

And then goes on to provide for common policies on such matters as mining and production allocations, agriculture, forestry, fishing, wages, prices and rationing; currency and banking; central taxation and customs; transportation, communications and so forth. Not only has this section been completely ignored, but until the recent unification of the British and United States zones, there were four distinct and separate zones and policies. There seems to have been little contact between the British and the United States zones and the French zone, and no contact at all between any of them and the Soviet zone.

Section 19 states that—

Payment of reparations should leave enough resources to enable the German people to subsist without external assistance.

It adds that any German surpluses must be used to pay for necessary imports and so forth. This section has been completely ignored, and much of the distress and food difficulties of the United Kingdom herself stem from the fact that the food and raw material areas of Germany are in the Soviet zone, while the densely populated industrialized areas are a British responsibility.

Canada should insist on the carrying out of these sections of the Potsdam agreement, an agreement which, in so many particulars, has complicated the problem of the whole war settlement, and which was made by the great powers without the advice and consent of numerous other nations, including Canada.

This, of course, raises the problem of reparations. There can be no question that the Soviet union, France and other countries have the right to demand compensation for the terrific destruction and suffering caused by German aggression. As the government's brief to the deputies of the foreign ministers states, the German people bear responsibility, because they permitted Hitler to prepare for and make war against his neighbours. It is true that Hitler "openly proclaimed policies of shameless aggression." Again I quote from our government's representation. But it is also true that powerful interests, and yes, some political leaders in the allied countries, excused or financed his rise to power because they thought they saw in him a barrier against the spread of progressive ideas which they did not like, while, even after the aggressive war began, others continued to give him aid.

The principle governing reparations should be that of justice rather than of vengeance. To exact reparations which would not only cripple Germany but interfere with the recovery of her victims would be to repeat a mistake made at Versailles and destroy all

[Mr. Coldwell.]

hope of rebuilding a democratic Europe. Those who remember reading years ago a remarkable book published after the last war by John Maynard Keynes, "The Economic Consequences of the Peace," will I think take warning from the difficulties he foreshadowed, and which came about as a result of reparations exacted at Versailles.

The only neighbour which might conceivably survive the shock would be the Soviet Union, whose rigid political and economic controls might enable it to prevent the effect of a general European collapse from affecting its internal situation.

Ability to meet reparation payments and contribute to the rehabilitation of world economy are dependent upon the level and kind of production permitted in Germany. The United Kingdom is supporting a higher level of production than has been agreed upon. It seems to me that the important thing is not only to encourage production, but to establish the means of supervising and controlling the nature and the allocation of production. Reparation payments will depend upon the development of German resources to a level sufficient to contribute to the welfare of all Europe, as well as the future welfare of its own people.

This would be a policy of enlightened self-interest. Prolongation of the terrible conditions existing in Germany, and elsewhere, is bound to lead to secret subversive activities. Recently many arrests were made in the British-United States zone of people connected with the continuing nazi underground organization. Press reports indicate a rebirth of extreme nationalism in Germany. These, if not due to despair, will be fostered by it. To offset it we should assist and encourage the rise of democratic leadership, the trade unions, the cooperatives, and present the opportunities for the common people to develop their own economic security as time passes.

It is obvious that for some time allied occupation will be necessary, if only to carry out policies in the general interest. How and by whom this shall be done will be a matter of controversy. One hopes that the old-fashioned concept of an occupying army will be replaced, as soon as conditions permit, by a body more in keeping with modern ideas and needs. If a German administration and a German police organization are carefully established to exclude rigidly any remnant of militarism or nazism, the actual military occupation force could be reduced to a minimum. And this is