

Peace Settlement with Germany

21. Canadian interest in the economic future of Germany is threefold. First, Canada is concerned to see that the Germans are not allowed to strengthen their economy to the point where it would be possible for them again to wage aggressive war. Secondly, Canada does not wish to see perpetuated in the German area conditions of economic depression and unrest which would adversely affect the economic and political stability of Europe as a whole. Thirdly, the Canadian government feels strongly that German industrial capacity should be utilized for the benefit of all countries, and in particular all European countries, which trade with the Germans.

22. As an important contribution to the attainment of these ends, the Canadian government would urge the early establishment of an economic commission for Europe. This has already been proposed in the United Nations, but has not been put into effect because of objections which, in our view, have no validity. Among other things, such a commission might be a useful agency for integrating German industrial development into the general European economy, and for approving progressive adjustments in the level of German industrial activity.

23. A measure of international control is necessary in German industrial areas such as the Ruhr, in order to prevent German industry from gaining sufficient strength to lay the foundations for future aggressive policies. Control of industries in such areas by a commander of an occupation force, while effective in the short run in eliminating German war potential, must terminate sooner or later. Nor can the Germans be trusted, for many years at least, to direct the economic planning of industries whose war potential is so large. For these reasons the Canadian government believes that the industries of Germany in certain areas, such as the Ruhr, should be administered by an international authority composed of representatives of all allied countries having a major trading interest with Germany. In the Ruhr, for instance, such countries might usefully form a consortium for this purpose.

24. Control of the German industries of the Ruhr or elsewhere cannot itself eradicate the recurrent danger of German industry collaborating with a central German government in policies of illegitimate expansion. In order that the roots of any such alliance may be eliminated, the tendency towards centralization and monopoly in German industry and finance should be removed. First steps toward accomplishing this purpose have already been taken by the removal from office of the pre-war owners of large industrial concerns.

[Mr. St. Laurent.]

Further action is necessary. It is important also to build up economic ties between the various industries of Germany and the economies of the European allies, in order to emphasize the interdependence of all parts of Europe.

25. It would not be possible to abandon allied control of industries in special areas of Germany, such as the Ruhr, until Germany, after a period of years, had acquired a new understanding of her responsibility for the prosperity of Europe as a whole. In the meantime, other countries should not be allowed to exploit German industries for purposes detrimental to the European and the world economy.

26. In the reorganization of the German economy, Canada desires that German foreign trade should be conducted on a basis which, within the framework of the economic system of Europe, will provide equal opportunity for all nations. Necessarily, such trade will for some time have to be conducted through agencies of the allied control authority. During this period equality of opportunity should also be provided and maximum facilities should be granted to all allied businessmen wishing to investigate the possibilities of trade with Germany.

27. On the question of German reparations, it is the view of the Canadian government that existing agreements will have to be reviewed in the light of the level of economy and standard of living which is to be permitted to Germany in order to prevent Germany continuing to constitute a centre of European economic depression. Reparation deliveries agreed upon should then be implemented as expeditiously as possible in order that the Germans may know what industrial capacity is to be left to them. The Germans should then be made to realize that within the framework of allied control it will be possible for them to reestablish favourable living conditions only through their own efforts.

The Abolition of German Armaments and Armed Forces

28. Even though the German state were to be decentralized economically and politically, it would nevertheless be necessary to guard against the clandestine rebuilding of military or paramilitary formations, and the construction of plants designed for easy conversion to the purposes of war. The Canadian government favours the complete demilitarization of Germany, and in particular the prohibition of the construction or possession by the Germans of weapons adaptable to mass destruction, and of research for the purpose of constructing such weapons. The proposed statute or treaty for