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NOTE

While this Index attempts to give references under as many individual headings as possible, it may be noted that it also concentrates many entries under several wide general headings, such as the name of a Government Department or a Country. These are in some cases split up into several sub-headings in alphabetical order, with miscellaneous items under a final sub-heading designated "General". Thus, under the heading "United States" there are the following sub-headings:

"Atlantic Bases - Naval Assistance"
"Canadian Legation in Washington"
"Recruiting in"
"Restriction on Imports from"
"Staff Talks with"
"United Kingdom, Relations with"
"General"

Single entries are in chronological order, followed by the number of the Minute (underlined) and of the page. The list of meetings below will indicate the date. Letters A, B, C, & D indicate four meetings held previous to the present system of numbering, and only added to Volume I at a later date.

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Memoranda of Defence Council

and Emergency Council

1938-1939

(R.G. 2, 7 C, Volume 1)

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Memorandum re Meeting

of Defence Committee of the Cabinet

November 14, 1938.

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1

CONFIDENTIAL

Ottawa, November 14th, 1938.

Memorandum:

Re: Defence Committee of the Cabinet

A meeting of the Cabinet sub-Committee on Defence was held in the Prime Minister's Office on November the 14th, 1938, at which were present the following members of the sub-Committee:

The Prime Minister (Chairman),
The Minister of Finance,
The Minister of Justice,
The Minister of National Defence.

The purpose of the meeting was to discuss Defence Estimates for the coming fiscal year, and the following heads of the Services were called into the meeting:

Major General Ashton, Chief of the General Staff (Military Branches);
Rear Admiral Nelles, Chief of the Naval Staff (Naval Branch);
Air Commodore Croil, Senior Air Officer (Air Force Branch).

Mr. Heeney, Principal Secretary to the Prime Minister, was also present.

The three heads of the Services presented, in turn, their recommendations for their part in a National Defence programme, along with their recommendations for Estimates for the forthcoming year. Each called for substantially increased amounts for their respective Services. The total increase contemplated over last year's budget for Defence purposes amounted to approximately $37,000,000. Air Commodore Croil also explained to the sub-Committee a plan which he had prepared which might meet the requirements of the British Government as to the training of R.A.F. pilots, in co-operation with the R.C.A.F. He stated, however, that the United Kingdom had not yet communicated their specific requests and that, therefore, no decision could be taken in this respect at present.

A.D.P.H.

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Memorandum from Senior Air Officer

November 14, 1938.

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Mr. and Gentlemen:

Memorandum from Senior Air Officer covering main points brought forward by him at meeting of Defence Committee of Council on November 14, 1938. (See Mr. Pickersgill's memorandum on fyle, Nov.21,1938)

INTRODUCTION

1. I do not intend to take up your time by dwelling upon the present distrubed state of international relations, but with this in mind I propose to review as briefly as possible firstly our air defence requirements, secondly the present state of the air force and progress in its development to date and lastly to explain the air estimates now being submitted.

(2)

AIR DEFENCE REQUIREMENTS

2. We have been most fortunate that until the last few years the defence of our sea-borne trade, ports, industries and cities has been a comparatively simple problem compared with that facing us today. The advent and rapid development in the performance of aircraft has immeasurably added to and will continue to add to the complexities of the problem. We are by no means immune to air attack today. Very definitely at the moment attack by airships from an overseas base or by aeroplanes launched from ships is a probability. Direct attack by aeroplanes from an overseas base is also possible, and it will only be a short time before such will become probable. The recent non-stop flight of 7,162 miles by two aircraft of the Royal Air Force is the latest indication of what may be in store for us. I would like you to note that the distance from Germany to Canada and return is considerably less than this. Again, if we recollect, the last war proved that aircraft development is considerably more rapid under war conditions, and we have every reason to consider that the same will hold good in any future war.

3. Canada must have an air force capable at least of acting as a deterrent to any threat to the sovereignty of her territory and waters. Inability to meet such a threat is not pleasant to contemplate. In the defence of Canada, the air force has a three-fold role; co-operation with the navy in the protection of trade, co-operation with the army in observation of coast artillery fire and the suppression of enemy landings and raids, and independent air action against air and sea-borne attack. The country is rich in

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natural resources, but poor in population, and we cannot hope to maintain a defence force which will make us immune; but as such attacks must reach us by sea or air the extreme mobility of the air force offers a solution by permitting concentration, at utmost speed, of an effective striking force in any part of the country.

PRESENT STATE AND DEVELOPMENT TO DATE

4. Let me now refer to the present state of the air force. In 1936, and based on the international situation at that time, a review of the air defence requirements determined that our minimum peace time needs could be met by a force of 23 squadrons and their necessary bases, administrative and training establishments. Twenty-three squadrons would seem to be a fair number, but it must be realized that only 11 or approximately half of this number were to be organized on a permanent basis, fully manned and equipped with modern first-line aircraft; the remainder were to be non-permanent squadrons at full personnel strength but only partially equipped (approximately 1/3) in the majority of instances with advanced training aircraft.

5. It might appear to the uninformed that Canada's permanent air force was disproportionately large compared with the non-permanent force, and I wish to emphasize here the fact that the opposite is a more reasonable assumption. The vast extent of Canada's territory and waters makes it essential that her first line of air defence consist of squadrons mobile and ready for immediate action in any part of the Dominion in a national emergency. It is obvious that squadrons of the Non-Permanent Air Force could not meet the above requirements in an emergency, because of the nature of their organization and the fact that their personnel are only available for intermittent training due to their civil occupations. For this reason, the Permanent Air Force is of necessity Canada's first line of air defence.

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6. On the 23 squadron basis, 312 modern first-line service aircraft are required for squadrons, 121 modern first-line or advanced training aircraft for schools and non-permanent squadrons, and 94 elementary trainers.

We actually have in service today only one modern first-line service aircraft built in Canada (Stranraer) with a probability of another being delivered before freeze-up. We also have an additional six modern first-line service aircraft (Sharks) but these were obtained from England. The remainder of our aircraft, with the exception of 27 obsolete service types (Atlas and Wapitis) and 10 civil aircraft (Delta) partially convertible to service use, are of little active service value. We have actually on order and are awaiting delivery of 84 modern first-line service aircraft from Canadian Manufacturers and from England. (See attached list) It is anticipated that the last of these aircraft will not be delivered until August, 1940, and of this number not all can be allotted to service squadrons as a proportion are required for advanced training. Briefly, the situation with respect to aircraft is far from satisfactory.

7. We have endeavoured, in meeting authorized increases to the force, to provide proportionate increases in personnel, aircraft and accommodation. In so far as personnel are concerned, we have no major problem, the aircraft problem I have already outlined and with regard to accommodation I can say that we have made as much headway as has been possible in view of available funds and natural difficulties in the procurement and development of air bases and landing grounds. I must add, however, that considerable further work must be undertaken before even the small number of bases and landing grounds we have under development at present are in condition to be used by modern aircraft.

8. We have been most fortunate in obtaining authority to proceed with the organization of our Coastal Air Commands. The vital need for such organizations was proved beyond doubt during the recent

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crisis for, lacking any authority to institute such a command, coordination of air action would have been impossible.

9. You will remember that the last time I addressed you, in August, 1936, I stated that it would require 6 to 12 months before Canadian aircraft manufacturers could get started on their orders; experience has shown this to be the case. I would like to make it clear at this point that in order to make it possible to procure the small number of aircraft referred to above, we have been forced to commit funds of succeeding years to a serious degree. This condition will continue to exist in an increasing scale due to our larger requirements, and because aircraft cannot be produced within the 12 months of a fiscal year. I would also like to make it clear that the mere procurement of aircraft, training facilities and bases by no means completes the picture. Guns, bombs, special ammunition, wireless equipment, marine craft, motor transport, maintenance machinery, to mention some of the larger items, must also be procured if the air force is to be in a position to act in a national emergency, and that for every increase in the size of the force maintenance must of necessity increase and remain at the higher level.

Consideration of the factors I have just related will give you an idea of Canada's potential air power at the moment (which is practically nil), and when the present programme is completed. During the recent crisis, the number and types of aircraft that we were able to muster for the defence of the East Coast was pitiably inadequate, and more than anything else drove home the almost hopeless position with which we were confronted at that time with regard to air defence. Within 48 hours we could only count upon 28 aircraft; within two weeks 39 aircraft, and of this number 6 only were modern first-line types and 13 obsolete service types, the remainder civil types of practically no military value except for restricted reconnaissance duties.

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ESTIMATES

10. Assuming that the Government's policy is the development of the air force on a 23 squadron basis, my estimates are submitted as a further step towards development of this plan. I must, however, make it quite clear that these estimates do not represent the funds necessary to complete development.

I have here a table which shows clearly the discrepancy in aircraft and personnel required to complete the plan. For example, we have to date provided for only 241 aircraft of all types; these estimates provide for a further 158 giving a total of 399, but we require 527 of all types, principally first-line aircraft, to complete development. The approval of these estimates will, therefore, leave us 128 aircraft short of our minimum requirements, but will at least place the service on a far better footing to face its responsibilities.

11. In consequence, I recommend that the following three separate but independent steps be taken to provide funds for the air force:-

(a) That a Supplementary Estimate be approved to make available during 1938-39 the sum of ..... $ 938,320.

(b) That the Main R.C.A.F. Estimate for the year 1939-40 amount to ..... 17,870,375.

(c) That an Additional Estimate be provided of ..... 13,293,391.

$ 32,102,086.

12. The necessity for, and purpose of each of the three Estimates and their interdependence, is briefly outlined hereunder:-

(a) Supplementary Estimate ..... $ 938,320.

An estimate of deliveries of new aircraft indicates that by the 1st of July 1939, of the 312 service aircraft required in squadrons, the Royal Canadian Air Force will only have 25 modern service aircraft on hand.

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(a) Supplementary Estimate (Cont'd.) ..... $ 938,320.

This situation is serious and must be alleviated. As delivery of service types from Canadian manufacturers takes practically two years to effect, other sources of supply must be resorted to to fill this gap. The United States offers the best market and it is proposed that orders should be placed during 1938 for 18 bomber aircraft and 15 aircraft suitable for army co-operation or coast artillery co-operation duties together with necessary equipment and spares. These can be delivered by July, 1939. The Supplementary Estimate is required to provide the initial payment for these aircraft. The balance of funds required to complete payment is included in "Additional Estimate".

(b) Main R.C.A.F. Estimate 1939-40 ..... $17,870,375.

The "Main Estimate" provides for the maintenance of the present force and normal expansion. Personnel increases are as follows:-

	Officers	Other Ranks
Permanent Force Vote	43	389
Non-Permanent Force Vote	11	50
T O T A L	54	439

Allowance is made for the purchase of 8 service and 41 advanced and primary trainer aircraft, also to meet the commitments of $3,852,740 on aircraft and engines carried over from 1938-39. (The total commitments carried over against 1939-40 amount to $4,480,709). The provision of additional accommodation and further development of bases accounts for $3,411,900. Individual training has been extended to allow for 211 permanent force personnel on courses and flying time is increased by 7,551 hours. Increases in aircraft, personnel and flying time, in turn require increased provision

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(b) Main R.C.A.F. Estimate 1939-40 (Cont'd.)..... $17,870,375.

for spare engines, aircraft spares, mechanical transport and marine craft which have duly been allowed for.

(c) Additional Estimate ..... $13,293,391.

It has been shown that the "Supplementary Estimate" permitted rush orders, and partial payment only for 33 service aircraft and that the "Main Estimate" covered the maintenance and normal expansion of the R.C.A.F. The vital need for service aircraft and operating bases has not been met. The "Additional Estimate" is devoted to this end. Of the thirteen millions required, approximately nine and a half millions are for stores and equipment. This sum provides for the purchase of 63 service aircraft, the main portion of the cost of the 33 service aircraft ordered on the authority of the "Supplementary Estimate", 12 bomber trainer and one transportation aircraft, in all a total of 109 aircraft together with spares (engines and aircraft parts) maintenance stores and wireless telegraphy equipment. Three and a half millions are allotted to construction to provide operating bases and increased facilities and accommodation for new aircraft and personnel. The balance remaining allows for increases of 19 officers and 164 other ranks in the Permanent and 13 officers and 50 other ranks in the Non-Permanent Royal Canadian Air Force.

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SITUATION RESPECTING MODERN FIRST LINE SERVICE
AIRCRAFT IN THE ROYAL CANADIAN AIR FORCE

AIRCRAFT	ON HAND AT NOVEMBER, 1938	AIRCRAFT ORDERED AND YET TO BE DELIVERED	INCLUDED IN ESTIMATES NOW SUBMITTED "A" 1938 Supp.	"B" 1939-40 Est.	"C" 1939-40 Add.Est.	TOTAL
Bolingbroke	-	18	-	6	-	24
Hurricane	-	(a) 10	-	2	12	24
Lysander	-	28	-	-	8	36
Shark	6	(a) 19	-	-	-	25
Stranraer	1	9	-	-	9	19
N.A. 25	-	-	15	-	-	15
Douglas	-	-	18	-	-	18
Delta (G.R.) Replacement	-	-	-	-	12	12
Wapiti (Bomber) Replacement	-	-	-	-	10	10
New Torpedo Bomber	-	-	-	-	12	12
Totals	7	84	33	8	63	195

(Note) (a) Includes 10 Hurricanes and 2 Sharks ordered from England.

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	Required	Presently Provided For	Deficient		Incl. in 1938/39 Supp. Est.	Incl. in 1939/40 Main Est.	Incl. in 1939/40 Addn. Est.	Total	Deficient	
			No.	%					No.	%
PERSONNEL										
Officers										
Permanent	525	260	265	50.48	-	42	19	61	204	38.86
Non-Permanent	220	169	51	23.18	-	11	13	24	27	12.27
Airmen										
Permanent	4500	1955	2545	56.18	-	386	164	550	1995	44.33
Non-Permanent	2014	1146	868	43.10	-	50	50	100	768	38.13
AIRCRAFT										
Service Aircraft for Permanent and Non-Perm. Squadrons.	312	78	234	75.00	33	14	64	(a) 111	123	39.42
Service or Adv. Training Aircraft for P.F. Schools and N.P. Squadrons.	121	94	27	22.32	-	15	12	27	-	-
Primary Trnrs.	94	69	25	26.60	-	20	-	20	5	5.31
TOTAL AIRCRAFT	527	241	286	54.27	33	49	76	158	128	24.29

NOTE: (a) Includes 1 Grumman and 6 N.A.16 aircraft which may be classified as Service aircraft for purpose of this table.

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Memorandum re Meeting

of Defence Committee of the Cabinet

January 31, 1939.

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Ottawa, January 31st, 1939.

STRICTLY CONFIDENTIAL

MEMORANDUM FOR MR. HEENEY:

The Cabinet Sub-Committee on Defence met with heads of Defence Services yesterday, Monday morning, in the Prime Minister's Office from 11.00 to 12.00. There were present, in addition to myself, Lapointe, Dunning, Crerar, Mackenzie, General Anderson, Rear-Admiral Nelles, and Air-Marshal Croil.

W. L. M. K.

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4.

Memorandum re Meeting

of Defence Committee of the Cabinet

September 5, 1939.

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STRICTLY CONFIDENTIAL

Ottawa, September 5th, 1939.

MEMORANDUM:

Re: Defence Committee of the Cabinet

A meeting of the Cabinet Sub-Committee on Defence was held in the Prime Minister's Office on September the 5th, 1939, at which were present the following members of the Sub-Committee:

The Prime Minister (Chairman),
The Acting Minister of Finance,
The Minister of Justice,
The Minister of National Defence,
The Minister of Mines and Resources.

There were also present the following heads of Services:

Chief of the General Staff (Military Branches)
Major General T. V. Anderson;

Chief of the Naval Staff (Naval Branch)
Rear-Admiral P. W. Nelles;

Senior Air Officer (Air Force Branch)
Air Vice-Marshall G. M. Croil;

The Under-Secretary of State for External Affairs and the Principal Secretary to the Prime Minister were also present.

1. The Prime Minister referred to the last meeting of the Defence Sub-Committee and the explanation then made of the plan which had been approved by the government for the expansion of the Defence Forces. He pointed out that at that time no Expeditionary Force was in contemplation. He said that the policy of this government was one primarily for the defence of Canada, and had so been stated in the House of Commons on many occasions.

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2. The Prime Minister also stated that the government had given consideration to the Secret Memorandum of the Chiefs of Staff Committee, dated August the 29th, 1939, concerning "Canada's National Effort (Armed Forces) in the Early Stages of a Major War". The Prime Minister wished to make it quite clear to the heads of the three services that the government had in mind measures only for the defence of this country, and that before any steps could be taken with respect to an expeditionary force, Parliament would have to be consulted and decide thereon.

3. The Minister of Justice said that the Secret Memorandum of August the 29th suggested that an expeditionary force was in contemplation. In his view the defence of Canadian territory was the primary consideration, and government action and Votes in Parliament had been based upon this assumption. The memorandum inferred that the needs of local defence had receded, and action overseas was in contemplation.

4. General Anderson said the objects of the programme, set out in the memorandum, were three-fold:

(1) to provide for the defence of Canadian coasts;

(2) to provide for the internal security of Canada;

(3) to provide the organization of an expeditionary force if, in the light of developments, such were deemed advisable, and such were decided upon by the government.

General Anderson said that there was no intention of providing for an immediate expeditionary force, but one primarily for Canadian defence. The equipment urgently required and asked for, such as mechanical transport and materials for hutments, were necessary to provide a mobile force, and for its proper accommodation. The forces now in process of mobilization (75,000 men, approximately), were required in Canada.

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If an expeditionary force were subsequently decided upon, it was intended that the presently mobilized troops could be used to go overseas, but they would then be required to be replaced for Canadian purposes by calling up of further units.

6. Air Vice-Marshall Croil stated that the Royal Canadian Air Force had made no provision for an expeditionary force and that its expenditures and enlistments to date bore no relation to such a project. If an expeditionary force were to be decided upon, squadrons would have to be withdrawn from the present defence force and replaced by newly trained units.

7. Rear-Admiral Nelles stated that the programme of the Naval Service related only to the defence of Canada and Canadian coastal waters.

8. The Prime Minister said that he must be in a position to state definitely to Parliament, when it met in special session this week, that nothing had yet been done beyond providing for the defence of Canada itself.

9. The Acting Minister of Finance said that he had been approached by the Chairman of the Defence Purchasing Board concerning the immediate purchase of certain supplies urgently requisitioned by the Department of Defence, amongst which were 10,000 motor vehicles and materials for the construction of camps. He enquired whether such purchases did not imply preparation for an expeditionary force.

General Anderson replied that the items referred to by Mr. Ilsley were necessary in any event for the defence of Canada. Transport was necessary to make the troops called up mobile within this country.

10. The Minister of Mines and Resources enquired whence danger was anticipated to Canada.

General Anderson replied that it was impossible to tell. Although invasion was not now likely it could not be told when conditions might change. He admitted, however, that invasion would only be possible if the enemy obtained control of the sea.

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Air Vice-Marshall Croil said that so far as the air was concerned, the only likelihood of any attack on Canada would be "an odd bomb here or there" for moral effect and to discourage Canada from sending her forces outside the country.

Rear-Admiral Nelles said that so far as the sea was concerned, there was a real danger to be anticipated to Canadian coasts, and commerce and shipping in Canadian waters. This danger might be anticipated from pocket battleships, cruisers, armed raiders and, particularly, submarines operating off Canadian harbours. The Naval services mobilized, or in contemplation, were solely for the defence of Canada from the danger of such attacks.

11. General Anderson stated that of the approximately 75,000 men now being raised for active service, 15,000 were required for coast defence, the balance being intended for reserve.

A. D. P. H.

A. D. P. H.

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5.

Memorandum of Chiefs of Staff

September 5, 1939.

Privy Council Office, Memoranda of Defence Council and Emergency Council, 1938-1939 (R.G. 2, 7 C, Volume 1)

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COPY

Memorandum of Chiefs of Staff, Discussed at Meeting of Defence Committee of the Cabinet, September 5th, 1939.

SECRET

COPY NO. 11 -a

4

CHIEFS OF STAFF COMMITTEE

MEMORANDUM

Canada's National Effort (Armed Forces) in the Early Stages of a Major War.

1. The European situation is once more approaching a very critical stage. It is entirely possible, not to say probable, that war with Germany may break out within the next few days.

2. It is too soon fully to appreciate the effects of the recent pact between Germany and Russia, but at the moment it appears to have had the following results:-

(a) Poland is left without a near ally and it may reasonably be anticipated that Germany will thereby be able to devote a greater proportion of her strength to the task of opposing the forces of France and Great Britain. In Europe, therefore, the strategic situation has been improved for Germany and worsened for Great Britain and France.

(b) In Asia, on the other hand, the British position appears, temporarily at least, to have been improved by the pact since Japan's relations with Germany have certainly received a setback and tension between Japan and Great Britain has already eased somewhat.

3. In these circumstances it is desirable carefully to consider the course of action, insofar as the three fighting Services are concerned, to be recommended to the Government if the crisis culminates in war.

4. The defence policy of the Government has been expressed by responsible Ministers, (including the Prime Minister) on various occasions, both in the House of Commons and elsewhere. This policy may briefly be summarized as follows:-

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(a) If Great Britain is at war Canada will not be neutral.

(b) Canada will take action to defend her coasts, harbours, trade and centres of population against the attacks which may be delivered on them.

(c) Insofar as direct co-operation with Great Britain in the active conduct of the war is concerned, Canada will not enter into any prior commitments whatsoever. When the time comes "Parliament will decide". This means in effect that when the crisis arises the Government will recommend action to Parliament and will stand or fall on the issue.

5. To meet the requirements of this policy, the Chiefs of Staff Committee have drawn up a combined plan for the defence of Canada laying down the defensive measures to be taken by the three Services in the event of a major war.

6. The Navy's share of these measures is:-

(a) The defence of Canadian sea-borne trade.

This can be effected by:-

(i) The provision of forces placed in positions from which they can counter threatened attacks upon shipping.

(ii) The provision of auxiliary mine-sweeping and anti-submarine vessels in Canadian waters.

(b) Co-operation with the Army and Air Force in defence of the coasts.

7. Insofar as the Air Force is concerned, the defensive measures to be instituted are: the mobilization of 11 Permanent Force and 12 Auxiliary Squadrons with the necessary headquarters, maintenance and supply units for the following purposes:-

(a) Air action against enemy sea, land and air forces in conjunction with, or independently of, the other Services.

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(b) Air action in defence of points of national importance from air attack, in conjunction with ground anti-aircraft defences and observer corps.

(c) Coastal reconnaissance in conjunction with Naval forces.

(d) Air observation for coast artillery.

(e) Army co-operation duties with a mobile military force.

(f) Co-operation with Service and Civil authorities in the control of civil aviation.

8. Finally, the measures to be taken by the Army are:-

(a) Mobilization of Coastal Garrisons, and manning of all coast and A.A. defences.

(b) Provision of garrisons to protect naval and air bases not provided for under (a).

(c) Guarding of certain vulnerable points.

(d) Guarding of alien internment camps, when established.

(e) The mobilization of the Mobile Force, consisting of a Corps of two divisions and ancillary troops (about 60,000 men), or of such portions of it as may be ordered.

9. The plans outlined in paras. 6, 7 and 8 above have been drawn up primarily for the direct defence of Canada. Active participation with other Empire forces has throughout been a secondary and incidental consideration. But it may be confidently be anticipated that the outbreak of a major war will produce in Canada and immediate and overwhelming demand for active intervention with armed forces in direct aid of Great Britain. If this prediction is accurate the Government's chief problem will be to determine the forms which that intervention should take. It is clearly of paramount importance, therefore, that we should examine the nature and numbers of the armed forces which could be made available for action in close co-operation with other forces of the Empire.

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10. So far as the Navy is concerned the matter is comparatively simple. In para. 6 it has been stated that in order to defend our sea-borne trade it will be necessary to dispose forces in positions from which attacks upon shipping can be countered. To obtain these forces in the early stages of a war it will be necessary to co-operate with the more powerful British forces strategically placed for this purpose. As the war progressed the shipbuilding, recruiting and training resources of Canada could be developed to provide more Canadian warships which would automatically increase Canada's share in the general control of Empire Communications.

11. Air Force assistance to the other forces of the Empire, as for the Navy, commences with the co-operation rendered in safeguarding the trade routes adjacent to our territory. Such assistance, however, is in the nature of indirect, rather than direct, co-operation whereas the furnishing of a force for operations in an overseas theatre would be a very direct and noticeable contribution to Empire defence. To this end we can, at the outset, contribute the personnel for one Army Co-operation Wing Headquarters and three Army Co-operation Squadrons and one Bomber Wing Headquarters and three Bomber Squadrons, but with no aircraft or equipment. The despatch of the Bomber Squadrons will, however, deplete our reserve force in Canada and they would have to be replaced.

