

would be in a very serious position if they did not receive such assistance. In a year's time, therefore, there might be a very serious situation in which Canada might be involved. Mr. Merchant said that he personally referred to the recent American suggestions that Canada might collaborate with the U.S. in a surplus disposal policy towards Poland. He hoped that the new government might have a look at this kind of possibility. In reply to Mr. Fleming's statement that Canadians particularly objected to the fact that these disposal agreements negotiated with the U.S. tied the market of the recipient countries to the American purchase in the future, Mr. Merchant said that he told Mr. Fleming that this was true in only a very few cases, that out of a hundred or more such agreements he knew of only about four in which there was such provision. Mr. Fleming said that he had not understood this to be the case.

8. On the subject of American investments in Canada, Mr. Merchant said that Mr. Dulles and he tried to explain that this was the result of the free enterprise system and not in any sense a result of deliberate official American policy to gain a slice of the Canadian economy. If Canada wished to get investments from other countries, it was, of course, entirely up to them to do so.

9. Mr. Fleming spoke strongly about the way in which the U.S. practised restrictive trade measures in response to pressure groups within the country. He referred particularly to the question of lead and zinc<sup>8</sup> and also what he described as a recent arbitrary exclusion of hardboard. Mr. Merchant said that he stated quite frankly that this was a matter in which not only the U.S. was guilty. He said that one might get the impression from Canadian statements and newspaper editorials that Canada practised nothing but complete free trade and avoided protection of any kind. Since his arrival here, however, he had been involved in protesting a great many arbitrary measures by the Canadian government. He referred particularly to restrictions on Florida grapefruit about which the Floridians felt very bitter. He mentioned the regulations on turkeys as the latest of this kind.<sup>9</sup> He said that he mentioned these cases simply in order to argue that these problems were mutual and that they could only be solved by both countries considering together the interests of each other.

J.W. H[OLMES]

---

<sup>8</sup> Voir 5<sup>e</sup> partie, section B, subdivision II de ce chapitre./See Part 5, Section B, Sub-Section II of this chapter.

<sup>9</sup> Voir 5<sup>e</sup> partie, section E de ce chapitre./See Part 5, Section E of this chapter.