

extent that our existing commitments will allow this, we ought to take adequate steps to ensure that we maintain and develop the satisfactory relations we have already established with that part of the world.

Yours faithfully,  
SIDNEY SMITH

[PIÈCE JOINTE/ENCLOSURE]

*Note*

*Memorandum*

CONFIDENTIAL

Rio de Janeiro, November 19, 1958

MEMORANDUM OF A CONVERSATION WITH PRESIDENT KUBITSCHEK  
AT LUNCHEON AT LARANJEIRAS PALACE, WEDNESDAY, NOVEMBER 19, 1958

Unexpectedly, and indeed to my surprise, the President talked English throughout the luncheon. He, rather than I, raised most of the points of conversation. He found an identity between Brazil and Canada through the name of the Prime Minister and his own name. He told me that his grandfather on his mother's side was born in Eastern Germany, and he remarked that it could perhaps only happen in Brazil and Canada that grandsons of immigrants could attain the highest post in government.

He enquired about the racial composition of Canada with particular reference to the portion of French Canadians; of Canadians of British stock, and Canadians whose ancestors came from Europe. He found in this ethnic distribution another similarity between Brazil and Canada.

He enquired also about the amount of foreign investment in Canada, which I reported to be a net investment of about \$12 billion, \$8 billion of which came from the United States, and the balance from the United Kingdom, Germany and other countries. He enquired about the impact on Canada of the United States investment. I told him about the incorporation of Canadian companies which, in essence, were branches of large American industrial corporations, for example, General Motors, Ford, Chrysler, General Electric, Canadian Westinghouse. I told him of some anxiety about the predominance of American personnel in the management of those Canadian companies, the dependence of those companies on research undertaken in the United States, but I stated that these situations from the standpoint of Canadian national interests were becoming more satisfactory as the years go by.

He spoke specifically about Petrobras and he enquired about the discovery and exploitation of oil in Canada. In speaking of oil I also mentioned gas, and I told him about the recent report of the so-called Borden Commission,<sup>14</sup> which had recommended the establishment of an Energy Board which would have power to issue or to refuse export licenses.

I then spoke to him about the combination operation in many fields in Canada of private enterprise and governmental undertakings. I told him about the development of hydro-electric power, in some parts of Canada by private enterprise and by governmental boards or commissions. Likewise in Canada we had two railway systems, one governmental and one operated by private enterprise. About telephones, they were operated by government

<sup>14</sup> Voir/See Document 141, note 225.