

prevailing in 1939 of about \$30 a month for Grade 1 Clerks, and of about \$40 a month for higher grades, up to and including the grade of Chief Clerk.

With regard to the armed forces, the object has been to ensure that for this work of national service payments will at least be on a basis which is comparable, all things considered, with alternative employment in civilian life.

Taking into account all factors, it has been decided to put into effect increases which will average nearly 10% of the total pay and allowances of the armed forces and which will vary from about 15% in the case of privates and equivalent ranks, to about 5% in the case of senior officers. Increases in respect of pay and quarters allowances are on a graduated scale. The allowance in lieu of rations for officers and men has been increased from \$15 to \$20 for all ranks.

These increases will be retroactive to October 1, 1947, and will be subject to pension deductions and income taxes in effect now or determined from time to time.

RATE FOR DISABLED VETERANS

In the case of disabled veterans and pensioned widows, the government will introduce legislation during the present session of Parliament to amend the Pension Act in order to provide for an increase in rates of compensation. The government will recommend that the increase should be \$10 a month for totally disabled veterans, and for pensioned widows. For veterans in receipt of pensions for disabilities assessed at less than 100 per cent the government will propose proportionate increases in pensions. Increases will be made effective as of October 1st.

The government will also introduce an amendment to the War Veterans' Allowance Act to provide for a supplementary allowance to veterans in receipt of War Veterans' Allowances, and to widows in receipt of Widows' Allowances. The amendment will authorize the War Veterans' Allowance Board to grant supplementary allowances up to \$10 a month in cases of need for veterans and widows who, through age and infirmity, are unable to provide for their own maintenance. The Board will be authorized to make the supplementary allowances retroactive to October 1st, or to any subsequent date, as the circumstances of individual cases may require.

I may add that the increases here specifically set forth are estimated to involve an initial additional annual expenditure of approximately \$25,000,000.

Maj. Gen. Pearkes (P.C. Nanaimo) said that so far as veterans were concerned, the Prime Minister's statement was a terrible let-down. The pension increases were inadequate. The increase in allowances was an extension of the means test.

ARMS SHIPMENT TO CHINA

MR. ST. LAURENT'S STATEMENT: The Secretary of State for External Affairs, Mr. St. Laurent, replied in the House of Commons, Dec. 19, to questions previously asked by Mr. Coldwell, C.C.F. Leader, regarding shipments of arms to China. Mr. Coldwell had asked under what arrangements munitions were being shipped to China, whether the shipments involved expenditure of U.S. dollars on the part of Canada and whether the shipments were in strict conformity with our obligation to promote peace in Asia and throughout the world.

Mr. St. Laurent said: The memorandum which I have had prepared states that the mutual aid agreement signed in March 1944, provided for the transfer from Canada of military supplies and other goods required by the government of China.

After the termination of hostilities in Europe consideration was given to specific items of military equipment, by then surplus to Canadian requirements, which might be made available to China, and certain orders for supplies of this type were placed by the Chinese government in accordance with their mutual aid agreement.

When the extension of a post-war credit to China was under discussion in February, 1946, it was recognized that a large part of the mutual aid grant was still unexpended, and the exchange of notes effected February 7, 1946, accordingly recorded the understanding that \$25,000,000 of the \$60,000,000 provided in the credit will be reserved for the purchase of supplies and equipment which has been requested by China from Canada as mutual aid, other items in production in Canada at September 1, 1945, which are surplus to Canadian requirements, and also certain items of used industrial equipment which China had sought to purchase from Canada, together with the cost of reconversion and completion of such equipment for Chinese use and its preparation for shipment. All subsequent shipment of military supplies to China has been pursuant to this agreement, reconversion costs, however, being required to be paid for in cash.

No expenditure of United States dollars by Canada is involved in such shipment. The government is of the opinion that such shipment does not violate any obligation which may rest upon Canada to maintain peace in Asia.

Mr. COLDWELL: I am at a loss to understand how this can be classified as mutual aid, since the mutual aid of 1944 was against the common enemy, Japan. As I understand it, mutual aid ceased in September when the war with Japan was over. We are not now "mutual aiding" in the civil war in China?