12. Dealing next with the possibility of active participation in operations overseas with a Canadian Army:-

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Of late years there has been very much to the fore a school of thought in Great Britain which has consistently deprecated British intervention with land forces on a large scale on the Continent in any future war. The arguments of this school were facile and attractive. On the one hand they pointed to the vast sacrifice of blood and treasure which was entailed by the operations of the British Army in France during the Great War. On the other hand they stressed the strength of the defence, as opposed to the offensive power of modern armies. Again, they put forward the view that, in a future conflict, air power would in any case be decisive. And finally, they argued that the sacrifices of 1914-18 could be avoided in future if Great Britain confined her major war effort to the sea and air, leaving the French Army to hold the Maginot Line. In short, they advocated the doctrine of a "Limited War".

13. There can be no doubt but that this doctrine found favour with the British Government during the early years of re-armament (1936-38). This is attested by the amounts of money voted to the respective fighting Services. From a bad third, the Royal Air Force quickly assumed first place in the defence votes, and its expansion during the past three years has been enormous. Concurrently a huge programme of naval expansion was inaugurated, and was pressed with the utmost energy. Only the Army was, relatively speaking, neglected. Funds were voted to modernize its equipment, but its strength was not increased, and even the programme of re-equipping it was slow and halting. As recently as the spring of

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1938 the War Office estimates for their equipment programme were cut by no less than £70,000,000, and Ministers openly intimated that the days of great Expeditionary Forces to the Continent were over.

14. The crisis of September 1938 and the subsequent developments, proved a rude shock to the somewhat complacent British theory of a "Limited War". The subsequent dismemberment and absorption of Czechoslovakia made the true nature of German policy plain to the world. It became obvious that Germany meant to dominate by force all who might stand in the way of her ambitions. Simultaneously, on the physical side, Germany had overrun one formidable obstacle to her expansion - the Czechoslovak fortifications. The Czech army of some 30 divisions disappeared and Germany acquired its equipment and its munition factories, among the best in Europe. It became suddenly clear to every responsible British statesman that if Germany, with all the potentialities of some 80 millions of people, chose to attack France with all her resources the French Army would not be strong enough to resist indefinitely unaided. The effects of the defeat of France on British security need no elaboration. The inherent unsoundness of the theory of a "Limited War" was thus startlingly revealed.

15. Once this fact was realized the British Government acted with respect to the Army with the same energy and decision as they had previously displayed with respect to the other Services. It was first announced that a field force of some twenty divisions would be prepared, including the Territorial Army which was forthwith to be equipped for a European War. It quickly became apparent that even this would not suffice and the Government

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announced that the Territorial Army would be doubled in size. A Ministry of Supply was set up to speed up the production of armament and equipment, and as a final indication that all thoughts of a "Limited War" had been abandoned conscription was introduced.

16. There is now , therefore, not the slightest doubt as to the intentions of the British Government. If war comes, a major Expeditionary Force will again be despatched to the aid of France, and Great Britain will conduct the war with all her available resources, land, sea and air.

17. Turning now to the Canadian position as regards land forces:- In 1936 the Militia was re-organized on a basis of the units required for six divisions, a cavalry division and a large quota of ancillary troops. The Mobile Force, as at present constituted, (See para. 8(e) above) taps rather less than half of our Militia resources, exclusive of those necessary for home defence. The policy of training for years has concentrated on the training of officers, N.C.Os. and specialists so as to facilitate expansion of units to a war footing on mobilization. We have available in Canada a proportion of the war equipment of the Mobile Force which would suffice for the requirements of training in Canada.

18. It is true that, apart from a small number obtained for training purposes, we are completely deficient in such essential items as armoured vehicles of all descriptions, anti-tank guns and the anti-aircraft guns and equipment needed for the force. Moreover, our field artillery, though adequate for training purposes is obsolescent insofar as its use in active operations is concerned. But despite these

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deficiencies the Mobile Force could proceed abroad partially equipped and partially trained in less than three months from the date mobilization is ordered. And if the British Government can make good its deficiencies in armament and equipment within a reasonable time after its arrival it could take the field as a powerful fighting force, equipped and trained, about six months after mobilization.

19. As to our strategical situation we are not, at the present time, faced with a major problem of home defence. Our trade is subject to interference by raiders, and our coastal ports and some inland centres are subject to the risk of occasional bombardment from sea or air. But we are not exposed to large scale invasion as long as the British fleet is intact in the Atlantic and the United States fleet is paramount in the Eastern Pacific. It is evident, therefore, that in existing conditions Canada's man-power resources will enable her to meet demands of direct defence and, at the same time, and in addition to the active particpation by sea and air which has been discussed above, she can despatch an army abroad should the Government so decide.

20. That intervention of this nature will be needed if war comes cannot be doubted, for Great Britain's commitments for air defence are very great and, in addition, war industry will make huge demands upon her available man power. Moreover, if the war which seems imminent breaks out, Russia will not be an ally as in 1914, while Italy may well be an enemy.

21. Assuming then, in the light of the foregoing arguments, that the Government may decide that a Canadian

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Army is to be despatched abroad, it is next necessary to review the arguments in favour of raising the force in accordance with the plan developed by the Militia Service.

22. It will be recalled that, in 1914, the Minister of Militia abandoned the plans for mobilization which for some time had been under consideration by the Staff, and undertook to raise a completely new, voluntary, force quite independent of the Militia. The results of this unfortunate decision are well known, but a few of them may profitably be recalled. The Canadian Militia at once became moribund and remained so for the duration of the war. Units were raised indiscriminately all over Canada, wherever an officer could be found to undertake the task of raising one. No regard was paid to the territorial distribution of recruiting, with the result (to mention only one) that the potentialities of Quebec were neglected, and the susceptibilities of loyal French-speaking Canadians were ignored. There was no proper balance between the raising of units for the different arms of the service. No system of providing reinforcements for units in the field was set up. Instead a long succession of new units were raised (some 260 infantry battalions alone were authorized) with the inevitable result that three out of four of these units had to be broken up into drafts either in Canada or in England. There was no proper system of providing officers, and much valuable officer material was wasted in the ranks, some universities for instance raising complete units from the graduate and undergraduate bodies. The arrangements for medical examination of recruits were defective, with results which are still a source of expense to the Canadian taxpayer.

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23. These mistakes took years to rectify and in the meantime they mitigated against the effectiveness of our war effort, and resulted in waste of money and manpower.

24. In our plans for future mobilization all of these factors have been taken into consideration. The Mobile Force is based on the existing Militia Organization. As far as possible its units will be formed from complete existing Militia units. Its territorial distribution, like that of the other two Services, has been most painstakingly worked out to give reasonably equal representation to every part of Canada on a basis of population. The desires and aspirations of the French-speaking portions of Canada have not been overlooked and, if the whole force of two divisions and ancillary troops is raised as planned, it will include a complete French-speaking infantry brigade with a French-speaking commander and staff.

25. Further, the force is properly balanced as regards all arms. It includes the correct proportion of administrative units, and units for the Lines of Communication. Plans for its mobilization have been drawn up by District Headquarters all across Canada. Plans for its rapid concentration and training in Canada have been made, and are constantly being improved as to detail. These latter plans do not envisage a hasty concentration in a single overcrowded concentration camp, as in 1914, but provide for an orderly movement of units, properly recruited, medically examined and documented, into six different camps across Canada, so as to use to the full our available resources in accommodation, and our facilities for training.

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26. Lastly, our mobilization instructions envisage the establishment of a co-ordinated and controlled system of recruiting and training reinforcements for the force, on a territorial basis.

27. It is perhaps desirable to emphasize also that, although the organization of the Mobile Force is based entirely upon the existing Militia, there is no thought of calling upon the members of the Militia to serve abroad under the terms of the Militia Act. On the contrary the scheme envisages the setting up of the Canadian Field Force, -- a purely voluntary force consisting only of officers and soldiers volunteering to serve for the duration of the war. Any serving member of the Militia who declines for any reason whatever to sign such an undertaking will not become a member of the force.

28. On the occasion of the crisis of September 1938 various well-intentioned and patriotic offers to raise forces for service abroad were made by individuals and organizations such as the Canadian Corps Association. It is submitted, however, that the acceptance of offers of this kind can result only in a repetition of the mistakes and confusion of 1914. No private organization in Canada has the experience or resources for an undertaking of such magnitude, nor has it any considered plan. On the other hand the Departmental plan is the product of years of careful thought and effort, and is complete insofar as existing conditions will allow.

29. In drawing up the plan for the raising of the Mobile Force it has constantly been borne in mind that the Government may desire in the first instance to limit Canada's contribution to less than a complete

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Army Corps. The Mobile Force accordingly has been divided into two roughly equal portions, each comprising one complete division and a quota of ancillary troops. Each of these two halves of the force has been territorially distributed evenly across Canada, as well as the limitations of so small a force permit. We are, therefore, prepared, if necessary, to raise initially only one half of the total force without disrupting the plan.

30. It is submitted, however, that the Government should be made fully aware of the very great advantage to be gained by authorizing the immediate mobilization of the whole force of two divisions and ancillary troops even in the unlikely event of the British Government announcing its inability immediately to complete the equipment of more than one division. That the war will be over before the whole force can be in the field is improbable to a degree, and even if the despatch of the second division were delayed it could do invaluable training in Canada with existing equipment.

31. To summarize, we consider, in the event of a decision on the part of the Government to extend the scope of its present defence policy, that Canada's national war effort, insofar as it relates to the armed forces, might take the following forms:-

(a) The Navy's part would be to organize auxiliary forces as rapidly as possible, in order to give protection to shipping against mine and submarine attacks in Canadian waters, and at the same time to assist the British forces in keeping the sea communications clear of enemy vessels. This assistance to be progressively increased as the Naval resources of the country are developed.

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(b) Air Force assistance would, as in the case of the Navy, begin with the co-operation rendered in safeguarding trade routes adjacent to our territory. But in addition, we are in a position from the outset to provide direct intervention in the shape of the personnel for an Army Co-operation Wing of three squadrons and a Bomber Wing of three squadrons, but with no aircraft or equipment.

(c) The Army's contribution would take the form of the immediate raising of an Army Corps of two divisions and ancillary troops (roughly 60,000 men) in accordance with the Militia Service plan, and its despatch abroad as soon as arrangements can be made, in co-operation with the British Government, to transport it and to make good such deficiencies in its war equipment as cannot be supplied from Canadian sources.

(sgd) T. V. Anderson.....Major-General.
Chief of the General Staff.

(sgd) Percy W. Nelles .....Rear-Admiral.
Chief of the Naval Staff.

(sgd) G. M. Croil .....Air Vice-Marshal
Chief of the Air Staff.

29th August, 1939.

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Memorandum of Chiefs of Staff, discussed at Meeting of Defence Committee of the Cabinet, December 5th, 1939.

MEMORANDUM

File No. S. 7694

SECRET

August 31, 1939.

The Honourable the Minister:

1. Statements have been prepared, in accordance with your verbal request, showing the present situation with regard to aircraft of the R.C.A.F. These are attached as Appendices "A" and "B". Appendix "A" shows the number of aircraft on strength and on order, whilst Appendix "B" shows the present disposition of units in Eastern Air Command and Western Air Command.

2. You will notice a distinction has been made between modern and obsolescent types.

3. The deliveries given for those aircraft still on order are based upon the latest information available, but are believed to be as accurate as any we can get.

4. The British Board of Trade has placed an embargo on the export of aircraft from England and this will probably have some retarding effect on deliveries of aircraft on order in England for the Department. The R.C.A.F. Liaison Officer was asked to advise the effect of this embargo on our orders in England and has advised that six (6) Battles and one (1) "Airspeed" Oxford will be released immediately. These are probably the balances of orders for these types which have not already left England. The R.C.A.F. Liaison Officer expects that before deliveries of other aircraft on order in England are due the situation will be clarified and there will be no difficulty in obtaining the balance of our orders, although these may be released a few at a time.

5. The returns do not include the following aircraft for this year's programme which have not yet been ordered:-

21 Lysanders
12 Bolingbrokes
20 Harvards
10 General Reconnaissance Torpedo or Bomber Aircraft

6. National Steel Car Corporation Limited have been authorized to purchase the materials for the twenty-one (21) Lysanders and the same authority has been given to Fairchild Aircraft Limited with regard to the twelve (12) Bolingbrokes. The Defence Purchasing Board are at present negotiating the purchase of twenty (20) Harvard Advanced Trainer Aircraft. No decision has been made yet with regard to the type of General Reconnaissance Torpedo or Bomber aircraft to be purchased.

7. The Department of National Defence Mission in Washington are at present negotiating the purchase of twenty (20) Douglas twin-engined Bomber aircraft and fifteen (15) North American No. 16 Advanced Training aircraft. Actual orders have not yet been placed for these aircraft.

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8. The Mission is investigating the question of the purchase of a number of flying boats, but it is unlikely that an order will be placed for these because of the exorbitant cost and the long period required for their delivery.

9. The possibility of purchasing Lockheed Hudson aircraft at present being transferred by air through Canada for shipment from Montreal to Great Britain is being investigated through the R.C.A.F. Liaison Officer in London. It is thought, however, that the possibility of acquiring these aircraft is remote.

(Sgd) G. M. Croil

Air Vice-Marshal
Chief of the Air Staff.

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AIRCRAFT	AVAILABLE		ANTICIPATED DELIVERIES												
				1939				1940							
	Modern	Obsolescent	On Order	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Sept. 5, 1939
SERVICE															
Hurricane - S.S.Fighter	18		16	4									6	6	
Siskin - S.S.Fighter		5	-												
Lysander - Army Co-op	1		27	2	4	4	5	4	5	3					
Atlas - Army Co-op		10	-												
Battle - Med. Bomber	10		10	4	6										
Wapiti - Med. Bomber		20	-												
Shark - Torpedo Bomber	10		15	4	3	1	2	2	2	1					
Blenheim) Gen. Rec.			18	15	3										
Bolingbroke) and			18	2	2	2	2	2	2	2	2	2			
Douglas) Bomber	-	-	20		5	6	6	3							
Delta - G.R.	12		8			4	4								
Stranraer - Flying Bt. G.R.	8		8	1	1	See note below									
Vancouver - Flying Bt. G.R.		4	-												
Totals	59	39	140	32	24	17	19	11	9	6	2	2	6	6	
ADVANCED TRAINERS															
Avro 626	7		5		5										
Harvard	15		15		15										
Norseman	4														
Oxford	20		5	3	2										
Vedette		8	-												
Total	46	8	25	3	22										
PRIMARY TRAINERS															
Avro 621	7														
Fleet 7	39		-												
Fleet 16			27	9	15	3									
Moth Tiger	14		-												
Moth 60		5	-												
Tomtit		2	-												
Total	60	7	27	9	15	3									
TRANSPORTATION															
Bellanca		8	-												
F.C.Super 71		1	-												
Fairchild		15	-												
Fairchild 51		5	-												
Grumman	1		-												
Total	1	29													
TOTALS	166	83	192	44	61	20	19	11	9	6	2	2	6	6	

Delivery indefinite but a period to extend beyond 1940

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Appendix "B"

EASTERN AIR COMMAND

BASE	SQUADRON	AIRCRAFT	DUTIES	REMARKS
Dartmouth Air Station	No. 5 (GR) Sqn.	5 Stranraers 4 F.C.71s	General Reconnaissance	F.C. 71s civil type with wireless only.
Halifax Airport	No.2(AC) Sqn.	9 Atlas	C.A.C.	1 Flight of five Atlas to be located at St. John.
	No.3(B) Sqn.	10 Wapitis	Striking Force	Now en route between Ottawa and Halifax. Expected to arrive late this afternoon.
Sydney	No.8(GP)Sqn.	8 Deltas	General Reconnaissance	

Note: All of the above aircraft are equipped for bombing except Fairchild 71's

WESTERN AIR COMMAND

BASE	SQUADRON	AIRCRAFT	DUTIES
Jericho Beach	No.6(TB) Squadron	8 Sharks	General Reconnaissance
	No.4(GR) Squadron	2 Vancouver 1 Stranraer	General Reconnaissance
Alliford Bay	No.4(GR) Squadron	2 Vancouvers	General Reconnaissance

Note: All of the above aircraft are equipped for bombing.

September 5, 1939.

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6.

Memorandum re Meeting of
Emergency Council.

September 15, 1939.

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N-300
V.5(a)

N-300
V.10(D)

STRICTLY
CONFIDENTIAL

Ottawa, September 15th, 1939.

MEMORANDUM:

Re: Emergency Council (Committee on General Policy) of the Cabinet.

A meeting of this special Committee was held today, in the Prime Minister's Office. There were present:

The Prime Minister,
Senator Dandurand,
Mr. Crerar,
Col. Ralston,
Mr. Mackenzie.

The Under-Secretary of State for External Affairs, and the Principal Secretary to the Prime Minister were also present.

(1) Air Vice Marshall Croil, Chief of the Air Staff and Air Commander Stedman presented to the Committee a statement concerning the present position of the Royal Canadian Air Force, in so far as it related to co-operation with the United Kingdom beyond the sphere of the territorial defence of Canada.

(2) Air Vice Marshall Croil stated that the present personnel of the Royal Canadian Air Force consisted of 200 to 250 pilots and 3,000 to 4,000 airmen and other personnel.

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(3) Air Vice Marshall Croil stated that he understood that the request of the United Kingdom authorities for 2,000 pilots annually, with maximum possible other personnel would shortly be increased to 8,000 pilots, per annum, in addition to whatever airmen would be possible.

(4) In the present circumstances his suggestion for an Overseas Force from the R.C.A.F., was -

(a) to send 25 pilots within five weeks, to be taken from those trained for local purposes;

(b) a month later to send approximately 80 commercial pilots from the existing 250. This is only an approximate number, calculated as those who could be spared and would volunteer;

(c) By the end of December to have enlisted and partly trained for despatch to Europe, 2,000 airmen;

(d) After a lapse of one year, to send other pilots and airmen in accordance with scheme suggested below.

The short term suggestions (a), (b), and (c) above, would be for addition to the Royal Air Force personnel.

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The above plan represents a change from that previously suggested, the former apparently not being capable of fulfillment.

(5) Air Vice Marshall Croil suggested that for the longer term, the aim should be to train 1200 pilots annually, at existing Canadian aerdromes, plus 8,000 airmen, 1,000 observers, and 1800 gunners.

The cost of such a project would be $92,000,000 for the first year, including capital cost for aircraft and initial equipment.

Such a plan for fulfillment would depend upon whether aeroplanes could be obtained from the United States, it being recommended that orders be placed there now, in the hope that the Neutrality Law would be repealed.

Air Vice Marshall Croil said that for training purposes, 600 officers and 6,500 men would be needed.

He stated that he was not in favour of sending any air force personnel to Europe, in the near future, unless such a move was necessary for reasons of policy. From the point of view of efficiency, it would be much better to retain all personnel here for the proper conduct and expansion of the training scheme.

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Air Vice Marshall Croil stated that meantime the speeding up of the building of aerdromes could be carried on.

The Prime Minister referred to the letter of the High Commissioner for the United Kingdom, of September the 5th, outlining the United Kingdom suggestions and asked Air Vice Marshall Croil to prepare, at once, a memorandum (x) setting out the immediate essential requirements in the order of importance, so that these recommendations could be considered by Council, if possible, this afternoon.

A. D. P. H.

(x) Such a memorandum was subsequently prepared and submitted to Council, during the afternoon.

A.D.P.H.

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7.

Memorandum re Meeting of
Emergency Council.
September 28, 1939.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL

Ottawa, September 28,1939.

MEMORANDUM:

Re Emergency Council
(Committee on General Policy) of Cabinet

A meeting of this special Cabinet Sub-Committee, with certain additional Ministers named by the Prime Minister, was held in the Prime Minister's Office in the East Block, at 10.30 a.m., today. There were present the following Members of the Cabinet:

The Prime Minister,
Senator Dandurand,
Mr. Lapointe,
Mr. Crerar,
Mr. Rogers,
Mr. Power,
Mr. Ralston.

There were also present the following heads of Services:

Chief of the General Staff (Military Branches)
Major General T. V. Anderson;
Chief of the Naval Staff (Naval Branch)
Rear-Admiral P. W. Nelles;
Senior Air Officer (Air Force Branch)
Air Vice-Marshal G. M. Croil.

The Under-Secretary of State for External Affairs and the Principal Secretary to the Prime Minister were also present.

1. The Prime Minister read to the meeting the long Secret telegram of September the 26th, which he had received from the Prime Minister of Great Britain, outlining a proposal for a greatly increased air training scheme, in which Canada, as well as the other Dominions, would play a large part. The scheme envisaged the training of not less than 20,000 pilots and 30,000 personnel of air crews, annually, to provide for which it was estimated that about ninety elementary and advanced training schools, with some subsidiary air crew and ground schools would be necessary. It was

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contemplated that about one-half of this training organization should be built up outside of the United Kingdom, particularly in Canada. It was asked by the Prime Minister of Great Britain whether the Canadian government would approve the scheme in principle and be agreeable to joint discussions in Canada with a view to making immediate arrangements for its being put into operation.

2. The Prime Minister stated that he had called the Chiefs of Staff before the Sub-Committee in order to discuss the scheme with them, in general terms, and to hear their comments upon it from the technical point of view.

Mr. King said that the attitude which the Canadian government would adopt in relation to an air training scheme, of the magnitude of that proposed, would have an important bearing upon the decision to be taken with respect to Canadian Expeditionary Forces. Any announcement to be made to the public, in the latter respect, would require to be considered in the light of the decision reached upon the scheme under discussion.

3. Mr. Ralston agreed that the greatly increased emphasis upon the air arm, evident from Mr. Chamberlain's cable, and the part that Canada might be called upon to play in that sphere, might result in considerable modifications of the Canadian war programme in other respects.

4. Mr. Crerar felt that the Canadian reply should be affirmative and that our co-operation might be made most effective in the matter of air forces for which we have the natural facilities.

5. Mr. Power enquired of the Senior Air Officer whether the present Canadian training programme could be accelerated if we were able to obtain additional training personnel from the United Kingdom.

6. Air Vice Marshal Croil, in replying to Mr. Power's question, stated that the Canadian programme of training could be enlarged and accelerated if additional training personnel were obtained, provided that we could obtain the additional aircraft which would be required. Canadian manufactured planes were

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only of the elementary type; planes for advanced training would have to be imported from the United Kingdom or the United States. Another element was the necessity of training adequate ground crews.

Air Vice Marshal Croil described the present position with respect to Canada's own programme, based on the provision of 450 pilots annually. He said that two training schools were now approximately two-thirds completed. The R.C.A.F. now had as many recruits for pilots and airmen as could be handled by existing facilities. The expansion of the programme depended primarily upon two factors:

(a) the availability of additional training personnel, and

(b) the availability of additional planes, particularly for advanced training. He stated that so far as airdromes were concerned, he felt that it would be necessary to take over those operated by the Trans-Canada Air Lines, and mentioned the possibility of developing the partially finished landing fields which were in existence.

7. The Chief of the General Staff said that, in his opinion, the Canadian public would not be satisfied by Canadian participation if it were confined to air activity, even on a greatly enlarged scale. The public, he felt, thought in terms of ground troops and it was important that the military programme should not be interrupted.

8. Senator Dandurand felt that in this respect public opinion might be guided by being informed that what the United Kingdom wished us to provide, namely assistance in the air, would constitute our best contribution. Mr. Lapointe agreed that if the undertaking of the air training scheme were the most effective contribution which Canada could make, the public should be so informed, just as soon as possible.

The Prime Minister agreed that the effect of the announcement of any such large scheme as that contemplated would be very great, both in the United Kingdom and in Canada, and that the announcement should be made as soon as agreement in principle had been reached.

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9. The Prime Minister then read a telegram dated September the 26th from the Canadian High Commissioner in Great Britain, setting out specific enquiries concerning facilities in Canada in relation to the development of the proposed scheme.

Air Vice Marshal Croil undertook to confer with the experts in his department, and the War Supply Board, and prepare, as soon as possible, the reply to the specific enquiries contained in Mr. Massey's telegram.

10. The Prime Minister said that he felt that he could express the opinion that the scheme outlined in Mr. Chamberlain's telegram should be accepted in principle, on three conditions:

(a) That the United Kingdom could provide us with the necessary additional planes;

(b) That the United Kingdom could provide us with the necessary additional training personnel, and

(c) That satisfactory arrangements could be made with respect to financing the cost of the scheme.

11. It was agreed that the reply to the United Kingdom proposals should give as much information as possible as to the present Canadian position, welcome the suggestion that experts proceed to Canada at once for the purpose of consultation and outline the three conditions of acceptance, as stated by the Prime Minister.

