

added several million in private funds — and by the number of refugees being accepted by Canada, probably a total of thirty thousand by mid-year. Another consideration is the nature of the problem in Hungary itself, where rehabilitation seems more critical than relief, thus making the issue political as well as economic.

2. Thus far, as indicated in our S-35 of January 18, we have taken the stand that, for humanitarian reasons, food, clothing and medicines should be provided through the facilities of the International Committee of the Red Cross provided some control over local distribution is retained. Both the original \$250,000 and the \$100,000 just given the Canadian Red Cross Society have been made available for use of the Society in the refugee work and in its *International Relief Programme*; thus a share of this \$350,000 of the Canadian vote of \$1,000,000 of last December could find its way into Hungary. However, what proportion, in fact, the Red Cross has considered it just to spend inside Hungary we do not know.

3. Beyond such relief, we did not consider it advisable to go. The de Seynes' report, together with the FAO report which forms part one of the former, have been examined as has the ICRC report which portray the extent of assistance which Hungary is said to require. Along with these reports we have received formal or informal requests for Canadian contributions. These are now to be rejected for the time being at least, for the reasons outlined in paragraph 1. As anything beyond traditional relief is bound to assist in some measure in rehabilitating the Kadar régime, we have examined with extreme care suggestions for contributions of agricultural feedstuffs and fertilizers. The dangers inherent together with the extent of aid already rendered dictate against any further assistance now.

4. As far as normal commercial relations are concerned, we have not been asked recently to reconsider the proposed Hungarian trade agreement. Given the existing state of the economy, the Hungarians are hardly likely to be able to meet its terms, nor would we be likely to consider signature at this time even if these economic difficulties did not prevail.

For CANAC — We agree with the action proposed in the Council and reported in your telegram under reference whereby information will be collated from members with representation in Budapest. Our decision to take no action now is consistent with the view in (b) of paragraph (3) requesting members to refrain from assisting Hungary until such consultation takes place. Our previous information in telegram S-35 of January 18 continues to describe the state of our commercial relations with Hungary and there is nothing further for you to report to the Council.

For Candel New York — In view of our attitude towards this problem, there is little value, in our view, for Michel and Meyer of the ICRC to visit Ottawa. Their memorandum which you forwarded has been examined as have all other requests for aid and will be kept in mind should our position be changed. With respect to your telegram 438 of January 31† and the informal approach made to you by de Seynes' staff, we presume no formal communication is expected of us. If you consider it advisable and the occasion presents itself you may wish to intimate that we do not expect to take any action in the near future. The suggestion in your telegram 514 of February 8† that a contribution of Canadian flour or wheat might be made to Hungary was one which had previously been considered and brought to the attention of the minister last week. At that time, however, it was considered inadvisable to pursue the matter for the reasons noted previously. Therefore, if you believe there are any new and compelling arguments favouring such a proposal you might wish to mention these to the minister and to report to us any reaction favouring a further investigation of such a gift. However, we should point out that if any item is to be added to the