Mr. ST. LAURENT: No; and when my hon. friend sees the answer he will see that is not what is stated. It is stated that because

there was a large unexpended portion of what had been agreed to deliver as mutual aid, it was agreed in an exchange of notes in February 1946 that \$25,000,000 of the \$60,000,000 credit could be applied to such items as I have indicated, which had been ordered prior to the cessation of hostilities, and which were not going to be delivered under mutual aid because hostilities had ceased. I believe my answer makes that quite clear.

JAPANESE PEACE TREATY

CANADA'S POSITION STATED: Replying to a question asked previously by Howard Green (P.C. Vancouver S.), the Secretary of State for External Affairs, Mr. St. Laurent, made a statement regarding arrangements for a Japanese peace conference.

Mr. St. Laurent said: There has not as yet been any definite date, site, or procedure fixed for the Japanese peace conference, although all the principal countries concerned appear to be agreed on the desirability of proceeding at an early date with the drafting of a peace treaty for Japan, with a view to the re-establishment of peace in the Far East.

The first proposal for the convening of a Japanese peace conference was made by the United States government on July 11 of this year. It suggested that a conference of representatives of the eleven states, members of Far Eastern Commission, namely Australia, Canada, China, France, India, The Netherlands, New Zealand, the Philippines, the United Kingdom, the United States, and the U.S.S.R., should be convened as soon as practicable to discuss a peace treaty for Japan. Such an eleven-power conference was advocated because it would provide a broad representative basis of participation to include all those nations with a primary interest in Japan. It was the view expressed by the United States government that other states at war with Japan might be given an opportunity to present their views while the peace treaty was being drafted and that after drafting had reached a sufficiently advanced stage it should be considered by a general conference of all the states at war with Japan. It was proposed that decisions at the preliminary eleven-power conference should be adopted by a simple two-thirds majority.

The Canadian government welcomed these proposals made by the United States government and viewed with satisfaction the provision that the eleven powers primarily interested in the settlement with Japan participate fully from the beginning in the preparation of the treaty. Canada noted with approval the suggestion that voting should be by a simple two-thirds majority.

Australia, France, India, The Netherlands, New Zealand, the Philippines, and the United Kingdom also accepted the United States proposal without any important reservations.

China and the U.S.S.R. did not agree to the procedure suggested.

U. S. S. R. COUNTER-PROPOSAL

The Soviet union took the view that the question of convening a conference for drawing up a peace treaty with Japan should be provisionally examined by the council of foreign ministers, composed of representatives of the United States, Great Britain, the Soviet Union and China only.

Mr. GREEN: France is not included.

Mr. ST. LAURENT: No, France is not included. This counter-proposal was not accepted by the United States government, which pointed out that such discussions as occurred at Potsdam regarding problems of peace in the Far East, in connection with the establishment of the council of foreign ministers, did not make it mandatory to refer to the council matters relating to the peace settlement with Japan. Although the council of foreign ministers was constituted on a basis which would have permitted its use for the preparation of a peace treaty with Japan, provided the members of the council subsequently agreed, the United States government did not believe it appropriate that this matter be referred to the council.

On November 17 the Chinese government proposed that the Japanese peace treaty should be prepared at a conference of the eleven states, members of the Far Eastern Commission, with a voting procedure similar to that employed in the Far Eastern Commission. That is to say, in that body decisions are taken by a majority vote, including the concurring votes of China, the United Kingdom, the United States and the U.S.S.R.

Mr. GREEN: This was the second proposal by China?

Mr. ST. LAURENT: That is the proposal of China, the only difference being with respect to voting procedure. The United States had proposed that it be a two-thirds majority, regardless of the status of the voting power. China proposed that it be a majority which would include the concurring votes of those four big powers.

Mr. GREEN: That meant a veto.

Mr. ST. LAURENT: Yes. In replying to this proposal on November 27 the Soviet foreign minister, Mr. Molotov, proposed that "there be convened in January, 1948, a special session of the council of foreign ministers, comprising the representatives of China, the United States of America, the U.S.S.R. and the United Kingdom, for the consideration of the question of the preparation of a peace settlement for Japan." It was proposed that, if the Chinese government were agreeable, this session of the council of foreign ministers might be convened in China.

On December 12 the United Kingdom government sent notes to the Chinese and Soviet governments commenting on their proposals for the Japanese peace conference.