12. With respect to the provision of additional aircraft for the training scheme, it was suggested that a whole factory and personnel might be brought over from the United Kingdom.

At the Prime Minister's request, the Chairman and Vice Chairman of the War Supply Board, Mr. W. R. Campbell and Mr. R. C. Vaughan, were invited to join the meeting.

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13. The Prime Minister explained to Messrs. Campbell and Vaughan, the scheme proposed in Mr. Chamberlain's telegram, and invited their comments, particularly with regard to the possibility of increasing Canadian production to meet increased requirements for aircraft and equipment.

Mr. Vaughan said that the principal difficulty was that of production of aircraft engines; that it would take from one to two years for a plant to be put into operation in Canada to manufacture modern engines. The suggestion of bringing out a whole plant and personnel from the United Kingdom was feasible.

14. Mr. Campbell agreed that the transfer of an entire plant and personnel was feasible and thought that production of engines from such a plant might begin after a lapse of, perhaps, nine months. Otherwise it would take from 1½ to 2 years for a Canadian plant to be constructed and reach production.

A rough estimate of the number of planes required for Canadian participation in the scheme, was thought to be some 4,400 annually, with additional airdromes and hangars, and equipment.

15. The Prime Minister directed that the reply to be prepared to Mr. Chamberlain's telegram should mention specifically the matter of engines. He directed Dr. Skelton and Mr. Heeney to draft a reply along the lines set out in paragraph 10, above, after consulting with the War Supply Board and the Senior Air Officer.

At 1 p.m. the meeting adjourned.

A.D.P.H.

A. D. P. H.

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8.

Memorandum re Meeting of
Emergency Council.

October 31, 1939,

and Mr. King's Comments.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL Ottawa, October 31st, 1939.

MEMORANDUM RE:

Emergency Council (Committee on General Policy) of the Cabinet

A meeting of this Special Sub-Committee, with certain additional Ministers, named by the Prime Minister, was held in the Prime Minister's Office in the East Block at eleven o'clock today. There were present the following Members of the Cabinet Sub-Committee:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand,
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston).

There were also present the following Ministers:

The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of Transport (Mr. Howe).

There were also present:

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Deputy Minister of Finance (Dr. Clark),
The Acting Associate Deputy Minister of National Defence (Colonel McLachlin),
The Chief of the Air Staff (Air Vice Marshal Croil),
Air Member of Engineering and Supply, Department of National Defence, Air Commodore E. W. Stedman,
The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Prime Minister stated that the purpose of the meeting was to receive the United Kingdom Air Mission, who would present their proposals regarding the

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Air Training Scheme, discussed at the last meeting of the "War Committee" of the Cabinet, held on September the 28th. He emphasized the fact that the Air Training Scheme was a proposal emanating from the United Kingdom War Cabinet, and read passages from the long Secret telegram of September the 26th, from the Prime Minister of Great Britain, in which the Scheme was first broached. He pointed out that the Canadian government had accepted the Scheme in principle, and had welcomed to Canada the British Air Mission, the members of which had been engaged in discussions with Canadian officials, since the Mission's arrival in Canada. Mr. King also read his telegram in reply to that of Mr. Chamberlain, which had been sent following the last meeting of this Committee.

2. The Minister of Finance expressed concern as to the financing of an Air Training Scheme of the magnitude of that contemplated by the government of the United Kingdom. He said that officers of his department had been engaged, in the past month, in calculating the financial outlay which would be involved, and possible Canadian contribution thereto.

Before arriving at any estimate of what might reasonably constitute Canada's contribution, it would be necessary to know what would be asked by Great Britain in other fields, particularly that of credits for munitions and supplies. An attempt had been made to arrive at a figure, representative of the total maximum effort which Canada was capable of making. What proportion of this total should be utilized for the Air Training Scheme was a matter for discussion with the United Kingdom government. Mr. Ralston suggested that the proper procedure was to hear the proposals put forward by the United Kingdom Air Mission, submit them to a careful study by the government, to be followed by joint discussions with the United Kingdom Mission as to the working out of a common plan.

3. The Prime Minister said that it had been suggested that Canada should be concerned only with the financing of the training programme and that the cost of equipping and maintenance of the squadrons

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on active service should be borne by the United Kingdom government. He thought that popular opinion would press for Canadian maintenance of Canadian units.

Mr. Ralston said that he had discussed with the United Kingdom Mission the possibility of their government undertaking payment of our flying forces at the front for Canadian government account, such payments to be offset against credits provided for United Kingdom purchases in Canada.

4. The Minister of National Defence pointed out that the Air Training Scheme had no reference to the provision of Canadian Air Force units in the field. The Canadian programme now called for only three army co-operation squadrons which would be insufficient to satisfy public sentiment as to Canada's active participation.

At eleven-thirty a.m., the following members of the United Kingdom Air Mission entered the meeting:

Captain Harold H. Balfour, M.P., United Kingdom Parliamentary Under-Secretary for Air;

Lord Riverdale, Chairman of the United Kingdom Air Mission;

Air Marshal Sir Christopher L. Courtney, Royal Air Force Member of the Mission;

J. B. Abraham, Esq., Permanent Assistant Secretary, Air Ministry;

J. A. C. Osborne, Esq., Treasury Representative on the Mission.

There was also present:

Sir Gerald Campbell, High Commissioner for the United Kingdom.

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5. The Prime Minister welcomed the Mission and said that it had been thought best to hear, first of all, Lord Riverdale's conception of the whole Air Training Scheme, which, he pointed out, had first been proposed by the United Kingdom government in the British Prime Minister's telegram of September the 26th. He emphasized the fact that the Scheme had originated with the War Cabinet in Great Britain, and by Mr. Chamberlain's telegram had been submitted to the Canadian government for consideration. Mr. King wished to correct any impression that the proposal was, in any sense, "our Scheme".

6. Lord Riverdale, speaking for the United Kingdom Air Mission, stated that his government considered an Air Training Scheme, on a vastly increased scale, to be a necessity for the successful prosecution of the war. He expressed appreciation of the co-operation which had been received by the Mission from Canadian Ministers and officials, and, in particular, the Chief of the Air Staff and those associated with him.

Lord Riverdale produced two statements prepared by the Mission, setting out their calculations of the cost of the proposed Scheme and proposals for the incidence of this cost, over a three year period (Document A "Cost of proposed Training Scheme" and Document B "Estimated Cost of proposed Training Scheme", copies attached). He also produced a statement, Document C, "Navy, Army and Air Force Expenditure of Great Britain, 1934-1939," (copy attached).

He proposed that of the total cost of the Scheme, after the deduction of the "free contribution" by Great Britain of the initial equipment, reckoned at $140,000,000, should be borne, half by Canada and half by Australia and New Zealand.

The Minister of Finance interjected with the enquiry whether any commitments had been made as yet as to the proportions in which the several co-operating governments should assume liability for the cost of the

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Scheme, or whether any figures, so far, had been mentioned as to the financial contributions which might be made by each? So far as he was aware, this was the first mention of any proposals concerning the allocation of liability.

Lord Riverdale replied to Mr. Ralston's questions, in the negative. He said the proportions of liability and figures he mentioned, were merely for purposes of discussion.

7. Lord Riverdale said that the new Scheme envisaged one hundred new squadrons at the front. The United Kingdom was now spending about 50% of its national income for war purposes.

8. Lord Riverdale, further explaining the Mission's proposals, said that Canadian factories and production would be expanded rapidly to meet the requirements for planes and equipment. The United Kingdom government were prepared to assist by lending technical personnel required in such expansion.

He referred again to the United Kingdom offer to provide "free" all initial equipment required for the Scheme - the value of this was estimated at approximately $140,000,000.

He gave details as to the aircraft required for the Scheme's operation. It was expected in the event of the repeal of the present embargo, that large quantities of planes could be obtained from the United States. He mentioned specifically the purchase of Harvards to a total cost of some $15,000,000. Fleet and Moth trainers would, it was contemplated, be manufactured in Canada.

He concluded his statement by referring to the fact that the time element was all-important in order that an Air Force of great strength should be put into action with the least possible delay. He felt that the Scheme contemplated would represent a gigantic effort of utmost importance in the common cause.

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9. Captain Balfour referred to the Air programme now under way in the United Kingdom which, in its third successive expansion, aimed at the production of 2,500 to 3,000 planes per month, together with the appropriate air and ground personnel.

He said that when the present air programme came into full operation, it would mean an annual expenditure of £400,000,000 to £500,000,000, to meet technical and mechanical requirements which, with the addition of the cost of training and maintenance, would eventually reach the figure of over £1,000,000,000 in the third year. This huge programme was felt by the United Kingdom government to be a necessary strategic effort in a war which would be long and ruthless and which would last for at least three years. How these large expenditures could be financed, he could not say, but was content to leave that problem to the Chancellor of the Exchequer.

10. The Prime Minister said that the Canadian government had the same appreciation that had been expressed by Lord Riverdale of the vital importance of the matters under discussion, from the point of view of time and in human lives. Prior to this huge and new Scheme which had been put forward by the United Kingdom government, the Canadian government had proceeded rapidly in the carrying out of its own war programme, and it had been evident from the speed with which the Special Session of Parliament had acted, and from Measures taken since, that the government were fully aware of the importance of avoiding delay.

Mr. King said that so far as the Air Training Scheme was concerned, the essential co-operation would not be advanced by the suggestion that this was a
x Canadian Scheme and that we were responsible for its going forward. The proposal had emanated from the United Kingdom War Cabinet, and with so many considerations involved, nothing was to be gained by attempting
x to crowd the Canadian government into a decision. Furthermore Australia and New Zealand would require to be consulted.

x

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The Prime Minister said that Canada, in her war effort, could not go beyond her resources, and would proceed under the advice of the Minister of Finance. Unlike Captain Balfour, he was unable to ignore the problem of where the money was to be found. The Canadian government before committing itself to a vast Scheme such as that under discussion, must be in a position to know that it could finance what it agreed to undertake. It was prepared to go just as far as it was financially possible in co-operation at the side of Britain and France. The position with regard to finances, however, had far better be clear from the start.

Lord Riverdale had mentioned a "free contribution" offered by the United Kingdom government in the way of equipment for the Air Training Scheme. Mr. King pointed out that all Canadian contributions were free contributions to the common cause. Any contributions which Canada might make with respect to air training would be a free contribution to a common scheme.

Mr. King said that the essential financial problem would require to be discussed in detail with the Minister of Finance and the Minister of National Defence. He said that the Scheme appealed greatly to the Canadian government, which had accepted it in principle, but Canadian participation in it must of necessity be limited by our financial capacity.

Mr. King also drew attention to the fact that the Scheme made no mention of the maintenance of Canadian squadrons in the field. He felt that national feeling would require that certain distinctly Canadian Forces be maintained Overseas and this would have some bearing on contribution to the larger Scheme.

11. The Minister of Finance said that he desired to make it quite clear that Canada wishes to pull her full weight and more, in the conflict. From the financial point of view, however, it was not possible to come "within shooting distance" of the figures which were suggested by the Mission. Until today, when they had been "blandly assessed" by Lord Riverdale, nothing had been said as to the proportion of liability, for the Scheme, which might be assumed by the several co-operating governments.

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The Training Scheme was essentially one for the provision of re-enforcements for the British Air Force. It was not a Canadian Scheme. Canada had simply been chosen as the logical site for its undertaking, upon geographical and strategical considerations.

The proposal that after the deduction of the $140,000,000 for initial equipment to be provided by the United Kingdom, Canada, Australia and New Zealand, should bear the full cost of the Training Scheme was inextricably bound up with other financial considerations. The United Kingdom had war requirements of a financial nature, relating principally to munitions and supplies, for which they expected credits to be provided by the Canadian government. Before the Canadian government could commit itself as to what share of responsibility it might take for the Training Scheme, it would have to know the total financial requirements and what further contributions in this and other fields we would be called upon to make. It was essential to have the long point of view, and although he had no desire to put a damper upon the Scheme, as proposed, he felt that the financial considerations were basic.

12. Lord Riverdale said that the figures mentioned in his proposals were not intended to be final, but simply for purposes of discussion.

13. Senator Dandurand agreed that the extent to which Canada could participate in the Training Scheme must be limited by financial considerations.

x

14. The Minister of National Defence noted that there had been no reference in the proposals put forward, to the maintenance of R.C.A.F. squadrons in the field. The training and provision of such squadrons would be over and above any share which Canada might undertake in the proposed Scheme.

15. The High Commissioner for the United Kingdom agreed with the Prime Minister that the most effective procedure would be for the members of the United Kingdom Air Mission to consult with the Minister of Finance, the Minister of National Defence and any other Ministers directly concerned in the working out of the Training Scheme.

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16. Lord Riverdale, in expressing his thanks to the Prime Minister and his colleagues, for the reception of the Mission, referred with gratitude, and admiration, to the miraculous speed with which the officers of the Air Staff and others had co-operated in undertaking financial calculations, and other technical details relating to the Scheme.

The members of the United Kingdom Air Mission, the United Kingdom High Commissioner, and the members of the Canadian public service present, withdrew at 12.30 p.m., following which there was a brief meeting of the members of the government who had been present at the meeting.

A. D. P. H.

A. D. P. H.

Note - (x) See Prime Minister's comments on following page.

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The Prime Minister has made the following comments in respect of passages marked (x), on the foregoing minutes of the meeting of the "War" Committee of the cabinet, held on October the 31st, 1939.

Page 2 - "the last meeting of this Committee"

Comment - "a meeting of this Committee"

Page 6 -

Comment re <u>first sentence</u> in last paragraph -

"Ours was the sole responsibility for it, and its prosecution".

<u>Second sentence</u> - "to crowd the Canadian government into a decision",

Comment - "acceptance of whatever was proposed".

At <u>end of last paragraph</u> -

Comment - "That a larger or a smaller scheme, might have been proposed. It did not follow that either would have to be accepted - consideration would be required to see whatever possible - or extent of co-operation".

Page 7 - "national feeling would require"

Comment - "national feeling might require"

Page 8 -

Comment re paragraph 13 - "Canada could not borrow in U.S. (or even in G.B.) as in the last war".

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A

COST OF PROPOSED TRAINING SCHEME.

			$
Total Capital Expenditure shown in R.C.A.F. Estimate	...		400,000,000
Deduct Capital contributed by Great Britain in the form of equipment (allowing for Anson wings being made in Canada)	...		140,000,000
			260,000,000
		$	
Total Maintenance Expenditure (as estimated by R.C.A.F.) for a period of 3½ years, say to the 31st March 1943.		508,500,000	
Deduct value of equipment supplied by Great Britain to replace wastage	...	51,500,000	
		457,000,000	
Deduct also difference between cost of running Elementary Flying Schools, Observer Schools, and Equipment Depots on a civilian instead of on a Service basis	...	20,000,000	
			437,000,000
Total of complete capital Expenditure and of maintenance Expenditure up to 31st March 1943	...	...	697,000,000

Incidence of the above cost.

	Gross.	Net (i.e. after making deductions referred to above).
	$	$
Fiscal year 1939-40 :		
Capital ...	15,000,000	10,000,000
Maintenance ...	8,500,000	8,500,000
Fiscal year 1940-41 :		
Capital ...	160,000,000	120,000,000
Maintenance ...	65,000,000	50,000,000
Fiscal year 1941-42 :		
Capital ...	180,000,000	110,000,000
Maintenance ...	190,000,000	165,000,000
Fiscal year 1942-43 :		
Capital ...	45,000,000	20,000,000
Maintenance ...	245,000,000	213,500,000
	908,500,000	697,000,000

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B

UNITED KINGDOM AIR MISSION

ESTIMATED COST OF PROPOSED TRAINING SCHEME

		$
Total Capital Expenditure shewn in R.C.A.F. Estimate	...	400,000,000
Deduct Capital to be contributed by Great Britain in the form of equipment (allowing for Anson wings being made in Canada)	...	140,000,000
		260,000,000
Total Maintenance Expenditure (as estimated by R.C.A.F.) for a period of 3 5/12 years, up to 31st March, 1943 ...		508,500,000
Net Total of Capital Expenditure and of Maintenance Expenditure up to 31st March, 1943 ...	...	768,500,000
Deduct difference between cost of running Elementary Flying Schools, Observer Schools and Equipment Depots on a civilian instead of on a Service basis ...	...	20,000,000
Net Total of Capital Expenditure and of Maintenance Expenditure up to 31st March, 1943, after allowing for possible savings ...		748,500,000

INCIDENCE OF THE ABOVE COST

	Gross Totals			Net Totals (i.e. after making deductions referred to above.)
	$	$	$	$
Fiscal year 1939-40 :				
Capital ...	15,000,000)	23,500,000	10,000,000)	18,500,000
Maintenance ...	8,500,000)		8,500,000)	
Fiscal year 1940-41:				
Capital ...	160,000,000)	225,000,000	120,000,000)	181,000,000
Maintenance ...	65,000,000)		61,000,000)	
Fiscal year 1941-42:				
Capital ...	180,000,000)	370,000,000	110,000,000)	292,000,000
Maintenance ...	190,000,000)		182,000,000)	
Fiscal year 1942-43;				
Capital ...	45,000,000)	290,000,000	20,000,000)	257,000,000
Maintenance ...	245,000,000)		237,000,000)	
	908,500,000		748,500,000	

Notes.

(1). The above estimates exclude import duty and sales tax on those items of capital and maintenance expenditure on which the impositions can be identified. The total amount so excluded is $55,000,000.

(2). The allocation of expenditure over fiscal years is based on the assumption that the first Initial Training Wing will open on 1st April, 1940 and that schools for instructor and maintenance personnel will open as soon as possible before that date.

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C

Navy, Army and Air Force Expenditure of Great Britain

1934 - 1939

(in millions of pounds - £m.)

Service.	1934.	1935.	1936.	1937.	1938. (Estimate).	1939. (Estimate).
	£m.	£m.	£m.	£m.	£m.	£m.
Navy	56½	65	81	102	126	149 (a).
Army.	39½	44½	55	63½	106½	227 (a).
Air Force	17	27	49	80	123½	243 (a).
Total.	113	136½	185	245½	356	619 (a).

(a). These figures represent the sums granted before the outbreak of war. On 3rd September, a Vote of Credit of £500 millions was passed to provide for further expenditure during the financial year on Navy, Army and Air Force services and also on certain civil services connected with the prosecution of the war (e.g. Air Raid Precautionary Services). In introducing the revised Budget the Chancellor of the Exchequer estimated the total national expenditure for the year at £2,000,000,000; and this amount included about £1,300,000,000 for Defence Services.

31st Oct. 1939

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Memorandum re Meeting of
Emergency Council.

November 6, 1939.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL Ottawa, November 6th, 1939.

MEMORANDUM RE:

Emergency Council (Committee on General Policy) of the Cabinet

A meeting of this Special Sub-Committee, with certain additional Ministers, named by the Prime Minister, was held in the Prime Minister's Office, in the East Block, at 4.45 o'clock today. There were present, the following Members of the Cabinet Sub-Committee:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston).

There were also present the following Ministers:

The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of Transport (Mr. Howe).

There were also present:

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Minister of Finance stated that, in connection with the Air Training Scheme, a question of urgency had arisen regarding the purchase of aircraft in the United States, now that the embargo had been repealed by Congress. An immediate decision was required as to the placing of an order with North American Aviation, Incorporated, for Harvard aircraft

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for advanced training.

Mr. Ralston said that North American Aviation, Inc., were prepared to accept an immediate order for 600 of these planes, in priority to existing orders on the part of other countries, provided that such order were given by midnight, tonight, accompanied by a deposit of $4,500,000, and provided that an undertaking be given to absorb surplus production over a period of three years.

These proposals had been discussed with the United Kingdom Parliamentary Under-Secretary for Air (Captain Balfour), and the U. K. Air Mission. They had been informed that the Canadian government could not make any such commitment at present, or until agreement had been reached as to responsibility for the Air Training Scheme. Captain Balfour had then suggested that the Canadian government advance to the U. K. government, the $4,500,000 required for immediate deposit with the order to North American Aviation, Inc., on the understanding that this transaction would be regarded as completely outside the Scheme, and that settlement be made by the U. K. government, within three or four weeks.

Captain Balfour had made this suggestion because he felt it essential that advantage be taken of the opportunity to obtain the planes in question, and because of the delays which he felt would necessarily be encountered in obtaining a decision and funds from London.

Mr. Ralston pointed out that the Canadian government had authority to make such an advance, under the War Appropriation Act. If it were decided to do so, the advance might be made from the unallotted $20,000,000 provided in the National Defence Vote. Payment could be made to the manufacturer, by the Canadian government as agent for the U. K. government, under the provisions of the Section of the War Appropriation Act providing for the Canadian government acting as agent for Allied governments.

2. The Prime Minister, in answer to an enquiry by the Minister of National Defence, expressed the opinion that the payment in question could not properly

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be authorized by Governor General's Warrant.

3. The Minister of Finance stated that he had impressed upon Captain Balfour his view that it was desirable, in the circumstances, that Captain Balfour communicate with his own government. Captain Balfour feared it would not be possible to convey to the U. K. government, by cable, an explanation of the urgency of the matter, sufficient to result in favourable action within the time available. Captain Balfour would much prefer an opportunity to put the question before his government in detail, by letter.

In the circumstances Mr. Ralston felt that if the order were not made, and assurance with respect to the 20% deposit given to the manufacturer within the time limit set, the Canadian government (although without justification) might be blamed for the failure to obtain the planes in question. He, therefore, recommended that the Canadian government accede to Captain Balfour's request, stating that he felt that although it was asking a good deal, the Canadian government had hardly any option in the circumstances. He suggested that Captain Balfour be invited to the meeting, so that, as a member of the Ministry in the United Kingdom, he might, himself, explain the position to the Members of the Committee.

4. The Minister of National Defence, speaking of the discussions which had taken place with the U. K. Air Mission, since the last meeting of the Committee, said that he felt that the Mission were beginning to have a better appreciation of Canadian problems, in relation to participation in the Air Training Scheme.

5. The Minister of Finance, in the same connection, said that the members of the U. K. Air Mission, since the last meeting of the Committee, had been studying the working out of the Air Training Scheme, on quite different conditions than those suggested to the Committee by Lord Riverdale, at the last meeting. They were now considering figures which Mr. Ralston had presented to them, and had examined an alternative proposal made by the Minister of Transport for the development of a scheme on a scale 50% of that first

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suggested. It had been calculated that such a reduced scheme would produce almost as many pilots at the end of two years, as would be available under the first scheme, though substantially fewer at the end of a three year period. The U. K. Mission were very anxious, however, that there should be no diminution in the volume of pilots to be trained, being of the opinion that only by a scheme on the larger scale could parity with the enemy powers be attained.

Mr. Ralston said that the Minister of National Defence had suggested the possibility of fifteen R.C.A.F. Squadrons being maintained in the field, and Canada to assume 15/100th of the cost of the Scheme. Under this proposal, Canada would provide for expenditures in connection with Canadian Squadrons, and the United Kingdom and other Dominions would pay their proportions similarly calculated.

The U. K. Air Mission had made the suggestion that an alteration in Canada's other commitments with regard to credits, would permit of greater participation by Canada in the financing of the Scheme.

At this point, the following officers of the Department of National Defence entered the meeting:

The Acting Associate Deputy Minister of National Defence (Colonel McLachlin),
The Chief of the Air Staff (Air Vice Marshal Croil),
The Air Member for Aeronautical and Engineering Supplies (Air Commodore E. W. Stedman).

6. The Chief of the Air Staff, in answer to the Committee's enquiry as to whether the Harvard planes, under discussion, were necessary for the Air Training Scheme, replied that no English-made planes were now available, for the same essential purposes. It would be seven months before the Scheme could be sufficiently advanced to make use of the Harvards, and there were three other U.S.-made types which could be used and which, in his opinion, would be equally satisfactory for the purpose. These other types were the same as were at present in use by the U.S. flying services.

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7. The Minister of Finance stated that North American Aviation, Inc., could undertake to deliver 235 Harvards by August, and 70 per month thereafter, making a total of over 500 planes to be delivered by the end of 1940. He enquired as to the effect such an order would have upon the employment of the Canadian aircraft industry, and whether, if the planes were ordered from Canadian manufacturers, any substantial delivery could be expected in 1940.

Air Vice Marshal Croil replied that this order would not affect the Canadian industry, which was not yet in a position to produce these advanced types. Even if an order were placed now, he did not anticipate that Canadian manufacturers would be able to make any appreciable deliveries in 1940.

