

DEPARTMENT OF STATE
TELEPHONE
Memorandum of Conversation

DATE: 11/19/47

SUBJECT: Canadian Program for Subsidizing Gold Production

PARTICIPANTS: Willard L. Thorp, A-T
Hume Wrong, Canadian Ambassador

COPIES TO: John Snyder and Frank Southard, Treasury
William M. Martin, Export-Import Bank
✓ Marriner S. Eccles, Federal Reserve
Thomas Blaisdell, Commerce
John Hickerson, EUR
Norman Ness, OFD

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Mr. Thorp told Mr. Wrong that the new Canadian program for subsidizing gold production had been discussed in the National Advisory Council this afternoon and that the members of the Council were very much disturbed by the proposal. They felt it had serious implications for American policy and also for the International Monetary Fund.

Mr. Thorp said he hoped very much that no action would be taken by the Canadian Government on this until there had been an opportunity to discuss the program with the appropriate government officials. Ambassador Wrong said that the program involved only a subsidy to marginal production. Mr. Thorp said he knew this but that it would establish a new principal which would certainly have ramifications throughout the world. Furthermore, he thought it was worth noting this was a considerable use of Canadian energy and labor.

Mr. Wrong said of course this was a program designed definitely to increase foreign purchasing power. He then said that this matter could not be taken up in Parliament for at least a month and that certainly before then Towers or some other official would discuss it with the appropriate American officials. He promised to telephone Ottawa and report this conversation to them. Mr. Thorp reiterated that we felt very strongly on the matter and would look forward to such conversations.

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