

the elimination of the veto of the Great Powers and the by-passing of the Council of Foreign Ministers. Since July 22nd a favourable reply has been sent to Washington by the French Government.

59. While it is known that a reply to the United States invitation has been sent by the Soviet authorities, the Canadian Government has received no official indication of its content. However, it seems clear from reports which have been appearing in Tass and Izvestiya that the Soviet Union is opposed to the meeting of a conference under the terms of reference suggested by the United States. It would appear that the Soviet authorities have indicated their view that the Japanese peace settlement should be prepared by the four Great Powers under restrictive procedures similar to those discussed by the Council of Foreign Ministers in Moscow, in their consideration of the German settlement. Reference has probably been made in the Soviet reply to the clause in the terms of reference of the Council of Foreign Ministers whereby the Council is empowered to consider such matters as are referred to it from time to time by agreement between the governments members of the Council. The tenor of the Izvestiya article of August 3rd was that the drafting of the peace treaty was too complicated for the work to be carried out successfully by a conference of many Powers. It was suggested that the only correct method was for the treaty to be drafted by the four Great Powers which played decisive roles in the defeat of Japan and between whom agreements had already been concluded on a number of important questions of the post-war settlements.

60. In the event of Soviet refusal to participate in the eleven-nation conference under the terms of reference proposed by the United States Government. It will then be for the United States authorities, probably in consultation with other members of the Far Eastern Commission, to decide whether or not the Conference should be held irrespective of the Soviet refusal to participate. In this regard, the workmanlike way in which the Committees for Economic Reconstruction in Europe have been proceeding with their tasks in Paris seems to indicate that much can be accomplished in the international field without Soviet participation.

61. A Japanese peace treaty drawn up without reference to the Soviet Union would have the undesirable characteristic however of leaving unresolved those questions which could not be finalized without Soviet consent. Such problems as Japanese external assets, reparation for the Soviet Union and final recognition of Soviet accessions of Japanese territory would fall within this category. A major disadvantage would be the possibility that the U.S.S.R. might remain technically in a state of war with Japan long after the peace treaty had been brought into force by the other allies. Such an eventuality would certainly prejudice hopes for long run stability in the Far East. In balance, however, if the Governments of the U.K., U.S.A. and China decide to proceed with the preparation of a Japanese treaty without the concurrence of the U.S.S.R. it would seem unlikely that Canada would object to such a procedure.