8. The Chief of the Air Staff, in reply to a question by the Minister of National Defence concerning the eventual destination of Canadian pilots, stated that in his view Canadian pilots should be in the field in Canadian Squadrons, that is R. C. A. F. units. The end of the last war had seen the beginning of a distinctively Canadian Air Force, in answer to public demand. The same had been true of Australia. It might be possible to have R. C. A. F. Squadrons maintained by the United Kingdom, rather than have Canadians serve with the R. A. F.

At this point, Captain Balfour entered the meeting and the officials retired.

Captain Balfour remained with the Committee for some time.

After Captain Balfour had left, the Deputy Minister of Finance was called to attend the meeting.

The Committee adjourned at 6.15 p.m., after which the Minister of Finance and the Minister of National Defence informed Mr. Heeney that, following the discussion with Captain Balfour, it had been agreed, with him, that -

(1) Lt. Col. Greenly should, forthwith, on behalf of the U. K. government, place the order with North American Aviation, Inc., for 600 Harvard planes.

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(2) That the Canadian government would advance to the U. K. government the $4,500,000, to enable the necessary deposit to be made with the order.

(3) That this transaction would be regarded as completely outside the Air Training Scheme, and

(4) That the U. K. government would, within four weeks, make payment, or settlement of the money so advanced, on its account, by the Canadian government.

It was understood that a letter would be written by Captain Balfour, covering the terms of this agreement.

A. D. P. H.

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Memorandum re Meeting of
Emergency Council.

November 14, 1939.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL

Ottawa, November 14th, 1939.

MEMORANDUM RE:

Emergency Council (Committee on General Policy) of the Cabinet.

A meeting of this Special Sub-Committee, with certain additional Ministers, named by the Prime Minister, was held in the Prime Minister's Office, in the East Block, at 5.30 o'clock today. There were present, the following Members of the Cabinet Sub-Committee:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston.

There were also present the following Ministers:

The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of Transport (Mr. Howe).

There were also present:

The Chairman of the U. K. Air Mission (Lord Riverdale),
The Under-Secretary for Air in the United Kingdom (Captain H. H. Balfour)

The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Prime Minister stated that he had been informed by the Ministers principally concerned, that, as a result of discussions with the U. K. Air Mission, a basis of agreement had been reached for the amendment of the financial conditions of U. K. proposals with respect to the Air Training Scheme. It

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was now the intention of the U. K. Mission to cable the proposed conditions of agreement to their government, for consideration and reply.

2. The Minister of Finance pointed out that the proposed agreement was subject to the satisfactory outcome of conversations to be conducted in London, with the U. K. authorities, by the Governor of the Bank of Canada, on the general financial and economic problems arising from the relationship between the United Kingdom and Canada, as a result of the war.

3. The Minister of National Defence stated that the proposed agreement was subject to a second condition, namely, that the U. K. government could and would state their opinion that Canadian participation in the Air Training Scheme, as contemplated, should take priority, or preference, over all other Canadian commitments not already entered into.

4. The U. K. Under-Secretary of State for Air and the Chairman of the U. K. Air Mission agreed that the amended proposals for agreement, between the two governments, regarding the Air Training Scheme, would be subject to the two conditions mentioned by Mr. Ralston and Mr. Rogers.

5. The Prime Minister expressed the view that it was advisable that an immediate announcement to the press be made to the effect that satisfactory progress was being made in the negotiations between the representatives of the governments concerned.

It was agreed that this should be done, and a form of announcement prepared by Mr. Heeney was approved. It read as follows:

> "Lord Riverdale, Chairman of the United Kingdom Air Mission, accompanied by Captain Harold Balfour, Under Secretary of State for Air in the United Kingdom, this afternoon conferred with the Prime Minister and members of the government. Following the meeting all parties expressed themselves as entirely satisfied with the progress being made."

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6. The U. K. Under-Secretary of State for Air said that it was proposed that the Mission should cable immediately for the approval, by the U. K. War Cabinet, of the proposed conditions of agreement. It was altogether desirable that the Canadian government should approve the statement of the essential conditions of the proposed agreement to be described in the cable in order that there might be no possibility of misunderstanding. It was important that the figures set out in the cable should be agreed by both parties before it was sent.

x 7. The Prime Minister agreed with Captain Balfour and it was arranged that the Deputy Minister of Finance and the Principal Secretary to the Prime Minister should confer with Captain Balfour and members of the U. K. Mission as to the statement of the conditions of the proposed agreement to be set out, and the figures to be included in this respect, in the cable to go forward to the U. K. War Cabinet.

The Deputy Minister of Finance, at this point, was called into the meeting.

8. The Prime Minister stated that it had been suggested that a memorandum should be drafted setting out the proposed agreement between the U. K. and Canadian governments, with respect to participation in the Air Training Scheme. Such a memorandum, which could be initialed by both parties, would provide a suitable record of the terms and conditions of agreement.

9. It was agreed that such a memorandum would be prepared by members of the U. K. Mission, in consultation with the Canadian government departments concerned, the memorandum to be ready to be initialed at a meeting of the War Committee of the Cabinet, with the U. K. Mission, to be held on Thursday, November the 16th.

The Prime Minister fixed the meeting of the War Committee of the Cabinet with the U. K. Air

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Mission for eleven o'clock, November the 16th, and suggested that members of the Australian and New Zealand Missions should be asked to attend at eleven-thirty a.m. This was agreed.

10. The question of the issue of a general statement concerning agreement between the co-operating governments as to the Air Training Scheme was discussed. It was agreed that no such statement could be issued until approval of the proposals had been received from the United Kingdom, Australian and New Zealand governments. However when agreement had been reached, it was regarded as appropriate that a suitable statement should be drafted, to be issued simultaneously by all of the governments concerned.

11. The Minister of Finance expressed the view that when a statement was made concerning agreement on the Air Training Scheme, it would be correct to make reference to the acceptance of proposals made by the U. K. government; the original proposals of the U. K. Mission having been amended in the light of information received and discussions had, since their arrival in Canada.

Captain Balfour agreed that the statement to be issued should properly make such reference.

The meeting adjourned at 6.30 p.m.

A. D. P. H.

A. D. P. H.

Note - Subsequently (at about 11.45 p.m.) Dr. Clark and Mr. Heeney were consulted by Lord Riverdale, Captain Balfour and members of the U. K. Mission as to the phrasing of certain parts of the cable, being prepared for despatch by the U. K. Mission to their government. Lord Riverdale read to Dr. Clark and Mr. Heeney, three passages from the draft cable dealing with the following subjects:

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(1) The condition that the proposed agreement should be subject to the satisfactory outcome of discussions in London, on general financial and economic problems (See paragraph 2 of the above minutes).

(2) The condition that prior to consent to the proposed agreement by the Canadian government, the U. K. government would express their opinion that Canadian participation in the Air Training Scheme, on the lines proposed, should take preference over all other commitments not already entered into. (Such an expression of opinion was desired because the Canadian government wished to be assured that Canada's participation in the Scheme would be the most effective contribution which Canada could make in the military sphere). (See paragraph 3 of the above minutes).

(3) The figures for proposed contribution by the four governments to the cost of the Scheme.

Dr. Clark and Mr. Heeney agreed that the passages from the draft cable, read by Lord Riverdale, properly described the Canadian government's interpretation of the two conditions of the agreement referred to, and (with some minor alterations which were made) Dr. Clark agreed that the figures as to the proposed sharing of cost were as understood by the Canadian government.

A. D. P. H.

A. D. P. H.

Prime Minister's remarks re (x) -

"also stated that announcement should make clear that in view of British War Cabinet, Air Training Scheme should have priority over other proposals as being in their opinion most important contribution Canada could make to war: That we should be free so to state in Parliament. This was agreed to by all present."

Nov. 20/39. W.L.M.K.

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Memorandum re Meeting of
Emergency Council.

November 27, 1939.

11.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL

Ottawa, November 27th, 1939.

MEMORANDUM RE:

Emergency Council (Committee on General Policy) of the Cabinet

A meeting of this Special Sub-Committee, with certain additional Ministers, named by the Prime Minister, was held in the Prime Minister's Office, in the East Block, at 4 p.m., today. There were present, the following Members of the Cabinet Sub-Committee:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers).

There were also present the following Ministers:

The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of Transport (Mr. Howe).

There were also present:

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Deputy Minister of Finance (Dr. Clark),
The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Prime Minister informed the meeting of his conversations with the High Commissioner for the United Kingdom, on November the 25th. Sir Gerald, on behalf of his government, had enlarged upon a letter written to Mr. King on the same date, urging the Canadian government to initial a Memorandum which had been jointly prepared, embodying the revised proposals for the Air Training Scheme.

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Sir Gerald had emphasized his government's view that it was desirable that the Memorandum be initialed on behalf of the four governments concerned, and an announcement to that effect made, before the Australian Mission's departure this evening. He had, however, been unable to give satisfactory assurance that the United Kingdom government would agree to the two conditions stipulated as prerequisite by the Canadian government, namely the priority to be given by Canada to the Scheme, and the satisfactory outcome of discussions in London upon general financial and economic relations between the two governments.

Mr. King had informed Sir Gerald that the Canadian government could not agree to initial the Memorandum until it had been fully discussed by the Cabinet, and until agreement had been reached with regard to the two conditions in question, particularly that relating to the priority to be given to the Scheme.

Mr. King drew attention to the terms of the telegram, received today, from the Prime Minister of the United Kingdom concerning these two conditions. In his view Mr. Chamberlain's reply concerning the priority to be given to the Scheme was not satisfactory.

2. The meeting then discussed the terms of Mr. Chamberlain's telegram of November the 27th, and it was agreed that while the statement therein contained, concerning financial discussions, might be regarded as satisfactory, the two paragraphs (3 and 4) relating to the preference to be given to the Scheme, were insufficient to warrant the immediate conclusion of an agreement.

3. The Minister of National Defence stated that it was desired to have from the U. K. government a statement expressing the preference which, in their opinion, should be given by Canada to the Scheme, in order that the Canadian government might be in a position to assess the relative merits of the various phases of war effort to which contribution might be made by Canada. While it was essential to have such

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an expression of opinion from the U. K. government, care should be taken to avoid any suggestion that it had been extracted from the United Kingdom by the Canadian government.

4. The Minister of Finance reported that subject to the two outstanding conditions to which reference had been made, the form and terms of a revision of the detailed proposals of the Scheme had been settled by himself and the other Canadian Ministers principally concerned, with the Missions representing the other three co-operating governments. A Memorandum in the revised form and embodying the revised terms had been drafted, and this he was prepared to submit to the government.

5. The Minister of National Defence reported that an understanding had been reached between the United Kingdom Under-Secretary of State for Air, and himself, with regard to the administration and organization of the Scheme in Canada. It had been understood that the Canadian government should be responsible for the operation of the Scheme, and that its general supervision should be undertaken by a Supervisory Board, of which the Minister of National Defence would, himself, be Chairman, and upon which would sit representatives of the other governments. The terms of their understanding had been set out in a letter which he had written to Captain Balfour and which the latter had acknowledged. Copies of this correspondence had been made available to the heads of the Australian and New Zealand Missions, to whom the arrangements therein described were satisfactory.

It had been agreed that the matter of organization in the field should be held over for subsequent discussion, after which a separate agreement would be drawn up.

6. The meeting then discussed further the request of the United Kingdom government that the Memorandum be initialed by all parties prior to the departure of the Australian Minister for Air, this afternoon.

It was decided that the government should

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not initial the Memorandum until its terms had been discussed fully by the Cabinet, and until a satisfactory assurance, which the government would be free to make public, if it so desired, had been received from the United Kingdom government that, in its view, Canada's contribution to the Scheme would constitute the most essential military action that Canada could take.

At this point the High Commissioner for the United Kingdom was requested to enter the meeting.

7. The Prime Minister explained to the United Kingdom High Commissioner the view of his colleagues and himself that the Canadian government could not agree to initial the Memorandum without its prior consideration by a full meeting of the Cabinet, and until the condition with regard to priority had been satisfactorily cleared up. The position of the three Missions was quite different as they would initial, subject to the decisions of their respective governments.

8. The United Kingdom High Commissioner agreed with the Prime Minister that the telegram of November the 27th from the Prime Minister of the United Kingdom was not altogether clear upon the question of priority. The Canadian government was clearly free to decide for itself and announce its own view as to the preference which should be given to the Scheme. Such freedom of action was not in question. Perhaps the terms of his telegram to his own government, descriptive of the Canadian government's request had not been sufficiently precise.

Sir Gerald felt, however, that it would be unfortunate if the Australian and New Zealand Missions departed without the Memorandum being initialed. A mistaken impression might be created in the public mind.

9. The Prime Minister said that, if the members of the Australian Mission felt that they were compelled to leave at this stage, it was unfortunate, but this could in no way be attributed

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to the Canadian government, who had not been consulted. The objections to the Canadian government's initialing the Memorandum could not, however, be overlooked on that account. The Canadian government were prepared to say that they had agreed, in principle, with representatives of the other governments upon the basis of the Scheme, the details of which would be worked out and a final Agreement signed later on. It was not possible, however, at this stage, to make public the terms of an Agreement.

10. The Minister of Finance referred to the Secret Memorandum for the United Kingdom Mission, presented on behalf of the Australian Mission and submitted to certain Canadian Ministers on November the 22nd. This had practically constituted an ultimatum. Since that statement had been received proposing a basic alteration in the scheme, Canadian officials had been steadily engaged in trying to work out a new basis for agreement. The Canadian government was in no way responsible for any delay in negotiations.

11. The Minister of National Defence pointed out that since the receipt of the Australian Memorandum, the whole basis of the Scheme had had to be recast. He resented somewhat the suggestion from certain quarters that the delay had been due to the Canadian Government. This was not the case.

12. The Prime Minister agreed with the United Kingdom High Commissioner that it was desirable that before the Australian and New Zealand Missions departed, some announcement should be made. In the circumstances, however, this could be only an announcement of agreement in principle.

The following were then requested to enter the meeting:

United Kingdom

The Under-Secretary of State for Air (Captain Balfour),
The Chairman of the Air Mission (Lord Riverdale),
Air Chief Marshal Sir H.R.M. Brooke-Popham,
Air Force Member of the Air Mission (Air Marshal Sir Christopher L. Courtney).

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Australia

Secretary of State for Air (Hon. J. V. Fairbairn),
Treasury Adviser (Mr. C. V. Kellway),
Air Adviser (Wing Commander George Jones).

New Zealand

Chief of the Air Staff (Group Captain H. W. I. Saunders),
Air Secretary (Mr. T. A. Barrow).

13. The Prime Minister stated that neither he nor his colleagues of the government had had the opportunity of giving consideration to the Memorandum of proposed Agreement which had just been completed by the members of the Missions and the Canadian Ministers and officials concerned. It was necessary for the Memorandum to receive the consideration of the Cabinet before a decision could be made. In the circumstances, he did not feel that the Canadian government could agree to initial the Memorandum this evening, as had been suggested. The members of the Missions present had agreed on the terms of the Memorandum which would now be submitted to their respective governments for decision. The Canadian government equally required the opportunity for full consideration of its terms.

Mr. King suggested, however, that a joint statement might be issued at once, stating that a basis of agreement had been reached, in principle, and that the terms of agreement would be submitted, for decision to the governments concerned.

14. The Chairman of the United Kingdom Mission recognized the difference between the position of the Canadian government and that of the Missions. Should the Canadian government initial the Memorandum now, such action would have the appearance of final agreement to its terms. Initialing by the members of the Missions would be subject to their respective government's review and decision.

Lord Riverdale enquired whether there would be any objection to the Memorandum being initialed by the Australian and New Zealand Missions before their departure.

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15. The Prime Minister replied that any arrangement which the Australian and New Zealand Missions wished to make with the U. K. Mission, concerning the initialing of the Memorandum would not concern the Canadian government.

16. The Australian Minister for Air was agreeable to initialing the Memorandum now, on behalf of his government. He stated that he had been authorized to negotiate and agree with the other governments respresented. The Australian Prime Minister had been informed of the basis of agreement set out in the Memorandum.

17. The New Zealand Chief of Air Staff said that he was prepared to initial the Memorandum now, but that, so far as New Zealand was concerned, agreement was subject to the condition that sufficient sterling funds would be provided by the U. K. government. In any event, his agreement to the Memorandum was subject to the decision of the New Zealand government.

18. The U. K. Under-Secretary of State for Air enquired whether the Minister of Finance or the Minister of National Defence could initial the Memorandum, subject to decision by the Canadian government, as would be the case with the members of the Missions.

19. The Minister of Finance replied that his position would be quite different from that of members of the Missions, as he was a member of the government. His initialing might be regarded as final consent to the Memorandum by the Canadian government.

20. Lord Riverdale enquired whether there would be objection to the Australian and New Zealand Missions writing to and leaving with the U. K. Mission, letters expressing agreement with the terms of the Memorandum, and authorizing him to initial on their behalf.

21. The Prime Minister stated that he did not feel that it was for the Canadian government

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to advise as to what procedure should be followed as between the three Missions.

It was, thereupon, agreed that the following statement, which was drafted and read in the meeting, should be issued forthwith, for publication:

> "The Missions and Committees, representing the Governments of the United Kingdom, Australia, New Zealand and Canada, have completed their discussions with regard to the joint Air Training Scheme. They have worked out a basis of agreement which is now being referred to the respective Governments for decision."

The meeting adjourned at 5.50 p.m.

A. D. P. H.

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Minutes of the Cabinet War Committee

Volume 1, 8 December 1939 - 15 July 1940

(R.G. 2, 7 C, Volume 1)

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Meetings of the War Committee of the Cabinet

VOLUME 1

CONTENTS

Note: Since the present routine was not developed until April, 1940, the minutes of the previous four meetings have had to be listed separately as A.B.C. and D.

Date of Meetings	Exhibit No.
December 8, 1939	A.
December 14,1939	B.
January 22, 1940	C.
February 12,1940	D.
April 3rd, 1940	1.
April 4th, 1940	2.
May 10th, 1940	3.
May 17th, 1940	4.
May 18th, 1940	5.
May 22nd, 1940	6.
May 23rd, 1940	7.
May 24th, 1940	8.
May 27th, 1940	9.
May 29th, 1940	10.
June 3rd, 1940	11.
June 5th, 1940	12.
June 10th, 1940	13.
June 14th, 1940	14.
June 17th, 1940	15.
June 20th, 1940	16.
June 27th, 1940	17.
July 4th, 1940	18.
July 9th, 1940	19.

A meeting was also held on January 31st, but no record was made.

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Date of Meetings	Number
July 11th, 1940	20.
July 12th, 1940	21.
July 15th, 1940	22.

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A.

Memorandum re Meeting of

Cabinet War Committee.

December 8th, 1939

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SECRET

December 8th, 1939.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet (constituted by P.C. 4017½ of December 5th, 1939, to assume the functions of the former Defence Committee and the former Emergency Council) was held in the Prime Minister's Office in the East Block, on Friday, December the 8th, at 4.00 o'clock in the afternoon.

There were present the following members of the Cabinet Committee:

The Prime Minister,
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston).

There were also present the following Ministers:

The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of Transport (Mr. Howe).

There was also present:

The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Prime Minister stated that he had called the meeting to discuss the mobilization of Canadian industry for the supply of the wartime needs, present and future, of Canada and the United Kingdom. The view had become current that progress with orders for supplies was not being made as rapidly as might be. Although, thus far, the military phase of the war had not developed on a large scale, we should be prepared in the future, under more pressing circumstances, to meet heavy demands for supplies, particularly from Great Britain.

Mr. King referred to an impression which existed in certain quarters that the Department of Finance were reluctant to permit the War Supply Board to proceed with the placing of orders for the estimated requirements of future years. It was, of course, necessary to have departmental safeguards, but in wartime the permanent members of any department should not be permitted to shape or affect policy in larger questions. It was being said that the Deputy Minister of Finance was preventing the placing of orders, and putting barriers in the way of the War Supply Board's desire to provide for supplies beyond the fiscal year.

Mr. King remarked that the Chairman of the War Supply Board might say that he had been handicapped by the government in this way and that he would resign, feeling that he was being held down by

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members of the permanent service. The Board might contend that the control was too rigid, and that they should be permitted to proceed with plans for the mobilization of Canadian industry and to make provision for what would be required for a long war, without departmental interference.

2. The Minister of Finance and the Minister of Transport enquired whether the Prime Minister had in mind any specific instances of such alleged delay. Mr. Howe remarked that the Deputy Minister of Finance had, for example, been entirely agreeable to making provision for a continuous supply of the aircraft which would be required for the Air Training Plan.

3. Mr. Ralston said that the Chief of the Naval Staff (Rear Admiral Nelles) had at one time felt that the Department of Finance were opposed to commitments being made beyond the fiscal year. That impression had been corrected in respect of the Naval Service, and arrangements had been made for provision for the requirements of subsequent years.

4. The Minister of National Defence referred to a letter written by Mr. Ralston which made it clear that the Department of Finance would permit commitments for future years, concerning the Navy and the Air Force.

5. The Prime Minister enquired whether the Department of National Defence now felt that they were unable to obtain what they required in the way of equipment and supplies.

6. Mr. Rogers replied in the negative. The Defence Department were themselves sometimes responsible for delay in the preparation of requisitions. Better liaison had been required and was in process of being effected. This should enable routine to be cut down and procedure expedited.

7. Mr. Howe, in this connection, stated that the appointment of Mr. R.A.C. Henry, as liaison between the Defence Department and the War Supply Board, would improve matters and help to prevent misunderstanding and delay.

He pointed out that the British have been slow in giving orders and that the Air Training Plan had changed the whole situation.

8. Mr. Ralston said that so far as Canada was concerned, the present requirements fell into three categories, viz., ships, planes and motor vehicles.

With respect to ships, the War Supply Board had had authorization for the construction of thirty vessels for some time but that plans and specifications for new types required, were not ready. Authorization for future requirements, in this respect, could be obtained when requested.

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With respect to aircraft, action had been held up pending the conclusion of an agreement upon the Air Training Plan, and until the requirements were known. The requests of the Department of National Defence for 1940 had been authorized, and authority had been given for orders for parts for subsequent assembling for 1941 and 1942.

With respect to motor vehicles, action was being held up pending decision upon plans and specifications as between the manufacturers and the Department.

9. Mr. Rogers pointed out that requirements in munitions were really small for one Division.

10. Mr. Howe contrasted the present position with that of 1914. Canada had a huge manufacturing capacity. It was not now a question of the mobilization of industry, but rather one of selection. The United Kingdom, so far, had proved a great disappointment to our manufacturers, the use of whose capacity must await U.K. orders, not so far forthcoming. To date orders to the extent of only $5,000,000 had been given, apart from some Lysander aircraft. Lt. Col. Greenly was quite aware of this situation.

11. The Prime Minister enquired what might be done by way of preparation for demands in the future.

12. Mr. Howe remarked that already Canadian industry had done much to prepare itself for large future orders, which it was still awaiting. He mentioned the Massey-Harris plant which had been prepared for production, at the owners' cost.

13. Mr. King enquired whether the Chairman of the War Supply Board was satisfied with the present situation.

14. Mr. Howe replied that he felt that the difficulty was partly that Mr. Campbell had a large organization prepared, and nothing much to do. His attitude had changed somewhat recently, for example when queried concerning the ordering of Harvard aircraft, Mr. Campbell had replied that the plans and specifications were not yet ready.

15. Mr. Ralston said that he wished to make it quite clear that his Deputy Minister had never had anything to do with the War Supply Board, and that he was not responsible for any delays or for any of the matters apparently complained of by the Chairman.

16. In answer to an enquiry by the Prime Minister, Mr. Ralston and Mr. Howe stated that everything was in readiness to place orders for planes and equipment relating to the Air Training Plan, once agreement had been reached.

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17. In answer to an enquiry by the Prime Minister concerning complaints regarding shortages of socks and boots for the military forces, Mr. Rogers said that at present there was not much basis for such complaints, though previously there had been. It would have been impossible to have all equipment ready immediately for 60,000 men. Naturally there has been a large number of requisitions. They were going through as quickly as possible. The danger point had been passed and the First Division had been given priority. The situation in 1914 had been quite different, in that the military officers had placed their orders directly. The present system was safer, but inevitably slower.

18. Mr. Ralston again pointed out that the only Canadian military requirements which would be filled in Canada, related to ships, aircraft and motor vehicles. Other requirements, apart from a few guns, would be met in the United Kingdom.

19. Mr. Howe pointed out that Canadian plants were in a position to start almost at once in the production of shells in quantity. The U.K. Mission knew exactly where orders, in this respect, could be placed.

20. Mr. Ralston suggested that a conference between the government and manufacturers, at which the situation could be explained, would be valuable. This suggestion was agreed upon and it was felt that the Chairman of the War Supply Board should be present at such a meeting.

