

Hungarian groups in Canada to secure voluntary contributions which would be paid to, and administered by, the Red Cross. These activities would not likely meet the situation and a material gesture by the Canadian government appeared desirable, not only to meet the needs of the Hungarians, but also to encourage Canadians to contribute to the campaign being organized. Such action would also be in accord with recent U.N. resolutions urging member governments to assist.

The Minister recommended that Canada offer assistance through the Red Cross either by donating 2,000 tons of butter or, preferably, by contributing \$1 million for relief purposes in Hungary or among Hungarians who had left their country since the uprising began. If the latter proposal were acceptable, a portion of the funds might be turned over at once to the High Commissioner for Refugees. The money involved in both cases might be met from the vote for unforeseen expenditures or by Governor General's warrant, or a combination of both methods.

An explanatory memorandum was circulated.

(Acting Minister's memorandum, Nov. 5, 1956; Cab. Doc. 219-56)†

23. *The Minister of Finance* said he preferred the second form of assistance. However, the vote for unforeseen expenditures was not adequate and he would not like to use a Governor General's warrant. Perhaps, an immediate contribution of \$100,000 as an earnest of the government's intentions would suffice for the moment and the Red Cross could arrange to finance the remainder on a temporary basis. The full amount might be voted at the special session to be called as a result of the contribution to the U.N. police force.

24. *During the discussion* the following points emerged:

(a) Should any of the proposed contribution not be used for purposes described, it should be returned to the Receiver General and not be retained by the Red Cross for other purposes.

(b) Although one could not be sure that Canadian supplies would not reach people in Hungary, it would be undesirable for any contribution to be made at this time for relief purposes in Hungary itself. Austria was faced with a serious problem in dealing with the refugees, especially as there had been a poor crop and a food shortage was possible.

(c) A request had been made to permit exemptions for income tax on contributions to a fund being organized in Montreal. The law would appear to allow exemptions in these circumstances, but the Department of National Revenue had ruled in the past that to claim them, the organization concerned had to conduct the whole operation for which it was established and not just collect funds to pass on to others. It would be preferable if those wishing to help Hungarian refugees were to make their contributions to the Red Cross and exemptions could then be granted in the usual way.

(d) Before reaching a decision on the proposal, the Department of External Affairs should make it clear to the Red Cross that the money should be used for refugees outside of Hungary and ascertain also if part of any grant should be paid direct to the United Nations High Commissioner for Refugees.

25. *Mr. Martin* reported later that the Red Cross would use any grant for assistance to refugees not in Hungary, and also that the High Commissioner for Refugees needed funds urgently. He suggested that one grant of \$100,000 to the Red Cross and another of the same size to the High Commissioner be approved in principle now for use in assisting refugees, to be paid when funds were available.

26. *The Cabinet* noted the report of the Acting Secretary of State for External Affairs on relief for Hungary and agreed,