

It was difficult to foresee the effect of the proposed settlement on the payment of individual claims but it appeared likely that the settlement would amount to about twenty to twenty-five cents on the dollar. Payments would be made in sterling to the United Kingdom and the Canadian government would have to make arrangements with the U.K. government regarding the use of this sterling.

(External Affairs memorandum, Dec. 20, 1948).†

35. *Mr. Pearson* pointed out that, failing acceptance of the agreement negotiated by the United Kingdom, the Canadian government would have to attempt to negotiate its own agreement with Yugoslavia, a course which offered virtually no prospects of success.

36. *The Cabinet*, after discussion, agreed that the government concur in the compensation agreement negotiated with Yugoslavia by the U.K. government, on the understanding that the Secretary of State for External Affairs would satisfy himself that the government were fully authorized to act on behalf of individual Canadian claimants.