21. Mr. Ralston referred to the difficulties concerning pay and allowances for the Royal Canadian Air Force, regarding which there has been a good deal of public comment and criticism. He pointed out that the increase for the Army, effective August the 31st, had amounted to an additional commitment of some $19,000,000. At present an attempt was being made to iron out the anomolies between Army, Navy and Air Force in respect of pay and allowances. It should be borne in mind, however, that there are some 41,500 applications for dependents' allowances. This amounted to about two-thirds of those who have enlisted.

22. Mr. Ralston stated that he wished, once more, to emphasize the fact that the Deputy Minister of Finance was in no respect responsible for holding up the purchase of supplies; that if anyone was guilty of the Treasury viewpoint, it was he himself; that he felt, however, that he would be derelict in his duty as Minister of Finance if he failed to keep the matter of cost constantly in mind.

23. At the Prime Minister's request, Mr. Heeney then presented a recommendation concerning an Overseas Film Unit which had been prepared by the National Film Commissioner, Mr. Grierson, on behalf of the National Film Board. After some discussion of the proposals it was agreed that the amount proposed to be spent on this project, $126,215, was excessive. Although

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it was desirable to have appropriate film records of the activities of the Canadian Overseas Forces, it was felt that this could be done without such an extensive outlay.

It was agreed that the proposals of the National Film Board, in this connection, should be referred back to the Cabinet Committee on Public Information, with the request that the matter be given further study and that proposals on a reduced scale be submitted at a later date.

At 5.50 p.m., the meeting adjourned.

A → P.J.

A. D. P. H.

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B.

Memorandum re Meeting of

Cabinet War Committee.

December 14, 1939

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SECRET December 14th, 1939.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Thursday, December the 14th, at 6 o'clock in the afternoon. (x - see note page 5)

There were present the following members of the Cabinet Committee:

The Prime Minister,
The Minister of National Defence (Mr. Rogers),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),

There were also present the following Ministers:

The Postmaster General (Mr. Power),
The Minister of Transport (Mr. Howe).

There were also present:

The Chairman of the United Kingdom Air Mission (Lord Riverdale),
Member of the United Kingdom Air Mission (Air Chief Marshal Sir H.R.M. Brooke-Popham),
The High Commissioner for the United Kingdom (Sir Gerald Campbell).

There were also present:

The Acting Deputy Minister (Naval and Air Services) Department of National Defence (Lt. Col. R.S. Maclachlan),
The Principal Secretary to the Prime Minister (Mr. Heeney).

1. The Prime Minister referred to the draft formula which had been prepared by Air Chief Marshal Sir Robert Brooke-Popham and Mr. Abraham of the U.K. Air Mission, with Colonel Maclachlan and Air Vice Marshal Croil, with respect to the organization of Canadians from the Air Training Plan into Royal Canadian Air Force formations and units in the field. He pointed out that this draft formula, which had been discussed in Council earlier in the afternoon, suggested that the organization of R.C.A.F. squadrons in the field should be dependent upon Canadian ground personnel, as well as Canadian air crews, being available for such purpose from time to time in sufficient numbers. This was quite a new suggestion. Paragraph 15 of the Memorandum of

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Agreement providing for the identification with their respective Dominions of pupils from the Plan, made no reference to ground personnel. The Canadian government had never contemplated supplying ground crews in proportion to Canadian air crews trained under the Plan, nor was any such suggestion to be found in the words of the Agreement.

The proposal in the draft formula that U.K. ground personnel should replace Canadian personnel engaged in the Training Plan in Canada, so that Canadian ground crews might proceed overseas, if accepted, would result in public criticism that Canadians were being substituted for U.K. personnel in zones of danger.

2. The Chairman of the U.K. Air Mission pointed out that the draft formula provided for the replacement of Canadian ground personnel by personnel from the United Kingdom, so that the former might be available to service R.C.A.F. squadrons in the field. This proposal was intended to be helpful and to enable Canadian ground crews to proceed overseas and to make possible the organization of R.C.A.F. squadrons. The motive of this proposal was not to replace Englishmen by Canadians, in danger zones, but rather to meet the Canadian desire for opportunity for Canadian ground crews to serve in the field.

3. The Prime Minister said that the Canadian government had always assumed that the United Kingdom would provide the ground personnel for Canadian air crews trained under the Plan and that this would not prevent the identification as Canadian, under the terms of paragraph 15 of the Agreement, of squadrons so composed. This had been understood by Captain Balfour before he left Canada. The importance of identifying Canadian pupils in R.C.A.F. squadrons was, in the broad sense, political, not merely technical.

4. Lord Riverdale said that if the United Kingdom were to provide ground crews for Canadian flying personnel, four-fifths of the establishment of squadrons so composed would be from the United Kingdom, and one-fifth only from Canada.

Canadian pupils graduating from the Plan might be organized in the field in any one of three ways:

(a) In R.C.A.F. squadrons consisting of Canadian air and ground personnel;

(b) In "R.A.F.-Canada" squadrons with Canadian air and U.K. ground personnel; and

(c) In regular R.A.F. squadrons, as individuals, pending their posting to squadrons in one of the two other categories.

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5. The Minister of Finance said that there was another method of organization which Lord Riverdale had not mentioned - one which the Canadian government had had clearly in mind early in the negotiations, namely the organization of Canadian air personnel from the Plan into R.C.A.F. squadrons, for which the ground crews would be provided from the R.A.F.

The identification in the field of Canadian pupils from the Plan in R.C.A.F. units and formations, should be upon the request of the Canadian government. This principle should govern the operation of paragraph 15 of the Agreement.

6. The Minister of Transport expressed the view that the proposal in the draft formula which had been discussed, that U.K. ground personnel should be sent to Canada to replace Canadian ground crews to release the latter for service in the field, offended common sense and was inefficient.

Did the U.K. Mission mean to suggest that while it was possible for R.C.A.F. air crews to join R.A.F. squadrons, it was, on the other hand, impossible for R.A.F. ground personnel to join R.C.A.F. squadrons?

7. Lord Riverdale replied in the negative to Mr. Howe's question, but said that the matter must be referred by the Mission to the U.K. Government. It raised constitutional difficulties in that, if the Canadian view were to be accepted, it would mean that appropriations for ground personnel from the United Kingdom for R.C.A.F. squadrons would have to be provided by the U.K. Parliament.

8. Mr. Ralston remarked that paragraph 15 of the Agreement was meaningless if it were intended that Canada would have to provide ground crews for all R.C.A.F. formations and units in the field. This had never been suggested before.

9. The Minister of Justice saw no "constitutional difficulties" in the provision of ground personnel by the United Kingdom for R.C.A.F squadrons. The Prime Minister agreed with Mr. Lapointe.

10. Air Vice Marshal Sir Robert Brooke-Popham expressed the view that it was surely not suggested that a "unit" was not "one". It must be homogeneous. He had never had the idea that R.C.A.F squadrons would be otherwise than predominately Canadian, both as to air and ground personnel.

11. Mr. Ralston enquired of the U.K. Mission why, if it had been intended that Canada provide ground crews for Canadian squadrons, no provision had at any stage been made for such ground personnel, in

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the estimates of cost. On the contrary it had never been understood that Canada should provide ground personnel for her squadrons, and the idea of replacing Canadian ground crews in Canada by personnel from the United Kingdom, had been suggested today for the first time.

12. The Prime Minister agreed with Mr. Ralston. The Canadian government had never thought of providing ground crews for formations in the field composed of Canadian pupils from the Plan. Was it not true that the word "pupils" throughout the Agreement referred only to air crews and nowhere was intended to include ground personnel? Canadian estimates had been based upon such an interpretation of the expression.

13. Sir Robert Brooke-Popham agreed with the Prime Minister that "pupils" in the Agreement meant air crews only.

14. The Postmaster General remarked that he had understood that what the United Kingdom wanted to obtain of Canada was Canadian pilots. It was obviously impossible for Canada to provide complete units.

15. The Prime Minister referred to the situation before the proposal of a joint training scheme when each country provided its own personnel independently. Organizations had been quite separate and distinct. This had been superseded by the idea of a common Plan, to be worked out together.

16. Lord Riverdale stated that it was obvious in the circumstances that he would have to cable to his own government for instructions. The U.K. government had told him that they were most anxious to do everything possible to meet the Canadian viewpoint in this matter. Today's discussions, however, clearly introduced a question upon which he would require specific instructions.

17. Mr. Ralston said that the Canadian government were also most anxious to reach agreement with the United Kingdom. The point under discussion, however, and the viewpoint which the Canadian government had expressed, was absolutely fundamental from the public point of view.

The meeting adjourned at 6.55 p.m.

A. D. P. H.

A. D. P. H.

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Note - This meeting followed a meeting of the Cabinet at which, in addition to members of the government, the Acting Deputy Minister (Naval and Air Services); the Chief of the Air Staff and the Principal Secretary to the Prime Minister were present, to report the result of conversations with members of the U.K. Air Mission regarding the wording of a satisfactory formula with respect to the organization of Canadian pupils into R.C.A.F. units and formations in the field. The draft formula presented by Colonel Maclachlan and prepared by Air Chief Marshal Sir Robert Brooke-Popham and Mr. Abraham, with Colonel Maclachlan and Air Vice Marshal Croil, proposed the organization of R.C.A.F. squadrons as and when sufficient Canadian air and ground personnel should be available. This proposal was considered by the Cabinet and found to be quite unsatisfactory in that it would limit the number of R.C.A.F. squadrons in the field to those for whom Canadian ground crews could be provided. This would mean quite inadequate Canadian representation, which would not satisfy public sentiment in Canada.

It was decided that a meeting of the War Committee should be held immediately to discuss the question further with the U.K. Air Mission.

A → P.1

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C.

Memorandum re Meeting of

Cabinet War Committee.

January 22, 1940

Minutes and Documents of the Cabinet War Committee,
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SECRET

January 22nd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Monday, January the 22nd, at 2.45 o'clock in the afternoon.

There were present the following members of the Cabinet Committee:

The Prime Minister,
The Minister of National Defence (Mr. Rogers),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar).

There was also present:

The Postmaster General (Mr. Power).

Following the meeting, which adjourned at 4.50 p.m., the Prime Minister informed Mr. Heeney that among other subjects, the following were discussed:

1. Export of wheat to the U.S.S.R.

The Committee considered a memorandum on this subject, dated January the 22nd, prepared by Mr. Robertson of the Department of External Affairs, and a memorandum of January the 20th, prepared by Mr. Heeney after consultation with Mr. Wilgress of the Department of Trade and Commerce. These memoranda revealed the fact that a quantity of about 1,250,000 tons of Canadian wheat had been sold to two commercial corporations, for export to Soviet Russia.

It was decided to recommend to the Cabinet that immediate steps be taken to prevent the export of this and other wheat to the U.S.S.R., by the method of requiring export permits for shipments to European neutrals, contiguous to belligerents.

This recommendation of the Committee was subsequently approved by Council. Mr. Robertson was directed to prepare, for submission to Council on January the 23rd, a suitable recommendation to give effect to this decision, by Order in Council, after full consideration of ways and means by the Economic Advisory Committee.

2. Speech from the Throne.

Certain suggested revisions were made in a draft submitted to the Cabinet Committee, by the Prime Minister.

A. D. P. H.

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D.

Memorandum re Meeting of

Cabinet War Committee.

February 12, 1940

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Volume I, 1939-40 (R.G. 2, 7 C, Volume 1)

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SECRET February 12th, 1940

CABINET WAR COMMITTEE

The Prime Minister stated, after Council today, that the Cabinet (constituting for the purpose a meeting of the Cabinet War Committee, with certain additional Ministers) had discussed, at length, the question of government policy regarding Expeditionary Forces, and the measure of future co-operation in the Military sphere.

There were present the following Members of the Cabinet War Committee:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston)
The Minister of National Defence (Mr. Rogers).

There were also present the following Ministers:

The Minister of Fisheries (Mr. Michaud),
The Minister of Transport (Mr. Howe),
The Minister of Labour (Mr. McLarty)

The Minister of National Defence reported the receipt of a message from the Commanding Officer of the First Canadian Division (Major-General McNaughton), regarding future organization and disposition of Canadian forces overseas, and in that connection referring to the formation of a Canadian Corps.

The Prime Minister pointed out that he had stated in the House of Commons, on January the 25th that a Second Division would be sent overseas as soon as might be possible. This announcement had been made before the dissolution of Parliament, in order that any question of the further despatch of troops should be kept apart from political controversy and should not be injected into discussions, during the election campaign.

After full discussion and consideration, it was decided that except in the event of some unforeseen emergency, no further offers or commitments should be made with regard to Military forces, until after the general election.

It was agreed that, for the direction of the High Commissioner for Canada in the United Kingdom, and that of General McNaughton, the Minister of National Defence should immediately communicate this decision, by telegram, to Mr. Massey, advising him that:

Discussions with the War Office should proceed only on the basis of offers and commitments actually or expressly made by the Canadian government. These commitments included the First Division now in training overseas as an Expeditionary Force, the special arrangements with the War Office regarding ancillary troops

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now in England, and the announced decision to send the Second Division overseas in due course. Discussions regarding any further commitments involved major matters of policy and ought to be initated by governments. Apart from questions affecting the organization of the First Canadian Division, and barring some unforeseen emergency, regarding which the government should, of course, be duly advised, discussions concerning any additional undertakings to the War Office should await consideration until a new Parliament was elected, when the Canadian government would be in a position to have direct discussions with the United Kingdom government regarding a long range programme of effective co-operation in all phases of war effort.

A → P.H.

A.D.P.H.

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Memorandum re Meeting of

Cabinet War Committee.

April 3rd, 1940.

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SECRET April 3rd, 1940.

CABINET WAR COMMITTEE

The Prime Minister informed me on April the 4th, that a meeting of the War Committee of the Cabinet had been held, in the Prime Minister's office in the East Block, on Wednesday, April the 3rd, at 3 o'clock, for the discussion of certain urgent matters.

Dr. Skelton informed me, the following day, of the principal matters discussed, and the decisions reached.

There were present the following Members of the Cabinet Committee:

The Prime Minister,
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar).

The Under-Secretary of State for External Affairs was also present.

1. Parliamentary Under-Secretaries -

The advisability of the appointment of Parliamentary Under-Secretaries was discussed, particularly with reference to the Department of National Defence. Arguments in favour of, and against the proposal, were thoroughly canvassed, and it was the concensus of opinion of the Committee, that, for the present, no Parliamentary Under-Secretaries should be appointed.

2. Organization of the Department of National Defence -

The problem of re-organizing the Department of National Defence so as to relieve the pressure upon the Minister and his Deputies, was discussed. The proposal of associating with the Minister, another Minister who would be responsible for the British Commonwealth Air Training Plan, was reviewed and rejected, it being felt that it was altogether desirable to retain the one Minister for the three Defence Services, so as to provide the essential co-ordination.

It was concluded that the most effective immediate step would be to provide for the appointment of, and appoint, a third Associate Deputy Minister, who, under the directions of the Minister, would be in charge of the Air Service, including, particularly, the Air Training Plan. Such an appointment would enable the present two Associate Acting Deputies to give their time exclusively to the Militia and Naval Service respectively. It was decided that once an appropriate appointee could be found, the appointment should be made, by Council, without further delay.

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3. Organization and Administration of Canadian Overseas Forces - Ancillary Units -

The question of the provision and maintenance of ancillary troops to the First Canadian Division, C.A.S.F. and to possible future Canadian Corps, was discussed, from points of view of policy and cost.

A. D. P. Heeney

A. D. P. H.

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Memorandum re Meeting of

Cabinet War Committee.

April 4th, 1940.

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SECRET April 4th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, April the 4th, at 2.30 o'clock.

There were present the following members of the Cabinet War Committee:

The Prime Minister,
The Minister of National Defence (Mr. Rogers),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar).

There were also present:

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Clerk of the Privy Council (Mr. Heeney).

Organization and Maintenance of Canadian Overseas Forces - Ancillary Units -

1. The Prime Minister referred to the discussion which had taken place at the meeting of the Committee, held the previous day, April the 3rd.

2. The Under-Secretary of State for External Affairs, at Mr. King's request, repeated certain observations which he had communicated in a brief note to the Minister of National Defence, following the previous meeting, with respect to the formation of a Canadian Corps of two divisions and ancillary troops. The question involved considerations of the relative importance of different channels of the war effort, relative and total costs involved, and national pride and interest in a distinctively Canadian organization. No decision as to the organization of a Canadian Corps was required at present, though it seemed desirable to provide for the establishment of a self-contained Canadian formation of one division, directly under G.H.Q. Such a step need not imply the assumption of financial responsibility for the equipment and maintenance of Canadian ancillary units by the Canadian government, though the U. K. government were urging that the Canadian government should assume this liability on the ground that a self-contained Canadian division and non-divisional troops, directly under G.H.Q., would constitute the formation of "a Canadian Higher Command" within the meaning of the financial discussions which had taken place. This seemed a strained interpretation of the phrase. Canadian Higher Command had always been taken to refer to a possible future Canadian Corps.

(See Dr. Skelton's note to Mr. Rogers of April the 4th, 1940.)

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3. The Minister of National Defence submitted a draft reply to cypher telegram No. 265 of March the 3rd, from the Canadian High Commissioner in the United Kingdom, in which was set out the proposal of the U. K. government that the Canadian Division and Canadian non-divisional troops should become a self-contained formation under G.H.Q.

Certain amendments to Mr. Rogers' draft were suggested by the Minister of Finance, with the object of making more specific the attitude of the Canadian government as to liability for the capital cost of equipment for ancillary units. These amendments were agreed to and it was settled that Mr. Rogers and Mr. Ralston should collaborate in re-drafting the telegram to Mr. Massey, on the basis of Mr. Rogers' first draft and the amendments referred to. The telegram was to set out the Canadian government's willingness to accept the U.K. proposal, provided that a mutually satisfactory agreement could be reached with respect to the financial implications. Specifically it should state that the Canadian government would be willing to consider the selection of a date from which it would assume a larger degree of financial responsibility for non-divisional units, on the understanding that this would be on a basis of depreciation and would not involve assumption of capital cost for initial equipment and maintenance.

(See cypher telegram No. 355, April 5th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada in the United Kingdom, London).

4. There was then some general discussion as to public feeling in Canada regarding the formation of a Canadian Corps.

It was noted that a Canadian Corps might be composed of only two divisions, all Canadian, or alternatively of two Canadian divisions and one U.K. division.

The question was raised as to whether the formation of an exclusively Canadian Corps would result in greater or less pressure for the organization and despatch of a third division. This should be considered from the financial as well as from other viewpoints.

It was observed that as an expression of the national war effort, the public were more accustomed to military undertakings than to contributions in the naval and air spheres.

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Establishment of Contraband Control port in Canada -

5. The Under-Secretary of State for External Affairs reported upon the request of the U. K. government that a contraband control port be established on Canada's Atlantic Coast.

The Canadian government had already agreed, in principle, to the establishment of such a port in Canada, and careful consideration should be given to its location, in the light of geographical requirements and the effect of the so-called "Panama Zone". The positions of the various ports available were reviewed from these points of view.

Saint John, N.B., had been suggested as geographically suitable. The United States, however, objected strongly to this port as involving a long detour for vessels.

Halifax and Shelburne had been suggested as geographically more convenient, the latter being preferred by the Canadian Naval staff, in view of the volume of convoy and naval activity at Halifax. Both of these ports fall within the Panama Zone.

Sydney, Louisburg, or St.John's, Newfoundland, which the U. S. government would prefer, offered serious navigational difficulties.

A Canadian Committee, in conference with representatives of the governments of the United Kingdom and France, had recommended that the Canadian government should agree to the establishment of a contraband control port in Canada, and urged that an effort should be made to have the United States accept the Port of Shelburne as being the most suitable and convenient port available.

6. The Minister of Finance enquired as to the administration of the proposed contraband control port, whether it would be under U.K., Canadian, or joint direction, and whether Canadian Naval or civil personnel would be involved in its operation. He also enquired as to the financial implications in agreement to the U.K. proposal.

It was agreed that these questions should be the subject of discussion with the U.K. government.

7. Dr. Skelton submitted a draft letter, upon this subject, to the U.K. High Commissioner. It was decided that the draft should be submitted to Council for decision.

(See letter of April the 5th from the Secretary of State for External Affairs, to the U.K. High Commissioner, as approved by Council on April the 4th).

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St. Lawrence Waterways -

8. The Under-Secretary of State for External Affairs submitted a report on the present position. The draft Treaty had been revised. The financial arrangements with the Province of Ontario had resulted in tentative agreement.

The principal feature of the new plan was the substitution of a one stage for the former two stage development. At substantially smaller cost, the new plan would enable almost immediate provision of a large amount of power to both the United States and Canada. War conditions had been a factor in the revised plan.

With respect to the Chicago diversion an arbitral tribunal was contemplated for compensation or remedy if increased diversion were to be approved by Congress.

With respect to Quebec, no direct interest in power was involved. The strongest opposition in that Province came from power interests anxious to provide alternative power development at Carillon.

(See Dr. Skelton's note of April 4th, 1940).

9. The question was raised as to what benefit the Dominion, as such, would obtain from the proposed treaty. The navigation features were of doubtful value at present and so far as the Welland Canal was concerned, the larger development might mean throwing good money after bad. As a post-war reconstruction measure, no large degree of employment could be anticipated.

10. The Prime Minister observed that apart from the provision of additional power for war requirements, should the war last as long as was feared, and the benefits to transportation and post-war employment, a principal consideration would be the effect of Canada's agreement to the proposed treaty upon Canada-U.S. relations.[x] At this time everything possible should be done to improve relations with the United States.

11. The Minister of Finance enquired whether the U.S. government would be prepared to make any allowance upon the Canadian contribution for developments which had been undertaken by Canada, below Montreal. Dr. Skelton seriously doubted the possibility of this, but would raise the point again.

12. Mr. Ralston expressed concern as to the effect upon the credit of the Dominion of the undertaking of the large commitments involved in the draft treaty. Such commitments would inevitably make it harder to resist subsequent demands for further expenditures.

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13. Mr. King regarded the whole matter as one of high policy of the greatest importance. he had committed himself to readiness to enter upon negotiations for a Treaty, once Canadian Provinces and the Federal government became agreed.

The difficulties, being principally the opposition from Ontario, had now been overcome. The high international implications of the subject were of vital importance, involving American and Canadian friendship.

It was agreed that the question should be discussed further in Council.

The meeting adjourned at 4.30 p.m.

A. D. P. Heeney
Secretary.

Prime Minister's remarks re (x) -

"and obligations to negotiate Treaty once Provinces and the Federal government able to reach agreement between themselves".

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Memorandum re Meeting of

Cabinet War Committee.

May 10th, 1940.

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MOST SECRET May 10th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Friday, May the 10th, at 12.45 p.m.

There were present the following members of the Cabinet War Committee:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Finance (Mr. Ralston).

There was also present the Acting Minister of National Defence (Mr. Power).

There were also present:

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary of the Cabinet War Committee (Mr. Heeney).

At the Prime Minister's suggestion, the meeting immediately adjourned to the Council Chamber, where they were joined by the following other Ministers:

The Minister of Public Works (Mr. Cardin),
The Minister of Pensions and National Health (Mr. Mackenzie),
The Minister of National Revenue (Mr. Ilsley),
The Minister of Fisheries (Mr. Michaud),
The Minister of Transport, and Munitions and Supply (Mr. Howe),
The Minister of Agriculture (Mr. Gardiner),
The Minister of Labour, (Mr. McLarty),
The Minister of Trade and Commerce (Mr. MacKinnon).

1. The Prime Minister stated that he had called the War Committee together at the shortest possible notice and had now asked other members of the Cabinet to join the members of the War Committee, in view of the critical situation in Europe, resulting from the sudden, unprovoked invasion of the Netherlands, Belgium, and Luxembourg, by German forces. The meeting had been called in order that the government might review the situation as it affected Canada, and might, without delay, consider the most useful additional methods of Canadian assistance to Allied effort, and further means of immediate co-operation with the government of the United Kingdom, in the common cause.

2. The Prime Minister read telegrams received from the Canadian Charge d'Affaires at The Hague, the Canadian Minister at Brussels, the Canadian Minister at Paris, as well as telegrams from the government of the United Kingdom. He remarked that Canadian Diplomatic representatives in the countries invaded had been most prompt and efficient in their reports to the government.

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Emergency measures of assistance -

3. The Acting Minister of National Defence reported that the Canadian Defence Council and the Supervisory Board of the British Commonwealth Air Training Plan, had met, this morning, to review the general situation of Canada's military, naval and air activities, with the object of determining what additional measures of immediate assistance could be undertaken. Mr. Power reported the results, as follows:

(1) Naval co-operation -

(a) The Naval staff felt that without undue risk, they were in a position to spare two destroyers to assist the Royal Navy in operations in the West Indies area, particularly in relation to Aruba and Curacao, which Islands were of great strategical importance on account of the large oil refineries located there.

