with Pacific rim markets.

"In this connection, the Canadian delegation observed that while such solutions obviously merited some attention, their possible political implications were likely to cause certain alarm among Canadian

public opinion, and that the present climate suggested that this matter be approached with the utmost caution and discretion.

"On the subject of relations with Communist China, a Canadian delegate pointed out that trade relations had preceded recognition of Communist China by some years. On the other hand, he noted that in the case of France and Great Britain recognition had not resulted in any increase in trade between Communist China and those countries. As another example, he noted that the Soviet Union had had close relations with Communist China and had extended that country large amounts of economic aid. Ideological difficulties had brought a setback in its trade with Communist China. These varied patterns point out the fact that the Communist Chinese are very pragmatic in their external relations. He concluded his remarks by sketching the general character of Canadian credit arrangements with Communist China.

"This expression of views led United States delegates to wonder if the Communist Chinese would ask for credit and whether the granting of such credit would result in causing new trading concerns to Canada.

"One of the Canadian delegates then enumerated the real and potential benefits that Canada enjoyed with Communist China in addition to trade. Specifically, he mentioned tourism, scientific exchange and the expansion of trade in such items as machinery and pulp and small motors. He also pointed out that the consumer market in China was exceedingly small and that that country encouraged self-reliance of its people.

"A United States delegate raised the question of what recognition of Communist China would do to U.S. relations in the Pacific area, notably Korea, Taiwan and Japan. He regarded consideration of this situation as basic to any alterations in U.S. relations with Communist China.

"On the question of India, Pakistan and Bangla Desh, a Canadian delegate opened the discussion by sketching briefly the situation between East and West Pakistan and, as a result of a recent visit to that area, noted the extent of the humanitarian problem which has arisen from the conflict between the two wings of Pakistan. The problems that still remain for Bangla Desh are those of diplomatic relations, entrance into the United Nations and other international agencies and, finally, the refugee problem.

"The United States delegation agreed that the problems enumerated are basic by pointing out that in the case of the United States there was some disillusionment arising from the inability of the United Nations to move more effectively in resolving the conflict between East and West Pakistan. Some United States delegates also commented that this is only the most recent divisive problem in the Asian sub-continent and that there are possibilities of further political re-arrangements as a result of the instability in that area. By way of illustration, it was pointed out that the West Bengalese may be attracted to Bangla Desh. In short, what we are envisaging here is perhaps the beginning of long-term alterations in South Asia."