

- (3) to try and prevent any divergence between the United Kingdom, the United States and France;
- (4) to develop Canadian commercial relations with Spain.(1)

A copy of this paper was sent to the Department of Trade and Commerce for the information of newly-appointed Trade Commissioner, Mr. E.H. Maguire. The covering letter remarked that it might be of assistance "in view of the special political significance of this post and, for the time being at least, the somewhat delicate nature of his position in Madrid".

132. By July, 1950, the Department had modified its conclusion to the point of agreeing that, if staff considerations permitted, "a sound case could be made for opening a mission for its own sake" in Spain and not, as had been considered, simply in balance with the recognition of Communist China. The arguments advanced in favour of this move included the increasing political, economic, and strategic importance of the Iberian Peninsula, the failure of the policy of the Western Powers to shake Franco's regime in any way, the possibility of normal diplomatic relations, supported by patient trade efforts, doing more "to embolden normal democratic impulses, than continued ostracism, the anxiety of Spain and a considerable section of Canadian opinion to see diplomatic relations established, the probable gains in trade which were of special importance to the fishermen of Newfoundland, and the value in negotiation of direct contact with Spain over financial problems such as the treatment of the Barcelona Traction Company. The Minister concurred in the recommendation but favoured delay until it was seen what action the U.N. Assembly might take at its next meeting. As has been noted, the Assembly did remove the bars to normal diplomatic contact at its 1950 meeting, a policy which Canada supported.(2) But budgetary reasons prevented any action then being taken. In answer to an enquiry from the Commonwealth Relations Office, they were informed on December 16, 1950, that "we are not contemplating opening a mission in Madrid in the near future". The same view was held in the spring of 1951, when there was some discussion of establishing a Consulate-General, pending a diplomatic appointment, as had been suggested by the Spanish Government. In September, 1951, as has already been noted, the European Division placed Spain and the Vatican in a tie for third place for exchange of missions. For "practical reasons" it placed Spain slightly ahead of the Vatican, "subject to the importance of the domestic political issues involved". The Minister agreed that an office should be opened in one of these places, and the question is now (August, 1952) under active review.

133. Early in 1951, the position of Spain began to impinge more directly on NATO considerations. Portugal had, naturally, always been sympathetic to the Spanish position and had warmly advocated Spain's admission at New York, in September, 1950.

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(1) These were limited by reason of Spain's dollar shortage and the dispute with Canada over the treatment of the Barcelona Traction Company and its subsidiary. They were also impeded by disagreements on pre-war commercial debts, which were recently removed when the Deputy Minister of Trade and Commerce visited Madrid, early in 1952, and secured an agreement.

(2) Canada was still not prepared to see Spain become a member of the United Nations, and had so informed the United Kingdom before the Assembly met.