(The United Kingdom government had decided that assistance should be given to local Netherlands Authorities for protection against possible sabotage and the danger of enemy raids.)

It was agreed that an offer to this effect should immediately be made to the government of the United Kingdom.

(2) Military co-operation -

(a) The United Kingdom government would welcome the detailing of a Canadian Infantry Battalion, for service in Jamaica, to replace a British Battalion which was being despatched thence to Curacao. A telegram in this respect had, this morning, been received from the United Kingdom government.

The General Staff felt that one of the four Machine Gun Units in Training with the Second Division, C.A.S.F., now surplus under the new establishment, could be despatched to the West Indies at an early date, for this purpose. The Battalion could be converted immediately to a Rifle Battalion and sent as soon as shipping could be obtained.

It was agreed that an offer to this effect should immediately be made to the United Kingdom.

(b) The despatch Overseas of the Second Division, C.A.S.F., could be advanced by one month, i.e., arrangements could be made for the Division to sail in the months of June and July, rather than in July and August, as presently intended. Such shortage as existed in the equipment of the Division would have to be completed in the United Kingdom. The Mechanical Transport for the Second Division would be available in England, for August.

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(c) The Minister of National Defence (Mr. Rogers), at present en route to Canada from the United Kingdom, favoured the formation of a Canadian Corps Headquarters; if this were decided upon it would require some $60,000,000, additional commitments, and would involve the recruiting of certain Corps troops. On the other hand a 3rd Division might be recruited with greater effect and at less cost. The Acting Minister of National Defence was inclined to recommend a Third Division as more helpful at the present juncture, as it would enable substantial recruiting to be undertaken without delay. The General Staff, on the other hand, were inclined to favour, as a first step, the formation of the Canadian Corps organization.

Some discussion on this question then took place and it was decided that, in the circumstances, a decision on this matter should be deferred until Mr. Rogers arrived in Canada, unless further word from the United Kingdom made it evident that immediate action, in this respect, was necessary. Mr. Rogers would be in a position to report fully upon the situation in the United Kingdom, and the view of the U. K. government.

It was agreed, however, that meantime an offer to accelerate the despatch of the 2nd Division should immediately be made to the United Kingdom.

(3) Air Co-operation -

(a) As regards the R.C.A.F., No. 112 Army Co-operation Squadron, now in Canada, was available for early despatch Overseas. This squadron could be used as reserve for No. 110 Army Co-operation Squadron with the 1st Division, and was not required in the Canadian Defence scheme.

It was agreed that an offer of the Squadron should immediately be made to the United Kingdom.

(b) As regards the Joint Air Training Plan, the Supervisory Board, after careful consideration, felt that the schedule of training could not be accelerated; that if this were attempted, serious impairment in efficiency would result. In any event, our information was that there were large numbers of trained pilots in the United Kingdom, and that planes, rather than pilots, constituted the urgent need. To attempt a short range acceleration of the Joint Air Training Plan, would endanger its long range effectiveness. The R.A.F. representatives were opposed to any such attempt. The United Kingdom High Commissioner had expressed the same view.

(See Cypher Telegram No. 517, of May the 10th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada in the United Kingdom).

4. The Prime Minister suggested that the telegram to the government of the United Kingdom, setting out the above offers of additional assistance in the present emergency, should be prepared and sent forthwith.

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It should also state that the Canadian government would be glad to give immediate consideration to any suggestions which the government of the United Kingdom might wish to make in a review of the Canadian programme of war effort.

5. It was agreed that at a press conference, later today, the Prime Minister should mention that the government had given consideration to additional methods of Canadian assistance in the present emergency, that the government of the United Kingdom had been consulted, but that announcement of the actual methods to be adopted, must be deferred.

6. Greenland -

The Under-Secretary of State for External Affairs reported the result of discussions between the Canadian Minister to the United States, the U. S. State Department, and the Danish Minister to the United States, with respect to proposed action by Canada and the United States in respect of Greenland, viz., the sending of a U. S. Consul and a Canadian Consul to Greenland. The Canadian government intended to send a Consul to Greenland in the Canadian vessel "Nascopie"; the United States also proposed to send a Consul, and subsequently the Coast Guard cutter "Campbell" will proceed to Greenland. The composition of the party to go on board the "Nascopie" and the scope of their activities was discussed.

Dr. Skelton read a draft telegram which he had prepared, in this respect, to the Canadian High Commissioner in London, for the information of the U. K. government, outlining the course of discussions with the United States, particularly with respect to the protection of the Ivigtut mine, and proposals for the distribution of cryolite therefrom.

(See Cypher telegram No. 82 from the Canadian Minister to the United States, to the Secretary of State for External Affairs, also Cypher telegram No. 525 from the Secretary of State for External Affairs, to the High Commissioner for Canada in Great Britain).

7. Report of the Royal Commission on Dominion-Provincial Relations -

The question of whether plans for the submission of the Report of the Royal Commission on Dominion-Provincial Relations should proceed, was discussed.

It was decided that in all the circumstances it would be best to proceed, as previously planned, and that the Report should be submitted by the Commission, to the government, this afternoon, the release, however, to be suspended until the day upon which the Report should be tabled in Parliament, viz., May the 16th.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee.

May 17th, 1940.

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MOST SECRET May 17th, 1940.

CABINET WAR COMMITTEE

A meeting of the Cabinet War Committee was held in the Prime Minister's Office in the East Block, on Friday, May the 17th, at 5 p.m.

There were present the following members of the Cabinet War Committee:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers).

There were also present:

The Minister of Transport and Munitions and Supply (Mr. Howe),
The Postmaster General (Mr. Power).

There were also present the Under-Secretary of State for External Affairs (Dr. Skelton), the Secretary to the Cabinet War Committee (Mr. Heeney), and Mr. L. W. Brockington, K.C., who had been asked by the Prime Minister to attend the meeting.

European situation

1. The Prime Minister read to the meeting the most recent telegrams received from the United Kingdom, reporting the deterioration of the military situation in France and the Low Countries. The Prime Minister of the United Kingdom had flown to Paris to attend an emergency meeting of the Supreme War Council, and the Canadian High Commissioner in London had reported that the situation was most grave.

Minister of National Defence's report on his visit to the United Kingdom and France.

2. Mr. King stated that the meeting had been called primarily to hear the report of the Minister of National Defence who had returned, yesterday, from the United Kingdom and France, and to review, in the light of Mr. Rogers' information, further measures of co-operation by Canada in the Allied War effort.

3. The Minister of National Defence then reported upon his visit, and stated the conclusions which he had drawn from discussions with members of the governments of the United Kingdom and of France, and of leaders of the Allied Forces, and from observations which he had made during his stay.

(1) The military situation revealed in the telegrams read by Mr. King confirmed his knowledge of the admitted preponderance of mechanical equipment and aircraft on the side of the enemy.

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Because of this preponderance, it had been the view of the Allied Command that the defensive position should be maintained as long as possible and that no offensive could be taken, with reasonable hope of success, until at least one year or eighteen months had elapsed. The aim of the Allied strategy was to consolidate a line of defence and to count on the gradual development of the greater potential resources of British and French industry, to make possible eventual Allied victory.

(2) Certain features of the situation in Great Britain were distinctly alarming:

(a) There were only eight British Divisions completely equipped and in the field in France, though there were considerable concentrations of partially equipped troops in the rear.

The problem was not one of man-power but of mechanized equipment, in which respect the Allies were definitely inferior. Mechanical equipment available was insufficient to provide for the Divisions which had been raised. Even now, the 1st Canadian Division had not received from the United Kingdom all the items of equipment to be supplied by the British Government. The Canadians had to take their turn in the list of priorities.

It was quite evident that Great Britain was suffering from a "thorough lack of preparation for mechanized warfare".

(b) Germany had a preponderance of aircraft in the proportion of two to one - statements to the contrary were untrue. Even worse, the United Kingdom were still manufacturing 29 types of military planes, to the German 6. The conclusion, so far as productive capacity was concerned, was obvious.

(c) The vulnerability of British industrial areas to attack by air was increased to a most dangerous extent by German occupation of Dutch and Belgian air bases. German fighters could now accompany bombers. British industry was concentrated and there was consequent grave danger of a total disruption of essential industrial production. It had been said that the bombing of two streets in Sheffield would disrupt the whole aircraft industry of the United Kingdom. The apparent complacency of the government of the United Kingdom (at the time of Mr. Rogers' visit) in the face of the danger of bombing raids, was difficult to appreciate. The authorities have, apparently, completely failed to consider that British industrial areas might become open to attack. No serious attempt had been made to decentralize industrial production. Sheffield,

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Birmingham and the Midlands were most vulnerable.

(d) Examples of the incompetence and lack of imagination of United Kingdom officials, and their apparent inability to adapt themselves to new conditions, or to any thought of the possibility of losing the war were:

During the winter months the construction by the B.E.F. of certain concrete works in the line of defences opposite the Belgian frontier, had been halted on the ground that it was not possible to pour cement at low temperatures;

There had been serious difficulties in winter flying in the Royal Air Force, and at one time, in the section of the front, visited by the Minister, all R.A.F. machines had been grounded for this reason;

There had been no attempt to make use of Canadian experience, nor to consult Canadian headquarters, or the R.C.A.F., with regard to problems where Canadian experience might have been thought to have counted (e.g., re difficulties encountered in Norway). Expert advice had, in vain, been offered to the War Office.

(3) Such conditions represented the worst aspects of the situation, and had been most disquietening. The re-organization of the Cabinet under Mr. Churchill, since Mr. Rogers had left England, was the most encouraging sign.

(4) United States sources of supply were being exploited, but before these could be effective, a considerable time must elapse.

1st Division C.A.S.F.

4. In answer to enquiries regarding the equipment of the 1st Canadian Division, Mr. Rogers stated that we would be in a position to supply mechanical transport and certain other equipment before the Division left for France. Other equipment required, as understood from the beginning, would be supplied by the United Kingdom, to at least as high a standard as that which obtained in the U.K. Divisions in the field.

The 1st Division would be completely equipped and ready to proceed to France, with ancillary troops, to a total of from 23,000 to 24,000, by June the 15th. No. 112 A.C. Squadron, R.C.A.F., would be ready to accompany the Division; The Canadian government would not contribute to the cost of this squadron until it should be attached to a Canadian Corps, if and when formed.

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5. Mr. Rogers expressed the view that the government and authorities of the United Kingdom regarded Canada's war effort favourably. It was realized that Canada was not under any immediate threat, and though no doubt they would be glad of further contributions, the British government had a genuine appreciation of our efforts.

Further measures of co-operation

I. Formation of a Canadian Corps - 3rd Division

6. The Prime Minister observed that the Committee had deferred any decision upon the formation of a Canadian Corps, or the recruiting of a 3rd Division, until Mr. Rogers had returned from England.

7. Mr. Rogers stated that he had had discussions with the War Office as to the additional ancillary Units which should be included in a Canadian Corps of two Divisions. With Canadian headquarters, proposals in this regard had been worked out and submitted to the U. K. government. Agreement had been requested to these proposals if and when the Canadian government would be ready to embark upon the formation of a Canadian Corps. It was anticipated that agreement along these lines could be reached.

8. The Prime Minister stated that it must be decided now what action would be taken by the government regarding the formation of the Corps and the raising of a 3rd Division. The Empire was in extremis and we must say now what further steps we were prepared to take to help the common cause.

Discussion then took place as to whether the more effective step would be the formation of the Corps, or the raising of a 3rd Division. It was urged that the formation of a distinctively Canadian Corps would have an important result upon the morale of the troops and upon the people of Canada; on the other hand, it was argued that a 3rd Division was more important - that it meant more men available for service and that the question of command or organization was secondary, at this time. The Canadian General Staff and the G.O.C. of the 1st Division were convinced of the importance of the Corps organization; the public might feel that the recruiting of another division would be a more practical step.

It was agreed to proceed with the organization of a Canadian Corps in the field, the 2nd Division and ancillary troops to join the 1st Division on the basis of Mr. Rogers' discussions with the War Office, and that a 3rd Division should also be raised, possibly to be called a Reserve Division, but for service at home or abroad, according to requirements at the time; both of these decisions should be included in the Prime Minister's statement to the House of Commons on May the 20th.

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II. Air Training

9. The possibility of accelerating training under the Commonwealth Air Training Plan, was then discussed. It was reported that the U. K. representatives did not appear to wish to change the programme of the Plan, and would not agree to any attempt to its acceleration. They said that at present they had all the pilots that they could supply with planes. The Plan had been made for a long range and could not be accelerated without loss of efficiency.

10. Mr. Power reported that he had canvassed fully, with the Associate Acting Deputy Minister for Air and the Air Staff, the possibilities of training additional pilots, outside the Plan. Mr. Duncan had proposed several schemes to provide for the training of pilots with previous commercial experience. These schemes depended upon obtaining aircraft from the United States, and Mr. Duncan felt that if this could be done, possibly 35 men a month might be turned out, beginning five months hence.

These possibilities were being further explored with the intention of submitting concrete proposals, at an early date, to the United Kingdom, after obtaining information as to available U.S. aircraft.

III. Munitions and Supplies for United Kingdom

11. The Prime Minister remarked upon the fact that the United Kingdom had not, as yet, ordered, in large quantity, munitions and supplies from Canadian manufacturers, and enquired whether some action could not be taken without awaiting orders from Great Britain, for U. K. purposes.

It was pointed out that many Canadian factories were ready to produce for the United Kingdom, but were still awaiting orders.

It was agreed that the attention of the British government might be drawn to this situation, and that offers of Canadian industrial assistance might be renewed.

Decisions

12. After further discussion, it was agreed that a statement (suitable for inclusion in the Prime Minister's speech in the House of Commons on Monday next, May the 20th) of the decisions taken at this meeting, should be drafted by Mr. Rogers, with Mr. Keeney.

The statement of decisions[x] is as follows:

"In view of the critical turn of events in Europe during the past few days, and in the light of the information obtained by the Minister of National Defence, on his recent visit to England, the Canadian government

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have decided:

(1) To advance the date of the despatch overseas of the 2nd Division of the Canadian Active Service Force.

(2) To advance the date of the despatch of such further reinforcements of the 1st Division as have not already proceeded overseas.

(3) To push forward the recruiting of reinforcements for the 2nd Division of the Canadian Active Service Force, who will follow the Division overseas at the earliest possible date.

(4) To form a Canadian Corps in the field, in accordance with arrangements which have been discussed with the British War Office.

Besides the two Divisions, and their ancillary units, the Corps will include the necessary additional Corps troops and will involve the despatch overseas of several thousand men, beyond those already mentioned.

(5) To undertake the raising of a 3rd Division, to be available for such service as may be required in Canada, or overseas.

(6) To assign, at the request of the United Kingdom government, certain naval and military formations to active duty in the Caribbean and North Atlantic areas.

(7) To despatch overseas No. 112 Army Co-operation Squadron, to act as a reserve for No. 110 Co-operation Squadron, now overseas.

(8) To adopt every feasible method of accelerating the output of pilots and air crews, from Canada, for service in the field, at the earliest possible date.

Certain methods have already been formulated by the Canadian government, both to accelerate and supplement the joint air training plan in Canada, in order that pilots, observers and air gunners may be made available, more quickly, for active service. Steps have been taken in order to expedite the preparation of aerodromes and hangars.

(9) To confer upon the Ministry of Munitions and Supply certain special powers which would not be accorded in normal times, to enable it to expedite the provision of equipment and materials of war, for the armed forces."

(x - As drafted, revised and approved by the Prime Minister, the Minister of National Defence, the Minister of Finance, and Mr. Power, May 18th, 19th and 20th, 1940).

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Minister of Munitions and Supply

13. The Prime Minister stated that he wished to announce in the House of Commons that it had been decided to appoint a separate Minister for this portfolio, now that Mr. Howe had completed the organization of the Department.

This was agreed.

Administration of Air Services

14. Further consideration was given to the possibility of appointing a separate Minister or Department to administer the British Commonwealth Air Training Plan. It was agreed that it would be impractical to divorce the administration of the Plan from that of the R.C.A.F., that effective co-ordination required that there should be one Minister of National Defence, but that some means should be taken to provide that the responsibility of the Minister in Parliament, and in the Department, should be shared.

Procedure in the House of Commons

15. It was suggested that the debate upon the Address in reply to the Speech from the Throne, should be very brief and that every effort should be made to bring down the War Appropriation Bill at the first possible moment. This matter was taken under consideration.

16. There was some further discussion of Parliamentary procedure, including the setting up of Special Committees of the House of Commons.

Greenland

17. The Under-Secretary of State for External Affairs reported the progress of conversation with the governments of the United Kingdom and the United States, with respect to the measures to be taken for the protection of Greenland.

The Minister of Mines and Resources reported the arrangements which had been made for the charter of the SS. "Nascopie", and obtained approval for proposals for the mounting of a gun, the provision of an R.C.M.P. detail, and others, to proceed on the voyage.

A. D. P. Heeney
Secretary.

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MOST SECRET May 18th, 1940.

CABINET WAR COMMITTEE

A meeting of certain members of the War Committee of the Cabinet was held at the Prime Minister's residence, at Kingsmere, on Saturday, May the 18th, at 5 p.m.

There were present the following members of the Cabinet War Committee:

The Prime Minister,
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers).

There were also present:

The Postmaster General (Mr. Power).

The Secretary (Mr. Heeney).

Accelerated Air Training Schemes

1. The Minister of National Defence reported that after further careful consideration the British Air Mission had stated emphatically that they were anxious not to change the schedule of training fixed by the Joint Air Training Plan, though the Canadian government were prepared to attempt acceleration, if this were considered helpful or expedient. Inasmuch, therefore, as it was considered that the training within the Plan could not be expedited without serious impairment of efficiency, careful study had been given, by Canadian officials, to the possibility of providing accelerated training outside the scope of the Plan.

Consideration had been given to five possible schemes, by the Associate Acting Deputy Minister for Air, and the Air Staff. Briefly these were:

Scheme 1 - To provide an additional Service Training Flying School for the training of pilots who had previous experience in commercial or other flying; pupils possibly outside the age limit required for the Plan. This scheme contemplated the out-turn of a limited number of pilots in a period three months shorter than the standard period of training in the Plan.

Prerequisites for its undertaking would be to obtain planes from the United States, and instructors from the United Kingdom. With respect to the former, it was suggested that the Prime Minister, in view of the present emergency, might be willing to make a personal appeal to the President, to make available to Canada, from the U. S. Army (as the only available source) a number of single engine basic trainers. 235 aircraft of a type such as the North American 16-3, with 50 spare engines and spare parts for one year's flying, would be needed, for delivery within a maximum of one month. With respect to instructional and key personnel, these would have to be supplied by the United Kingdom, and a telegram enquiring whether such could be made available, might be sent to the U. K. government.

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Scheme 2 - To provide about 35 pilots per month, from Canada, in exchange for a similar number of war experienced pilots from the United Kingdom. The proposal, in this instance, was to substitute, in the field, Canadian pilots intended for instructional service in the Plan, for pilots from the United Kingdom, who would take their places as instructors.

Scheme 3 - To make use of the service squadrons in Canada, for instructional purposes, to increase the output of observers and air gunners.

Scheme 4 - To increase the output of air gunners by cutting down the normal requirements as to wireless training.

Scheme 5- To provide for the moving of certain Flying Schools, from the United Kingdom to Canada. This contemplated accelerating the preparation of aerodromes in Canada in order to make provision for Schools, additional to those contemplated by the Plan.

Of the five Schemes considered, Mr. Rogers reported that Scheme 3 was regarded as impracticable by the Air Staff, it not being thought possible to combine, efficiently, instruction and patrol; but Scheme 4 had the approval of the R.C.A.F. staff. Scheme 1 offered probably the best prospect, provided the planes and instructors could be had.

2. The Prime Minister stated that he was prepared to make a personal enquiry of the President with regard to the possibility of obtaining trainer aircraft from the United States. By telephone he immediately directed Mr. H. L. Keenleyside of the Department of External Affairs, who was just leaving for Washington, to carry a personal message to that effect to Mr. Roosevelt.

Mr. Heeney[x] was directed to communicate by telephone to the President's Secretary, to arrange that Mr. Keenleyside interview Mr. Roosevelt.

It was agreed that a telegram should be sent to the United Kingdom with respect to Scheme 1, enquiring whether the staff and key personnel of an additional Service Flying Training School could be sent to Canada.

Statement of decisions regarding additional measures of co-operation

The meeting then gave consideration to the draft statement of decisions taken at the meeting of May the 17th, with respect to additional measures, in view of the present critical situation in Europe. The

x - This was done and Mr. Keenleyside saw the President on the evening of the following day, Sunday, May the 19th. A report of his conversation was made verbally, by Mr. Keenleyside, to the Prime Minister.

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draft statement which had been prepared by Mr. Rogers and Mr. Heeney was revised and approved, for inclusion in the Prime Minister's speech in the House of Commons on Monday next, May the 20th.

(See statement as finally revised and included in minutes of meeting of May the 17th, pages 5 and 6).

Munitions and Supplies

The Secretary submitted a draft telegram which, upon direction, he had prepared, to the Prime Minister of the United Kingdom, drawing attention, once more, to the productive capacity of Canadian plants as a source of supply for Allied purposes, and reassuring the U. K. government of the Canadian government's willingness to do everything possible to assist in the development of increased production.

The draft telegram was revised and approved for despatch.

(See Cypher telegram No. 75 of May the 18th, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

The meeting adjourned at 8.15 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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6.

Memorandum re Meeting of

Cabinet War Committee.

May 22nd, 1940.

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MOST SECRET May 22nd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, May the 22nd, at 11 a.m.

There were present:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers),
The Minister of Mines and Resources (Mr. Crerar).

There were also present:

The Postmaster General (Mr. Power),
The Minister of Transport and of Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

European situation

1. The Prime Minister read to the meeting the latest telegrams received regarding the progress of operations in France and Belgium.

Additional measures of co-operation

2. The Minister of National Defence reported the results of carefully detailed consideration by the officers of his department, of further suggestions received from the government of the United Kingdom for additional assistance by Canada, in the military sphere.

(See Cypher telegram No. 633 of May the 19th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

The results of study of these suggestions were as follows:

Iceland

(1) With respect to the despatch of a Canadian Infantry Brigade for garrison service in Iceland, the General Staff reported that a Brigade could be supplied "fairly soon" with the necessary ancillary units. Such a force would consist of about 5,000 men.

If it were decided to comply with this request, it was recommended that the Brigade should be selected from units already mobilized, which were

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intended to form part of the 3rd Division. The equipment described in the High Commissioner's telegram could be provided by Canada.

It would be advisable that the same Brigade should not remain on such duty indefinitely, and that arrangements should be made for its relief in due course. The United Kingdom should be responsible for the provision of the necessary artillery, anti-aircraft, air and naval protection. The additional expense involved in this proposal would consist only of transportation of the Brigade to Iceland, and mechanical transport.

The Prime Minister expressed the view that Canada should, wherever possible, meet all requests of the United Kingdom, for assistance in the Atlantic and American areas, as being particularly appropriate contributions by Canada as a North American nation.

It was agreed that the Canadian government should undertake to provide and maintain an Infantry Brigade for garrison service in Iceland, the Brigade to form part of the 3rd Division and to be organized along the lines suggested by the Minister of National Defence.

West Indies

(2) With respect to the despatch of a Canadian Rifle Battalion for service in the West Indies, the General Staff reported that a Battalion was available and could be provided at an early date.

It was pointed out that this would mean assuming all Infantry Garrison duties in Jamaica, Bermuda and Curacao, in substitution for U. K. units which, as a result, would be free for other urgent duty.

It was agreed that the Canadian government should provide a further Infantry Battalion for service in the West Indies.

Canadian Corps - 3rd Division

(3) With respect to the formation of a Canadian Corps, this had already been decided, as stated by the Prime Minister on May the 20th, in the House of Commons. The Army Council suggested that consideration be given to the completing of the Canadian Corps to the standard of three divisions.

While it had already been decided that a 3rd Division should be raised, it had also been agreed that the 3rd Division should, for the present at all events, not be included in the Corps. Organization of the Corps would be in two divisions, on the basis of discussions which the Minister of National Defence had had with the War Office.

It was agreed that the U. K. government should be informed of the government's decision in these respects

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and that it was not contemplated that the 3rd Division should be included in the Corps.

Forestry and Transportation Units

(4) With respect to the provision of forestry and transportation units, the General Staff reported that there would be no difficulty in supplying such formations. The government had already agreed to despatch the sixty railway engineers who had been requested by the War Office. There was some discussion regarding the provision of transportation units, both survey and construction, and the provision of such troops was regarded as an appropriate contribution on the part of Canada.

