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Ottawa, September 10th, 1940

MEMORANDUM

Notes on Dr. Skelton's Memorandum  
of September 9th, and discussion which took  
place on that date.  
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While the memorandum expresses the view that in case of dire necessity "French gold, as well as our own, would have to be thrown on the scales of destiny", there is obviously a feeling that its use, either for the benefit of Canada or of the United Kingdom, is immoral. The implication is that the moral thing to do would be to keep gold, U.S. dollars, or any other French assets in Canada, in the exact form in which they now are, so that they could be returned intact to France in due course.

I feel strongly that there is nothing in the slightest degree immoral in making use of such assets. If at the time of the debacle in France there had been four thousand fighting planes owned by the French in Canada, would anyone suggest that these planes should have been packed away for the duration of the war? I cannot conceive that anyone would support such a view; or that any neutral or Frenchman, who was not in his heart an enemy, would daul to regard such an action as insane. It does not seem to me that there is any particular sanctity attaching to gold. It is literally true - as matters now stand - that the gold in fact represents planes and other war materials. Whoever makes use of the gold or U.S. dollars has the responsibility for effecting settlement with France at the time of the peace treaty. If we made use of the gold by allowing the United Kingdom to use it, the United Kingdom would have to underwrite our responsibility.

If the French nation do not desire us to win the war, they are enemies. I make that statement because it