

us as revealing the precise channels through which communications pass to the Canadian Communists. Of the fact that communication is maintained, as you know, we are perfectly well aware.

Yours sincerely,

G. S. WORSLEY

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*Le Gouverneur général au secrétaire aux Dominions*  
*Governor General to Dominions Secretary*

TELEGRAM

Ottawa, May 26, 1927

SECRET. Begins. Your telegrams regarding Anglo-Soviet relations. My Ministers have been giving careful consideration to the situation resulting from the statement made by your Prime Minister in the House of Commons yesterday as to Soviet espionage and propaganda and the decision of His Majesty's Government in Great Britain to break off diplomatic relations with the Soviet Union and terminate the Trade Agreement. They have been particularly concerned with the bearing of these developments on Canada's adherence to the Trade Agreement. So far as Canada is concerned there has been a steady and substantial growth of trade under the Agreement and there has not been any substantial ground of complaint as to espionage or propaganda against the present official agent in Canada. It appears possible to take two views as to the effect of the termination of the Agreement by the Government of Great Britain. In one interpretation Canada may be considered simply to have adhered to an existing Anglo-Soviet Agreement with the consequence that on the lapse of this agreement her own arrangement ceases to have a basis and lapses automatically. If this view is taken the question settles itself. In the other interpretation the Canadian agreement would be held to have an independent existence and would continue unless expressly terminated. In this case it becomes the duty of the Canadian Government to decide whether 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.