It was agreed that the Canadian government should immediately offer to organize and despatch forestry units; that with respect to transportation units, agreement should be expressed in principle, and enquiry should be made as to what type of units were most urgently required in the present circumstances. Financial conditions suggested by the U. K. government were regarded as satisfactory.

The Secretary was directed to prepare a telegram to the United Kingdom government, in consultation with Mr. Rogers, expressing the decisions of the Committee in the above requests.

(See Cypher telegram No. 502 of May the 23rd, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada in Great Britain, London).

Air Co-operation

3. Mr. Power reported the results of careful consideration by the Air Staff of further suggestions received from the United Kingdom government, for additional assistance by Canada in the air sphere.

(See Cypher telegram No. 636 of May the 19th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

Replies to the U. K. suggestions had been sent, indicating the action which was being taken by the Canadian government.

(See Cypher telegram No. 577, of May the 21st, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada in Great Britain, London).

(1) With respect to No. 112 Army Co-operation Squadron of the R.C.A.F., which was being despatched Overseas, the U. K. government had suggested that although it had been under-

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stood that the Lysander aircraft, for use of this Squadron, would be provided in the United Kingdom, consideration might be given, in the present circumstances, to sending from Canada as many fully equipped aircraft, of this type, as possible, for use by the Squadron in the United Kingdom.

Despite the fact that such a change in plans would necessitate the closing of the Army Co-operation School for training air crews for No. 110 and No. 112 A.C. Squadrons, a reply had been sent to the United Kingdom agreeing to send the twelve available Lysander aircraft, as initial equipment. As a result, reinforcements for air crews would have to be provided from U. K. sources.

(2) The Air Council had asked that consideration be given, as a matter of urgency, to making available an R.C.A.F. Fighter Squadron, both aircraft and personnel, at an establishment, if possible, of sixteen initial equipment.

A reply had been sent agreeing to send No. 1 Fighter Squadron, R.C.A.F., at the earliest possible moment, together with all available Hurricane aircraft, fourteen in number, it being understood that reinforcements would be provided by the United Kingdom.

(3) The Air Council had asked that the whole output of Hurricane fighters from the Fort William factory be diverted to the R.A.F., for the time being.

A reply had been sent, acceding to this request. In fact the original order for these aircraft had been for U. K. purposes, and had subsequently been diverted to the R.C.A.F.

(4) The Air Council had requested consideration to the despatch by Canada of flying boats for reconnaissance duties in the Caribbean area, for which the U. K. government had been unable, so far, to make provision.

No aircraft of the type required were presently available, but the Air Staff were studying ways and means of obtaining such planes, and a reply had been sent accordingly. The United States was a possible source.

Mr. Power pointed out that in agreeing to these requests of the U. K. government, Canada had rendered, very serious, her own situation with respect to shortage of aircraft. Every effort should be made to obtain aircraft just as quickly as possible.

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Defence of Canada

3. The Prime Minister observed that the result of acceding to requests of the U. K. government in the military and air spheres, within the past ten days, would be to weaken the defence of Canadian Coasts. It was agreed that every effort should be made to assist the United Kingdom in the present emergency, but it should not be overlooked that, as a result, the government would be open to severe criticism, in view of the statements of policy which had been made in the House that Canadian expenditures for defence purposes were being incurred for the defence of this country.

Mr. King observed that the critical military situation in Europe could not fail to have reactions upon the internal situation, that public opinion was becoming much exercised over so-called "Fifth Column" activities, and that the government was under obligation, in addition to maintaining the defence of our own Coasts, to maintain order within the country. Police forces for the latter purpose would require to be increased and expanded, without delay, and immediate consideration would have to be given to the advisability of raising a Home Guard.

4. The Minister of Justice reported that he had under consideration the matter of enlargement of the Federal Police Forces.

Messrs. Rogers and Power were giving consideration to possible use of military forces for internal protection.

The meeting adjourned at 12.45 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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MOST SECRET May 23rd, 1940.

CABINET WAR COMMITTEE

A meeting of the Cabinet War Committee was held in the Prime Minister's Office, Room 401, House of Commons, on Thursday, May the 23rd, at 11 p.m.

There were present the following members:

The Prime Minister,
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers).

There was also present:

The Minister of Transport and Munitions and Supply (Mr. Howe).

There were also present:

The Associate Acting Deputy Minister, Department of National Defence (Naval Services) (Lt. Col. K. S. MacLachlan),
Chief of the Naval Staff (Rear-Admiral P. W. Nelles),
The Secretary (Mr. Heeney).

During the course of the meeting the Minister of National Defence for Air (Mr. Power) and the Associate Acting Deputy Minister for Air (Mr. Duncan) entered the meeting.

Additional measures of co-operation - despatch of R. C. N. destroyers for duty with Royal Navy.

1. The Prime Minister stated that the meeting had been called, as soon as the House rose, to consider the urgent request which had been received today from the U. K. government, for destroyers from the Royal Canadian Navy, to assist in the protection of the United Kingdom against possible invasion in the near future.

(See Cypher telegram No. 673, of May the 23rd, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

The message from the U. K. government stated that recent developments, and the attitude of Italy, had left the United Kingdom sadly lacking in available destroyers in home waters, for the tasks of protection from invasion and protection of seaport trade in home waters. Increased activity of submarines was anticipated, and the urgency of the situation was stressed. The message also asked that any available Canadian stocks of 4.7 high explosive should be sent, there being a shortage of that ammunition for use in the United Kingdom.

2. The Chief of the Naval Staff reported that of the seven Canadian destroyers, three were not available for the duty suggested - one having been detailed for duty in the West Indies, at the request of the United Kingdom, and two being under repair. If the remaining four destroyers were sent, it would leave the East Coast without destroyer protection for a minimum period of one week. The two destroyers under repair should be available

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within that time, and the destroyer detailed for duty in the West Indies, could be recalled; the British cruiser to serve on escort duty in that area would be sufficient for this purpose.

At present no destroyers were based on the West Coast, all having been concentrated in the Atlantic; it would take about fourteen days for destroyers to reach the Canadian Pacific Coast from Halifax.

Cruisers of the Royal Navy out of Halifax would be useful for coastal protection when not out of Halifax on convoy duty.

If it were decided to send the four destroyers for duty abroad, it might be suggested to the Admiralty that the cruiser "Caradoc", which was available, should be sent from the West Indies to Halifax, to provide cover for the Canadian East Coast in their absence.

3. It was agreed that, in view of the extreme urgency of the situation, the four available destroyers of the Royal Canadian Navy should be made available at the earliest possible moment, for service with the home flotillas of the Royal Navy, and that a telegram to this effect should be drafted by the Secretary, with Mr. Rogers and the Chief of the Naval Staff, and despatched immediately to the United Kingdom.

(See Cypher telegram No. 598 of May the 24th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada in Great Britain, London).

Canadian Defence

4. The Prime Minister pointed out that it had already been decided to meet urgent requests of the U. K. government, with respect to sending aircraft and personnel Overseas, and military forces to Europe, Iceland and the West Indies. In acceding to this additional request of the U. K. government, Canadian Coastal defence would, to a serious extent, be further diminished. Successive Imperial Conferences had laid it down that the first obligation of each nation of the Commonwealth, was the defence of its own territory. In meeting these requests it should be realized that the Canadian government were making it difficult, if not impossible, to fulfil this obligation. In his opinion, the United States should be advised of the critical situation, so that they might have an opportunity to be ready to protect the North Atlantic Coast, in the event of that being necessary.

It was agreed that the United States should be advised of the grave situation with respect to possible invasion of the United Kingdom, and of the contemplated despatch of Canadian Naval Forces to European waters.

x The Prime Minister stated that he would send a personal message to the President of the United States, setting out the facts of the critical situation, and

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informing him of the action which was being taken by the Canadian government.

Munitions and Supplies

5. The Minister of National Defence stated that Canada had only a small stock of 4.7 high explosive shells, that this could not be spared, without resulting in a dangerous shortage for our remaining destroyers.

The U. K. request in this respect was further evidence of their serious shortage of ammunition. Canada had already agreed to send 90% of her reserve stock of small arm ammunition to Great Britain.

6. The Minister of Munitions and Supply remarked that it was evident that the United Kingdom were in a state of unpreparedness which was desperate, yet Canada had been given no opportunity to manufacture tanks or aircraft engines, of both of which there were obviously serious deficiencies.

Mechanical Transport

7. Mr. Rogers reported that manufacturers must be informed immediately of our transport requirements for the 3rd Division and for replacements for motor transport for the 1st and 2nd Divisions, in order that the necessary components of such equipment might be obtained from U. S. plants, where the pressure of orders had greatly increased.

It was observed in passing that the refusal, until recently, of the United Kingdom to consider the purchase of mechanical transport in Canada, was another indication of the failure of the U. K. authorities to make use of Canadian industrial capacity.

8. It was agreed that orders should be placed, at once, for mechanical transport requirements of the 3rd Division, and for replacements for the 1st and 2nd Divisions.

It was also agreed that Canadian Military Headquarters in London should be consulted as to the immediate despatch of mechanical transport, now available for the 2nd Division.

The meeting adjourned at 12.35 a.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

(x - This was done; and Mr. H. L. Keenleyside of the Department of External Affairs, visited Washington on May the 25th. He reported, verbally, to the Prime Minister immediately upon his return on Sunday, May the 26th.)

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MOST SECRET May 24th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Friday, May the 24th, at 8 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers),
The Minister of Mines and Resources (Mr. Crerar).

There were also present:

The Minister of National Defence for Air (Mr. Power),
The Minister of Transport and Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Communication from Prime Minister of Australia - Relations with the United States.

1. The Prime Minister reported that he had received from the Prime Minister of Australia a copy of a telegram which he (Mr. Menzies) had sent to the Prime Minister of the U.K., urging that, in view of the critical situation which had developed during the past few days, a personal appeal be made to the President of the United States for the release of every available aircraft, and for volunteer airmen. Similar telegrams had been sent by Mr. Menzies to the Prime Ministers of South Africa and New Zealand. Mr. Menzies' suggestion was that each Prime Minister should communicate with Mr. Roosevelt, to the same effect.

(See unnumbered Cypher telegram of May 22nd, 1940, from the Rt. Hon. R. G. Menzies, Prime Minister of Australia, to the Rt. Hon. W. L. Mackenzie King, Prime Minister of Canada).

Mr. King also read a communication from the Canadian High Commissioner in London, describing the Australian High Commissioner's appreciation of the military situation, which had formed the basis of the telegram from the Australian Prime Minister, and expressing Mr. Massey's own appreciation of the facts, and his comments upon Mr. Menzies' proposal.

(See Cypher telegram No. 669 of May 23rd, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs).

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Mr. King also read a telegram, just received, from the Prime Minister of the United Kingdom, quoting a telegram which he had sent to Mr. Menzies and expressing the view that an appeal along the lines suggested by Mr. Menzies, would be inappropriate at this time.

Telegrams from Mr. Smuts and Mr. Fraser also questioned the advisability of an appeal to Mr. Roosevelt, along the lines proposed by Mr. Menzies.

Mr. King read a draft telegram which had been prepared to the Prime Minister of Australia in reply to the latter's proposal, concurring in the views expressed by Mr. Churchill. He also read a draft telegram to Mr. Churchill agreeing with the latter's expression of view.

(See Cypher telegram No. 87 of May the 24th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London, and Cypher telegram, unnumbered, of May the 24th, from the Prime Minister of Canada, Ottawa, to the Prime Minister of Australia, Canberra.)

It was unanimously agreed that the proposal of the Prime Minister of Australia for an appeal to the President of the United States, at this time, was inopportune and inappropriate.

The draft telegrams to Mr. Menzies and Mr. Churchill were approved for immediate despatch.

2. The Prime Minister observed that Canada enjoyed the closest and most friendly relations with the United States, that his recent trip to the United States had enabled him to have several frank and personal conversations with the President, who was anxious to help, so far as it was possible, but that the difficulties were greatly increased because of the approaching Presidential elections. Steps had been taken to communicate personally to Mr. Roosevelt a frank exposition of the situation, and the President could be trusted to draw his own conclusions.

Employment of Canadian Forces in France

3. The Prime Minister referred to the fact that because of the critical military situation, it had been contemplated that the First Division, C.A.S.F., might be required for immediate active service in France. Word had now been received, however, from Canadian Military Headquarters in England that the G. O. C., had just returned from visiting Calais and Dunkirk, and it had been decided that the Canadian troops should remain in the United Kingdom for the present, because of the way the military situation had developed.

European situation

4. The Prime Minister read most recent telegrams received from the U. K. government, regarding the military situation, particularly with relation to the German drive to obtain control of the Channel ports.

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Internal Security

5. The Minister of Justice reported that his department had all plans made for the internment of Italian citizens considered dangerous, should Italy enter the war.

Chief of the Air Staff

6. The Minister of National Defence for Air reported that he had been reconsidering the possibility of separating the administration of the R.C.A.F. from that of the British Commonwealth Air Training Plan. He had thought of making independent provision for the administration of the former, to be carried on by the present Chief of the Air Staff. He had also considered the possibility of appointing Air Vice Marshal Croil, Inspector General of the R.C.A.F.

There were difficulties connected with the separation of the R.C.A.F. from the Plan, but he was inclined to the opinion that some step should be taken to decentralize the administration under the present C.A.S., if the air programme were to be speeded up, as it must.

The possibility of appointing Air Vice Marshal Croil, Air Attache to the Legation at Washington, was considered.

Air Training

7. Mr. Power pointed out that the developments of the last fortnight made it necessary to reconsider our whole air programme, that it was now clear that the United Kingdom government could not fulfil their obligations under the Agreement, to supply planes and engines.

8. The Prime Minister reviewed the course of conversations with the U. K. government, leading to the Agreement of December the 17th, 1939; he referred to the misunderstanding which continued to exist with respect to the conversations which he had had with the U. K. High Commissioner and the Weir Mission, previous to the outbreak of war, and to the misrepresentations which continued to be made of the Canadian government's attitude with respect to the training of pilots in this country.

9. The Minister of National Defence referred to the mistaken impression that the government had discouraged the manufacture of aircraft engines in Canada; the truth was that the U. K. government had, themselves, discouraged such an undertaking. The U. K. Air Mission had been emphatic that British manufacturers could supply all the engines required for the Plan. The charge that the government had been unwilling to permit the manufacture of aircraft for the United Kingdom, or of engines, prior to the war, or since, was completely untrue.

Refugees

10. The Prime Minister informed the meeting that he had received word from the Canadian Minister in Paris, with respect to the large number of refugees who had gone to France as a result of the invasion of the Low

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Countries and enquiring concerning possible Canadian assistance. He had also received a letter from the U. K. High Commissioner stating that Lord Halifax had communicated with the British Ambassador in Washington, asking him to appeal to the U. S. government to assist in the matter of refugees from Belgium and Holland - The Canadian Minister in Washington was to associate himself with the British Ambassador, in this appeal.

11. The Minister of Mines and Resources raised the question of government policy with respect to refugee children from the United Kingdom. His department had been in touch with welfare agencies interested in arranging for the disposition of refugee children in this country. Permission had been granted for the entry of a limited number, on the understanding that arrangements for their disposition in Canada would be made by interested agencies. The situation now threatened to become much more acute as a result of the invasion on Holland and Belgium. Public sympathy was aroused. Mr. Crerar submitted, for consideration, a draft telegram to the Canadian High Commissioner in London. He recommended that the Canadian government agree to take 10,000 children and provide for their transportation, up to a maximum of $1,500,000 - dollar for dollar with the welfare agencies. In his opinion this would be a popular move and of assistance to the U. K. government.

12. The Minister of Finance expressed the view that the government should not undertake responsibility for the settlement of refugee children when transported to Canada.

13. The concensus of opinion was that provision for homes for refugee children should be arranged, in advance, by the interested societies, before the children sailed. The agencies should satisfy the department that adequate provision had been made before the government were required to put up any money for their transportation or asked to permit their entry.

14. It was agreed that the draft telegram, submitted by Mr. Crerar, should be revised, and that it should state that the Canadian government have been considering taking a limited number of child refugees and would welcome information as to what groups were involved, so that discussions might be conducted with the agencies interested in assisting.

Mr. Crerar would give the matter further study with the officers of his department.

The meeting adjourned at 11.20 p.m.

A. D. P. Heeney
Secretary.

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SECRET

May 27th, 1940.

CABINET WAR COMMITTEE

Prior to the House of Commons sitting on May the 27th, members of the War Committee, with other members of the government present, reached agreement with respect to a statement to be made by the Prime Minister, on the orders of the day, with regard to further military measures to be undertaken, immediately, by the government.

The statement as given by Mr. King, in the House, follows:

"Mr. Speaker, I wish to announce to the house that certain further military measures have been considered by the war committee of the cabinet and approved by the government. These measures will call for the immediate expansion of the military and air forces of Canada. This will be done by the raising of additional rifle battalions and air force personnel, and through the establishment of reserve companies of veterans, in addition to the veterans home guards already announced. Further details of these arrangements will be given by the ministers concerned.

I might add that these are emergency measures to meet the critical situation which has developed suddenly in Europe in the past fortnight. In the light of events it is necessary to have regard to all possibilities and, in so far as it is able to do so, the government is seeking to take account of every possible situation that may arise.

In announcing these measures the government believes it can count upon the wholehearted co-operation of the Canadian people to see that they are carried through with complete success. It should be understood now that with the many urgent demands we have had to meet we will not be in a position to provide complete equipment at once for every new recruit. At the same time I can given as assurance that the ministry of munitions and supply will meet our requirements at the earliest possible date, and with the co-operation of industry and labour our factories will work night and day to supply our needs."

(Unrevised Hansard,
May 27, 1940, p. 244).

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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CABINET WAR COMMITTEE

By Order-in-Council P.C. 2194 of May the 27th, 1940, the Cabinet War Committee was enlarged to include the two following Ministers:

The Minister of Munitions and Supply,
The Minister of National Defence for Air.

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Memorandum re Meeting of

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MOST SECRET May 29th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, May the 29th, at 8 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate, (Senator Dandurand),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence for Air (Mr. Power),
The Minister of Transport and Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Protection of Vulnerable Points

1. The Minister of National Defence for Air stated that he had received from The De Haviland Aircraft Company of Canada, manufacturers of aeroplanes in Toronto, a letter requesting the provision of guards for their plant, against possible sabotage. He enquired whether government policy permitted the provision of protection by the Federal government for private manufacturing establishments engaged in war work.

2. The Minister of Justice said that in certain cases, where circumstances appeared to warrant it, the Federal government had agreed to provide protection to privately owned plants, that the Sub-Committee on the Protection of Vulnerable Points was, this evening, considering certain specific requests for such action, and that the representations of The De Haviland Aircraft Company should be referred to that Committee.

The letter from The De Haviland Company of Canada, to Mr. Power, was, thereupon, referred immediately to the Chairman of the Sub-Committee on the Protection of Vulnerable Points.

Export of aircraft from the United States

3. Mr. Power said that he had seen reports that the United States authorities had agreed to a relaxation of regulations in respect of the delivery of aircraft to Canada. He enquired whether the government had any knowledge of modification of existing regulations.

The Under-Secretary of State for External Affairs was asked to make enquiries on this subject.

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Air Training

Training in Canada of volunteers for French air service

4. The Prime Minister reported that the French Charge d'Affaires had enquired whether the Canadian government would be prepared to admit, for training in Canada, American citizens willing to volunteer for the French air service. It was anticipated that planes for training purposes could be obtained from the United States.

5. Mr. Power stated that he had also been approached on the subject. The suggestion was that Canada should receive and examine American volunteers and also set up schools for their training. He had replied that we could not undertake to supply a flying school, planes and instructors, since we were ourselves pressed in these respects. He had said that he felt, however, that we would be prepared to perform medical and technical examination of volunteers and would try to supply an adequate flying field for training.

The intention of the French government was to obtain American volunteers experienced in civil flying, of whom they had reason to believe a good number would present themselves. French technical officers would discuss details of the project with government officials in Canada.

6. The Minister of Munitions and Supply said that enquiry had been made of the Anglo-French Purchasing Commission, regarding the supply of civil planes in the United States, available for such a project. Two French officers, with war experience, would come to Canada for instructional purposes.

7. Mr. Power observed that if a French training establishment were set up in Canada to train American volunteers for the French air service, there might be criticism that Canada had not made use of the same source for recruits for the R.C.A.F. In fact the matter had been given consideration some time ago. Technical officers of the R.C.A.F. had been opposed to such an undertaking, however, being of the view that pilots with only civil experience were of no particular value and that the only pilots who would be useful would be army pilots who were not available.

8. The Prime Minister remarked that any barrier regarding the requirement of an Oath of Allegiance could probably be overcome.

9. It was decided that the Canadian government should agree, in principle, with the proposal which had been put forward on behalf of the French government, and that Canada should express willingness to receive and examine volunteers for the French air service, and, so long as interference with our own

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air training were not entailed, to assist in the French training scheme in such other ways as might be possible.

Air Training - Munitions and Supplies

Aircraft, engines and equipment

10. The Minister of Munitions and Supply reported the result of a careful review of sources, other than the United Kingdom, for the supply of aircraft and engines required for air training in Canada. The United Kingdom, in view of recent developments, would be unable to perform its obligations under the Agreement in these respects.

The results of a careful canvass of possibilities in the United States and in Canada, were as follows:

(a) He had succeeded in placing an order for the entire plant output of Jacobs engines manufactured to the end of 1941. This would mean a total of some 2,300. This order was subject to there being no objection on the part of the U. S. government.

(b) Designs for Ansons were now available to Canadian manufacturers and production of these machines was being undertaken in this country with all possible speed.

(c) It was hoped that it would be possible to obtain 500 more Harvards from the United States.

(d) A canvass was being made of the civil planes available in the United States, which would be suitable for training.

In general Mr. Howe said that he had reason to hope that it would be possible to replace, from Canadian and American sources, the planes and engines which the United Kingdom were to have supplied, under the Agreement. There was a sufficient supply in sight from these sources to carry out the programme of the Plan. It was not possible to say, as yet, whether there would be sufficient to accelerate the schedule of training.

(e) All contracts for aerodromes required for training would be let by the end of the present week.

The U. S. government were aware of what was being done with respect to obtaining aircraft and engines in that country.

Chief of the Air Staff

11. Mr. Power reported that Air Vice Marshal Croil had been appointed Inspector-General of the R.C.A.F. and that Air Commodore Breadner had been appointed to succeed him as Chief of the Air Staff.

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Munitions and Supply

12. Mr. Howe reported that during his recent visit to the United States to investigate the possibilities of obtaining aircraft and engines, as on previous occasions, he had encountered considerable difficulty with the U. K. officials in charge of purchasing munitions and supplies in the United States. He had been given to understand that the Chairman of the Anglo-French Mission, Mr. Purvis, had had similar experiences. Unnecessary delays resulted from U. K. representatives having to communicate with their government, and from fixed and ponderous methods of procedure which apparently they were incapable or unwilling to modify, despite the emergency conditions. For example, he had encountered criticism from a U. K. official regarding his contract for the Jacobs engines; he had found that the United Kingdom had made a contract to purchase, in the United States, shells, provision for the manufacture of which had already been made here; the French government had been discouraged in their enquiries through the British Mission as to the possibility of nitro-cellulose production in Canada, though when he had heard of such enquiries he had been able to arrange the matter, immediately, by direct contact with Canadian Industries Limited, and Mr. Purvis, and a large plant was now being built for this purpose. The Canadian manufacturers probably did not appreciate the fact that delay and inefficiency had been caused by U. K. representatives.

Mr. Howe proposed that the Prime Minister should send a personal message to the Prime Minister of the United Kingdom, pointing out the difficulties and delays which the Canadian government continued to encounter in dealing with the U. K. Purchasing Mission. Canada was ready and willing to produce shells and supplies for the United Kingdom, but the Mission would not move. Mr. Howe agreed to draft a message for the Prime Minister's consideration, along these lines.x

Liaison between Departments of National Defence and Munitions and Supply

13. The Prime Minister referred to a preliminary report of the Economic Advisory Committee on Wartime organization, which had been submitted to him, and copies of which had been sent to the Minister of National Defence and to the Minister of Munitions and Supply. In their report the Committee had urged that adequate liaison between the Department of National Defence and the Department of Munitions and Supply, in respect of future requirements, was essential to the effective organization of Canadian plants and labour, for war purposes, and to the carrying out, in the time allotted, of the present defence programme.

(x - The Minister, in view of certain changes in arrangements for purchases on behalf of the United Kingdom, in the United States and Canada, subsequently decided that such a message need not be sent.)

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(See Preliminary Report of the Economic Advisory Committee on Wartime organization, May, 1940).

