

it is desirable to terminate it. My Ministers have concluded that the evidences of espionage and subversive propaganda set forth by your Prime Minister make it clear that an essential condition of the Agreement as entered into by Canada as well as by Great Britain, namely, that each party should "refrain from hostile action or undertakings and from conducting outside of its own borders any official propaganda direct or indirect against the institutions of the British Empire", has not been fulfilled. In order to remove any doubt as to whether the Agreement lapses automatically and having regard to all the circumstances, they have accordingly decided to terminate the Agreement. My Prime Minister so informed the official agent this evening in the course of a lengthy interview. It was added that it was not desired to hinder but on the contrary to encourage trade between Canada and the Soviet Union. Further consideration will require to be given to the details of the termination, and especially to the length of time required for bringing to a close the operations of the agency. Ends.

(Sd.) GOVERNOR GENERAL.

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