

JOINT COMMITTEES ON ECONOMIC COOPERATION

*Aide memoire initialed at Washington March 17 and June 6 and 17,
1941, with memorandum*

Entered into force June 17, 1941

*Terminated March 14, 1944*¹

55 Stat. 1444; Executive Agreement Series 228

The Canadian Legation to the Department of State

MARCH 17TH, 1941

AIDE-MEMOIRE

The Canadian Government have been giving consideration to the military, economic and social problems which are likely to arise in Canada unless steps are taken to examine the possibility of arranging for co-operation between the war-expanded industries of Canada and the United States or for their co-ordination or integration. It is the belief of the Canadian Government that the promotion of economy and efficiency during the present period of crisis, the solution of the problems which will be posed during the period of transition from war to peace, and adequate and effective provision for the continuing requirements of hemispheric defence, all demand that early and detailed study be given to this question. Such a study might include an examination of the possibility and advisability of preventing duplication and mutually injurious competition by arranging for co-operation between the two countries in the further definition of all strategic, critical and essential war materials, and in the establishment of stock piles of certain of them.

In the opinion of the Canadian Government, the present channels of communication between Ottawa and Washington do not provide adequate facilities for the detailed consideration of so complicated and technical a subject. It is for this reason that the Canadian Government have decided to approach the Government of the United States with the proposal which is outlined in the attached memorandum. This memorandum was recently submitted to the War Committee of the Canadian Cabinet and received the approval of that body.

¹ For an announcement of dissolution of the joint committees, see *Department of State Bulletin*, Mar. 18, 1944, p. 264.

The Canadian Government attach great importance to the proposal. If it is accepted by the Government of the United States, they consider it desirable that an early start should be made by the Joint Committees of Inquiry, since the tasks to be assigned to them will inevitably involve protracted study. It is intended that the duties of the Committees should be strictly confined to investigation, study and report, and that decisions as to any action that may be required should be taken by the respective Governments after the Committees' reports have been presented.

CANADIAN LEGATION,
WASHINGTON, D. C.
H. W.

MEMORANDUM ON ECONOMIC COOPERATION WITH THE UNITED STATES

Pursuant to the approval of the War Committee of the Cabinet, on the recommendation of the Wartime Requirements Board, that a memorandum be drafted on a plan for exploring the possibility of a greater degree of economic cooperation with the United States in the war effort and in anticipating post-war economic consequences, we beg to submit the following:

1. *The Problem*

The objects of the proposal for increased economic cooperation with the United States are:

- (a) to effect a more economic, more efficient, and more coordinated utilization of the combined resources of the two countries in the production of war requirements, and
- (b) to minimize the probable post-war economic disequilibrium consequent upon the changes which the economy in each country is presently undergoing.

2. *Joint Committees of Inquiry*

We recommend that, for purposes of preliminary study, an informal committee of three persons be appointed by each Government. These committees should separately and collectively analyze the problems involved and report thereon as well as on the form of a more permanent organization, if the necessity of such an organization arises from their report. The reports should be made to the President of the United States, and to the Prime Minister of Canada, respectively.

Of the three members of the Canadian committee, we recommend that at least two be designated by the Department of Munitions and Supply, and one by the Department of Finance. In addition to these three members, it is

suggested that a liaison officer, representing the Department of External Affairs, should be appointed in order that the Secretary of State for External Affairs may be kept closely in touch with the activities of the committee. It is assumed that the United States will wish to appoint a similar liaison officer from the State Department, in order that the Secretary of State may be kept similarly informed. It is not intended that the liaison officers should be members of the committee or should participate in its work.

We desire to stress the importance of care being exercised in the selection of the personnel of the committee, having due regard to its functions which will involve a great deal of research and analysis.

3. *Subject Matter of Study*

We recommend that the Joint Committees of Inquiry explore the following subjects and report thereon:

(a) The making of an inventory of the available supplies of materials in each country, an analysis of the probable needs for them, and the allocation of these materials between the two countries, with due regard to the necessary priorities;

(b) The policy of building up inventories of strategic or critical materials, such as rubber, tin, and steel alloys, and the amounts to be accumulated in each country, with special regard to materials of which the supply might be cut off because of unfavourable developments;

(c) The possibility, in some degree, of each country specializing in the production of finished and semi-finished articles which it can produce more economically and to greater advantage;

(d) The possibility, in some degree, of each country specializing in the production of materials; e.g., chemicals, steel, aluminum, brass, zinc, etc., etc., which it can produce more economically and to greater advantage.

(e) The most economic and efficient use of the shipping and port facilities of the two countries;

(f) The available power supply and the supply of coal and oil in each country;

(g) The exchange of technical knowledge relating to production, and the exchange of technicians between the two countries.

(h) Coordination of priority policies in each country.

(i) The exchange of information relating to the requirements of labour, materials and plant for production, and of current information relating to actual and anticipated production.

