

Japan and use the funds to cover the cost of safeguards. The cost of the uranium would be approximately \$54,000.

He recommended that the donation be made on the understanding that the agency exercised its responsibilities in regard to safeguards and sale, that it was being given to expedite the agency's activities and was not to be regarded as a precedent, and that provision be made in the final supplementary estimates to cover the cost.

An explanatory memorandum had been circulated, (Minister's memorandum, Nov. 28 — Cab. Doc. 344-58†).

19. *During the discussion* it was said that it might be hard to justify such a gift. Moreover, Canada was criticizing the United States for "give-aways". On the other hand, the prospective advantages seemed to be substantial. Provided the government could be assured that the agency would in fact sell the metal at a reasonable price, the transaction should be approved. Further information on this point was needed.

20. *The Cabinet* deferred decision on the proposal put forward by the Minister of Trade and Commerce to donate three tons of uranium metal to the International Atomic Energy Agency for sale to Japan, pending receipt of information on prices the agency would be expected to charge Japan.

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*Le conseiller à l'ambassade aux États-Unis
au ministère des Affaires extérieures*

*Counsellor, Embassy of United States,
to Department of External Affairs*

CONFIDENTIAL

Washington, December 3, 1958

Dear Rod [Grey],

We have read with interest the letter from Max Wershof about the state of the International Atomic Energy Agency and about the desirability of certain actions by Canada, including the undertaking early in the New Year of a review of the situation with United States officials concerned. We shall not, of course, pursue this suggestion formally until we hear from you after the officials in Ottawa have had an opportunity to examine this proposal and the other points in Max's letter. I did, however, have a casual conversation at a reception last evening with Dick Breithut, the official in the State Department who is primarily responsible for IAEA matters. He is obviously aware of the frustrations being experienced by the IAEA. He considers that some of these difficulties result from the excessively high expectations which were built up at an earlier period when it was thought by many that the Agency (and atomic energy itself) would be able to do more wonderful things than now seems practicable. He noted that the IAEA was not the only institution in the atomic energy field which was suffering from disillusionment. He intimated that some domestic United States activities now appeared less enchanting than they had previously, and that Euratom was going through, or might shortly go through, a rather similar process. He did not enlarge upon this latter remark about Euratom.

I am not sure that the rather dyspeptic personal views which Breithut expressed yesterday evening should be taken as typical of U.S. thinking. Such considerations, however, are undoubtedly in some degree present in the U.S. approach to the Agency. There are, of