Subject to the approval of the Minister of Munitions and Supply, the committees might also consider the allocation of the output of machine tools

in the two countries, and the specialization on machine tool production in each country.

H. L. KEENLEYSIDE,
Counsellor,
Department of External Affairs.

H. CARL GOLDENBERG,
Associate Director-General,
Economics and Statistics Branch,
Department of Munitions Supply.

OTTAWA,
February 25th, 1941.

The Department of State to the Canadian Legation

AIDE-MEMOIRE

The Government of the United States has given careful and sympathetic consideration to the suggestion made by the Canadian Government in its *Aide-Memoire* dated March 17th, 1941, transmitted to the Department of State through the Canadian Legation at Washington. Note has been taken of the belief of the Canadian Government that early and detailed study should be given to the possibility of arranging for cooperation between the war-expanded industries of Canada and the United States, or for their coordination or integration; and also of the belief of the Canadian Government that such a study might assist in promoting economy and efficiency during the present period of crisis, and during the period of transition from war to peace, and also in connection with the continuing requirements of hemispheric defense.

The Government of the United States agrees with the Canadian Government that present channels of communication between Ottawa and Washington would not provide adequate facilities for detailed consideration of certain of the subjects presented in the *Aide Memoire* of March 17th under reference, as further developed by the Memorandum on Economic Cooperation with the United States attached thereto. Developments occurring subsequent to the date of that note have, however, taken care of certain of the problems dealt with in the note under reference. More especially, direct contact has already been established between the officials of the Government of the United States and of the Government of Canada charged with priorities, and with production of war material. It would accordingly appear that a number of the topics mentioned in the "Memorandum on Economic Cooperation with the United States" are already being dealt with.

It is not considered desirable to entrust to the proposed committees jurisdiction over these specific contacts already established, except as the com-

mittees may from time to time, from their knowledge of the situation, feel it desirable to make recommendations.

The long range aspects of the problem, both those during the present emergency and those comprehended in the numbered paragraph (b) of the *Aide-Memoire* under reference, do not appear to be covered by existing arrangements.

Recognizing that the suggestion made by the Canadian Government has great importance, the Government of the United States agrees that joint committees of inquiry should be appointed to explore, subject to the foregoing observations, the possibility of a greater degree of economic cooperation between Canada and the United States,

“(a) To effect a more economic, more efficient and more coordinated utilization of the combined resources of the two countries in the production of defense requirements” (to the extent that this is not now being done); and

“(b) To minimize the probable post-war economic disequilibrium consequent upon the changes which the economy in each country is presently undergoing.”

To that end the Government of the United States has tentatively designated the following Committee: Mr. William L. Batt; Mr. Harry D. White; Professor Alvin H. Hansen; and Mr. E. Dana Durand.

If acceptable to the Canadian Government, the Government of the United States proposes to reserve the right to name Mr. A. A. Berle, Jr. to sit with the committees from time to time, as occasion may render desirable; and it is prepared to name Mr. L. D. Stinebower as liaison officer in order that the Secretary of State may be kept closely in touch with the activities of the committees.

The Government of the United States believes that the joint committees of inquiry should be given latitude to add to the specific list contained in the memorandum submitted by the Canadian Government such other topics as may appear properly to fall within the terms of reference implicit in the statement of the problem to be explored.

It is understood that the Canadian Government is prepared to appoint its committee of inquiry. Upon notification of the appointment of such committee, the Government of the United States will be happy to have it proceed to Washington, and to make arrangements permitting prompt undertaking of the work.

DEPARTMENT OF STATE,
Washington, June 6, 1941

C.H.

The Canadian Legation to the Department of State

AIDE MEMOIRE

The Government of Canada have learned with satisfaction that the Government of the United States are prepared to participate in the Economic Enquiry which was the subject of the Canadian Legation's *aide memoire* of March 17th, 1941, and of the Department of State's reply of June 6th, 1941. They are in general agreement with the proposals outlined in the Department of State's *aide memoire* of June 6th.

The Government of Canada have designated the following Committee:

Mr. R. A. C. Henry, Economics Adviser to the Minister of Munitions and Supply;

Professor W. A. Mackintosh, Special Assistant to the Deputy Minister of Finance;

Mr. D. A. Skelton, Chief of the Research Department, Bank of Canada; and

Mr. J. G. Bouchard, Assistant Deputy Minister of Agriculture.

If it is acceptable to the Government of the United States, the Government of Canada propose that the arrangement whereby the Honourable A. A. Berle, Jr., should meet with the Committees from time to time as occasion may render desirable should be extended likewise to Mr. H. L. Keenleyside of the Department of External Affairs. It is also proposed to designate a Canadian Liaison Officer in order that the Secretary of State for External Affairs may be kept directly informed of the work of the Committees; the name of the person so designated will be notified shortly.

CANADIAN LEGATION,
WASHINGTON, D.C.,

June 17th, 1941.

H. W.