14. It was agreed that it was essential to provide that the Department of Munitions and Supply be given adequate advance knowledge of the whole defence programme and that the preliminary report of the Economic Advisory Committee, in this respect, be approved, the necessary organization and procedure to be worked out by the Ministers concerned.

Department of Munitions and Supply

15. The Prime Minister reported that Mr. Howe had agreed to take over permanently the Department of Munitions and Supply, and that it would be arranged that certain branches, now attached to the Department of Transport, should be transferred to the Department of Munitions and Supply, under Mr. Howe's administration. These branches were Civil Aviation, Meteorology, Wireless Telegraphy, and the Trans-Canada Air Lines.

It was also suggested that the Wartime Prices and Trade Board would come more logically under the Department of Munitions and Supply, rather than under the Department of Labour. This Board might be transferred at a future date.

16. The Secretary was directed to prepare a draft Order-in-Council providing for the transfer of the branches above described, from the Department of Transport to the Department of Munitions and Supply.

A decision with respect to the appointment of a Minister of Transport would be made subsequently.

Canadian Defence

17. The Prime Minister emphasized the need of reviewing the position with regard to the Defence of Canada, under the new conditions. Contributions to the United Kingdom had left Canada virtually undefended. He suggested that consideration might be given to the formation of a Ministry of Home Defence.

18. Mr. Power said that the Minister of National Defence had been considering the appointment of a Commander in Chief of Home Forces. This would work in with announcements regarding the 3rd Division, the mobilization of units for a 4th Division, and the Home Guard.

19. The Minister of Finance remarked that this whole matter should be reviewed, and it was agreed that it would receive further careful consideration.

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Public Information

20. The question of public information was discussed briefly and the proposal again put forward that the formation of a Ministry of Information might be considered.

21. The concensus of opinion was opposed to the formation of a separate Ministry and it was pointed out that a Bureau of Public Information existed and that fuller use might be made of the existing machinery.

22. The Minister of Justice referred to a serious lack of information in the Province of Quebec.

Mr. King said that if Mr. Lapointe would recommend someone to take over this phase of the matter particularly, he would be glad to present a recommendation to the Cabinet for his appointment.

23. The Leader of the government in the Senate, enquired whether members of the government could not speak more regularly on the radio. It was agreed, however, that at the present time the combination of executive and legislative duties made it impossible for Ministers to spare the time for such additional tasks, desirable though this might be.

National War or Security Council

24. The Prime Minister invited the meeting to give consideration to the adoption of means whereby the services and advice of men of outstanding ability and reputation, in various departments of the national life outside of Parliament, might be made directly available to the government. This might be done either by the creation of an advisory body, or by the introduction of new men into the government. While such a move might be calculated to inspire, throughout the country, further confidence in the conduct of Canada's war effort, care must be taken to avoid taking any such step merely for the impression which it might create. Careful regard would require to be had to the individuals who might be invited to serve in either of these ways.

Suitable members of an advisory body would be able to assist Ministers in charge of departments which had to deal with such problems as those of refugees, labour, war finance, and so forth. Organized labour should have a representative on such a body. A woman might represent the interests of consumers, and so on. The danger would be that such a body might tend to duplicate the Ministry, but the only alternative would be an enlargement of the Cabinet which, in turn, would present certain disadvantages.

25. At Mr. King's request Dr. Skelton described steps which had been taken by other countries along the lines suggested by the Prime Minister.

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The United Kingdom had formed a National Government; Ireland had provided for a National Council; New Zealand had a War Council. It had been announced, this morning, that the President of the United States had named an advisory body to be known as the National Defence Commission. Australia had made no comparable move, though the Prime Minister had offered a coalition which had been refused, and meetings with the State Premiers had been arranged.

26. There was then considerable discussion of the advantages and disadvantages of the two methods which had been suggested by the Prime Minister to accomplish the desired purpose. Names of several outstanding persons were mentioned as suitable.

Possibly a combination of the two methods might be feasible - an advisory body might be appointed, whose Chairman would be a Minister without portfolio, thus forming a link with the Cabinet. This suggestion was received favourably by the meeting.

It was agreed that the matter should be left over for further consideration.

Voluntary Service Registration Bureau

27. Attention was drawn to the large reservoir of voluntary assistance available in the records of the Voluntary Service Registration Bureau. Fuller use might be made of those whose names had been classified by the Bureau for war work of all kinds. Consideration should be given to means by which this might be facilitated.

The meeting adjourned at 11.30 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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June 3rd, 1940.

11.

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MOST SECRET June 3rd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on June the 3rd, 1940, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Munitions and Supply

Small Arms Ammunition

1. The Minister of National Defence requested direction as to the reply which should be sent to a further request received from the government of the United Kingdom, through the British Purchasing Mission here, for additional small arms ammunition; also with respect to a request of the French government, through the Canadian Minister in Paris, for small arms ammunition and any Ross rifles which might be available.

Mr. Rogers reported that as a result of complying with previous unanticipated requests of the U. K. government for small arms ammunition, the Canadian reserve supply had been seriously depleted. 60,000,000 rounds had been sent in answer to previous urgent appeals. Since the Canadian government had first been informed of the U. K. shortage, in this particular, every effort had been made to increase Canadian production of S.M.A. Plant capacity was being increased and expanded; employees were working on three shifts. It was anticipated that by June Canada would be producing 4,500,000 rounds, monthly. The rate would increase until by June, 1941, it would have reached a rate of 300,000,000 rounds per annum. Canadian requirements to the end of October would be some 34,000,000 rounds. Meantime only some 1,000,000 rounds remained in our general reserve. Rifle practice had had to be curtailed. To send further S.M.A., now would reduce Canadian supply to a dangerous degree, and below minimum requirements.

2. The Prime Minister enquired whether S.M.A., could be obtained from American sources.

Mr. Rogers said that enquiries were being made in this respect.

3. It was agreed that Mr. Rogers should reply

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to the requests of the United Kingdom and French governments, to the effect that on the basis of the present supply, it was not possible to send further S.M.A., at the moment, that our plant capacity was, however, being rapidly increased and that they would be advised as production enabled Canada to be of further assistance in this respect.

Aircraft Production

4. The Minister of Munitions and Supply, in answer to enquiries by the Prime Minister, stated that production in all available plants in Canada was being accelerated, that as a result of his recent careful survey, he was able to say that he anticipated that within one year a total of some 2,000 aircraft of all types, additional to those provided by the existing programme, would be completed. The present programme called for 1,050 of all types, this year, and 1,600 the following year.

General

5. The Prime Minister enquired whether more could not be done to increase production of aircraft, ammunition, and all forms of supplies, even though orders were not forthcoming. He emphasized the importance of making full use of every possible source. Emergencies still unforeseen might arise. Regard should be had to the danger of hostilities in the Pacific area.

6. Mr. Howe said that until the present emergency arose Canada had not had an opportunity of seeing what she could do, that the situation had now altered, and that every possible effort was being put forward. However, the Department of Munitions and Supply could not act solely on its own initiative. It must have direction from the Department of National Defence.

Liaison between Departments of National Defence and Munitions and Supply

7. The Prime Minister referred to the report of the Economic Advisory Committee which had been approved at the meeting of the Cabinet War Committee, held on May the 29th, and enquired what steps were being taken to effect better liaison in this respect.

8. Mr. Rogers expressed the view that the conclusion of the Economic Advisory Committee was, to some extent, misleading; that the Department of National Defence, in making requisitions to the Department of Munitions and Supply, was not able to go beyond such commitments as had been authorized by the Department of Finance. Financial authorization limited the ability of his department to forecast service requirements.

9. The Minister of Finance stated that in cases of necessity his department were prepared to allow commitments to be made, even where expenditures had not been authorized. In several instances this had been done, and

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no essential requirements for war purposes would be refused.

10. Mr. Rogers said that he was writing to the Secretary with regard to the report of the Economic Advisory Committee, in this matter.

Shell Filling Plant

11. Mr. Howe reported that in order that a shell filling plant should be constructed with the least possible delay, he had agreed with representatives of the United Kingdom to recommend payment by the Canadian government of one-third of the total cost of erecting such a plant in Canada. The total cost was estimated at some $12,000,000. The Committee agreed to the recommendation of the Minister in this respect.

Military Co-operation

Iceland

12. Mr. Rogers reported that he had received an answer to his enquiries through Canadian Military Headquarters in London, as to the ancillary troops which would be required with the infantry brigade, which it had been agreed to send, for garrison duty in Iceland. In all, some 4,600 men would be needed. It had been requested that one infantry battalion be sent in advance. These requests could be met and a battalion could be ready for embarkation this month.

13. The Prime Minister observed that on May the 22nd the Committee had agreed to accede to the request of the U. K. government to provide a Canadian infantry brigade for this purpose. There was no reason to review the decision at this time.

14. The Under-Secretary of State for External Affairs enquired whether any word had been received as to what artillery, anti-aircraft, air and naval protection was considered necessary and would be provided by the United Kingdom.

15. Mr. Rogers replied that no answer had yet been received on these points, but that he would make further enquiry.

Hospital Accommodation

16. Mr. Rogers requested authorization to proceed with the raising of hospital units, as and when required. He asked that pending decision to raise further units he be given the necessary authority to enable his department to have orders placed for equipment. As two or three months were required to obtain equipment, it was essential that such orders be placed in advance.

17. There was some discussion of the arrange-

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ments in the United Kingdom for treatment of Canadian wounded, in Canadian or other hospitals. The difficulty of making any long forecast of requirements was recognized.

18. It was agreed that it should be left to the judgment of Mr. Rogers to authorize the raising of additional hospital units, as the need arose.

C. A. S. F. and U. K. Forces

19. Mr. Rogers requested authority to comply with the recommendation of the G. O. C., of the 1st Division, C.A.S.F. permitting exchange of staff officers between C.A.S.F. and U.K. Forces. It was agreed that such authority should be granted.

Employment of Canadian Forces in France.

20. It was agreed that Mr. Rogers should draft, for the approval of the Prime Minister, a cable to the G. O. C., 1st Division, C.A.S.F. expressing appreciation of his position and judgment in making personal reconnaissance of the situation in France and consulting U. K. authorities regarding the decision which had been reached for the disposition of the Canadian forces.

Internal Security

21. The Prime Minister stated that he had received from several reliable sources reports of activities of persons of German origin, resident in Saskatchewan, suspected of Nazi sympathies.

European Situation

22. The Prime Minister read to the meeting the latest telegrams received upon the general military situation in France.

The meeting adjourned at 7.20 p.m.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee.

June 5th, 1940.

12.

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MOST SECRET June 5th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, June the 5th, at 9 p.m.

There were present the following members:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of National Defence (Mr. Rogers),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Munitions and Supplies

Orders for U. K. and Allied governments

1. The Prime Minister referred to the meeting which had been arranged for the following day with a delegation from the Canadian Manufacturers Association, to discuss problems relating to the further use, by the United Kingdom and Allied governments, of Canadian industrial capacity, for the production of urgently required munitions and supplies. He felt that the delegation should be informed, quite frankly, of the difficulties which had been encountered, and the delays which had occurred, for which the Canadian government were in no way responsible.

Mr. King reviewed briefly previous conversations which had taken place between the government and representatives of the Canadian Manufacturers Association, both prior to and since the outbreak of war. He also referred to communications which had been made to the U. K. government on this subject. The record was quite clear in so far as the government were concerned. The attitude of the government had been stated unequivocally, on many occasions, both to the U. K. government and to Canadian manufacturers. The government had, throughout, been ready and willing to encourage the placing of British orders in Canada.

(See memoranda of meetings with C.M.A., June 28th, 1939 and September 5th, 1939; also copy of letter from Mr. King to Mr. Massey, of June 28th, 1939).

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2. The Minister of Munitions and Supply reported that the situation with respect to British orders had improved, that he had been informed that the U. K. government would place in Canada orders for the equipment of ten divisions; that the French government were also likely to place large orders soon, and that Canadian industry was being organized to undertake these larger responsibilities.

Internees and Prisoners of War from the United Kingdom

3. Mr. King referred to the request received from the U. K. government that Canada agree to accept large numbers of enemy aliens and prisoners of war who had been interned in Great Britain. The presence of both of these elements were regarded as a pressing military problem.

4. The advisability of acceding to this request was discussed at some length. On the one hand, it was argued that the problem of internal security in Canada might be considerably increased by the introduction of these elements at this time; reports had been received as to suspicious activities on the part of German elements in Western Canada, particularly in Saskatchewan; the public mind had become increasingly agitated of recent weeks by the fear of Fifth Column activities; the effect of bringing some thousands of enemy aliens to Canada would be unsettling. On the other hand, it was argued that these elements constituted a much greater danger in Great Britain than they would if interned in Canada; large encampments of prisoners of war and interned aliens would prove grave sources of concern to the U. K. authorities in the event of a German invasion.

5. While it was suggested that the U. K. government might give consideration to transporting these elements to Newfoundland, or the West Indies, rather than to Canada, it was observed that Canada possessed locations where internment camps might safely be set up, such as Sable Island, the Magdalene Islands, Grosse Isle (where the Immigration quarters would be available) and possible locations in Northern Canada.

6. It was agreed that the Director of Internment Operations should be asked to make a survey of facilities and locations for the accepting of limited numbers of internees and prisoners of war, although the concensus of opinion was that, for the present at all events, it would be unwise, because of the internal situation, to accept any large numbers.

Military Co-operation

Iceland

7. The Minister of National Defence reported in detail upon the recommendations of the General Staff with regard to the composition of the Infantry

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Brigade which Canada had undertaken to provide for garrison duty in Iceland. Consideration was being given to the appointment of a Commanding Officer and Staff, for this Force.

Department of National Defence - staff appointments.

(1) Inspector-General

8. Mr. Rogers reported that he had come to the conclusion that it was important to provide for the appointment of an Inspector-General, who should be completely independent of the Defence Council and the Permanent Force. The functions of such an Officer would comprehend the inspection of all training and equipment. He would keep in close touch with the District Officers Commanding, to see that they were properly fulfilling their functions. He would report, not through the General Staff or the Defence Council, but direct to the Minister.

It was essential that the right man should be found for the position. In his opinion, no Permanent Force officer would do. Other qualifications and a fresh point of view were required. He suggested the name of Major General Griesbach as the best man available.

9. After some discussion of other possible appointees it was agreed that Mr. Rogers' recommendation should be accepted and that he be authorized to approach General Griesbach and enquire whether he would be willing to accept appointment.

(2) Defence Council

10. Mr. Rogers suggested, for consideration, the name of General McRae as possibly a useful person to be added to the Defence Council, to assist with and advise in present urgent matters of organization.

After some discussion it was agreed to defer this appointment for the present.

(3) Director of Engineering Services

11. Mr. Rogers stated that in his view the department should be strengthened on its engineering side. He was looking for the right man to appoint as Director of Engineering Services. Several names had already been considered.

12. Mr. Howe said that he would be glad to go into the matter and subsequently make suggestions to Mr. Rogers.

(4) Chief of the General Staff - Deputy Chief of the General Staff.

13. Mr. Rogers reported that he had been giving most careful consideration to the strengthening

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of the General Staff. The present C.G.S., had been greatly pressed since the outbreak of war. Though General Anderson was, no doubt, of limited capacity, he knew of no other available officer who was sufficiently better qualified to justify an abrupt change in this post, at this time.

His suggestion to strengthen the General Staff was to provide for the appointment of a Deputy C.G.S., with a view to his possibly succeeding Major-General Ashton, at a later date.

He had made a thorough canvass of officers available and felt that either Brigadier B. W. Browne, or Brigadier R. O. Alexander, would be the best qualified for such a position; of the two he inclined to the former.

14. After some discussion it was agreed that provision should be made for a Deputy C.G.S., and that of the names discussed, Brigadier Browne was thought to be the best.

(5) District Officers Commanding

15. Mr. Rogers reported that three District Officers Commanding required to be appointed and at present he was giving consideration to the best available material for these posts.

Munitions and Supplies

(1) Mechanical Transport

16. Mr. Rogers reported that in the manufacture of mechanical transport for the C.A.S.F., a fault had been found in the front axle of units which had been provided. Preliminary investigation had shown that the defect was metallurgical and occurred in castings manufactured by The MacKinnon Industries Limited, St. Catharines, Ontario. Sabotage had been suggested but he thought this possibility remote. A full investigation was being made, and meantime complete replacements for all front axles manufactured was necessary and had been ordered. The manufacturers had undertaken to do this without further cost. It was important that no mention of this trouble should be made. As far as he knew the situation had not received any publicity so far.

(2) Offers in kind for Defence Purposes

17. Mr. Rogers referred to the numbers of offers which were being made to his own and other departments, to provide specific articles for defence purposes, such as tanks, planes and so forth. To merely deposit such subscriptions in the Consolidated Revenue Fund was, perhaps, rather discouraging to the donors who felt that their gifts should be identified. Could not some more personal method of dealing with such donations be devised.

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18. The Minister of Finance stated that there was no objection to the identification of such articles, if the full amount required for their purchase were provided, though, as a matter of book-keeping it was not feasible to segregate the funds subscribed, or earmark them for special purposes.

19. After some discussion it was agreed that where the full purchase price of any specific article required for the defence programme was provided, an effort should be made to identify such articles as coming from the subscribers concerned, though the use of such articles could not, of course, be limited.

(3) Summer underclothing and battle dress.

20. Mr. Rogers stated that General Odlum had reported that deliveries of summer underclothing and battle dress had been late and that as a result troops at Petawawa had not been provided with these articles, and were complaining.

In the circumstances he had communicated with Mr. Howe and had proceeded immediately to obtain supplies of summer underclothing from whatever sources, retail or wholesale, were available.

21. It was agreed that authority be granted to the Minister of National Defence to proceed accordingly, and that in the future, in similar cases of urgency, Mr. Rogers should take immediate steps, and that authority would subsequently be granted him.

(4) Aircraft

22. Mr. Howe reported progress with regard to the increased manufacture of aircraft in Canada. The manufacture of Ansons was now proceeding; tests had been completed for the Fleet 60's, the manufacture of which would now proceed.

23. The Minister of National Defence for Air reported that all suitable second-hand planes available were being collected for service.

Department of Munitions and Supply -

Accommodation

24. Mr. Howe pointed out the serious need for additional space to house the expanding staff of the Department of Munitions and Supply. The work of the department was seriously hampered by inadequate accommodation. He enquired whether the partially completed Supreme Court Building might be used for this purpose.

25. It was agreed that such portions of the Supreme Court Building as could be converted temporarily for the purpose, should be so converted and

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used by the Department of Munitions and Supply, for war purposes.

Air Training

Instructors from the United States

26. Mr. King enquired what steps had been taken with regard to exploring the possibility of obtaining instructors from the United States.

27. Mr. Power replied that steps had been taken to find out what American instructors might be available, that he did not anticipate that more than twenty or thirty could be obtained, and that nothing very ambitious along this line was thought to be practicable.

28. Mr. King stated that the greatest care should be taken not to contravene the American Neutrality Regulations in seeking to obtain instructors or recruits from the United States. The Minister should take every safeguard to see that the strictest observance of the Regulations was maintained, in order to avoid any possibility of embarrassment to the United States authorities, who had been very friendly disposed.

29. Mr. Power undertook to revise the project which his department had in mind involving the payment of the expenses to Canada of candidates for appointment as instructors. He would take the greatest care that arrangements with American candidates were on a civil basis for instruction for civilian flying clubs.

U. S. Tourist Trade

30. Mr. Ralston referred to the serious affect upon the U. S. tourist trade of questions in Parliament regarding the searching of Americans crossing the Canadian boundary, as a precaution against subversive activities. He enquired what the situation was in this respect.

31. The Minister of Justice replied that no search was made by the R.C.M.Police, though many representations had been made from the Windsor area, seeking to have such a practice put into effect.

32. The Minister of Mines and Resources stated that there was no personal searching by the Immigration officers at the border, and suggested that the departments concerned, namely, National Revenue, R.C.M. Police, Finance and Transport should confer on the subject.

U. S. Passport Regulations

33. The Prime Minister reported that the United States were considering the necessity of

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requiring passports for the entry of Canadians into the United States. The Under-Secretary of State for External Affairs had been in communication with Washington and every effort would be made to work out some solution of the difficulty.

Organization of Voluntary Effort

National War or Security Council

34. Mr. King emphasized the importance of making further provision immediately for the adequate employment of the large volume of voluntary patriotic effort which had been made available to the government since the outbreak of war. As examples of the offers which had been made, he read a letter from the Montreal Rotary Club and a letter from an individual, making suggestions as to fields in which voluntary effort might be of great value.

A great mass of names had been collected and co-ordinated by the Voluntary Service Registration Bureau. Thousands of women had registered under the aegis of the Committee for the Voluntary Registration of Canadian Women. If these volunteers could not be put to work without delay, a serious situation would develop.

In his view a large national body should be established for the organization of patriotic effort. This body should be headed by a man of exceptional qualifications who might be brought into the Ministry at a later date.

35. After some discussion it was agreed that a small committee of members of the House should be named to draft a measure for the constitution of a national service council for the organization of voluntary patriotic effort in the various spheres. The names of Messrs. Colin Gibson, Claxton, W. C. Macdonald and Picard were suggested.

The meeting adjourned at 11.45 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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June 10th, 1940.

13.

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MOST SECRET June 10th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Monday, June the 10th, at 9.45 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

"Saturday Evening Post"

1. The Prime Minister referred to the decision of Council, at the meeting held earlier today, directing the Secretary of State to take the necessary steps to prohibit the entry into Canada, and the distribution, of The Saturday Evening Post, on grounds of that publication's strong anti-Allied bias of recent weeks.

In view of the sentiments expressed by the President of the United States, in his address this evening, and the now obvious swing of American public opinion in favour of the Allies, it might be unwise, at the present juncture, to take steps to ban, in Canada, a well known American publication, such as The Saturday Evening Post.

2. It was agreed, in the circumstances, that action in respect of The Saturday Evening Post should be suspended. The Secretary was directed to so inform the Secretary of State and the Censorship Committee. This was done at once.

Declaration of War against Italy

3. The meeting, acting for the purpose as "The Committee of the Privy Council" ratified the action of the Prime Minister in signing an Order-in-Council (P.C. 2506) of June the 10th, 1940, authorizing the submission to His Majesty the King, through the Canadian High Commissioner in London, of the advice of the King's Privy Council for Canada, that a Proclamation issue declaring the existence of a state of war between Canada and Italy, as of this date.

4. The Under-Secretary of State for External Affairs presented a telegram from the High Commissioner, reporting receipt of instructions to present the submission to the King, as soon as possible. It was

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anticipated that word would be received, shortly, of His Majesty's approval.

Death of the Minister of National Defence

5. Mr. King referred briefly to the "irreparable loss" which the government and people of Canada had suffered in the sudden death of Mr. Rogers, as the result of an aeroplane accident, earlier today. To an exceptional and increasing extent Mr. Rogers had gained the confidence of all with whom he had been associated. This had been particularly true since he had assumed the heavy duties of Minister of National Defence in time of war. His ability, wisdom and character would be widely missed, particularly during the critical days through which we were passing.

Internees and Prisoners of War from the United Kingdom

6. Mr. King observed that Council, at the meeting held earlier today, had appointed a Committee composed of Messrs. Lapointe, Crerar, Ilsley, McLarty and Casgrain, to consider in detail the reception in Canada and the disposition of internees and prisoners of war from Great Britain. As a further measure of assistance to the U. K. government, at this time, and despite domestic reasons which had been urged against such action, Council had approved, in principle, the acceptance of certain of these internees and prisoners of war, whose continued presence in Great Britain would constitute a pressing military problem.

The United Kingdom government had suggested that Canada should agree to accept up to 4,000 internees and up to 3,000 prisoners of war.

7. It was agreed that a telegram should be despatched to the U. K. government expressing the willingness of the government to accept up to 4,000 internees, and up to 3,000 prisoners of war, and asking advice as to when their arrival in Canada might be expected.

(See Cypher telegram No. 714, of June the 10th, from the Secretary of State for External Affairs, to the High Commissioner in the United Kingdom).

Military Co-operation

Iceland

8. Mr. King read a telegram from the Canadian High Commissioner in London, describing the additional measures which the U. K. government now felt should be taken for the security of Iceland. The telegram suggested that Canada agree to assume responsibility for the island's defence, on the increased scale now considered necessary. The telegram set out, in detail, the additional measures believed to be essential by the British Chiefs of Staff Committee.

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(See Cypher telegram No. 792 of June the 6th, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Ottawa).

9. In the absence of the Acting Minister of National Defence, and in order to save time, it was decided to refer Mr. Massey's telegram to the Canadian Chiefs of Staff, for review and report upon the possibility of Canada providing the additional assistance asked. The Secretary was instructed to refer Mr. Massey's telegram, accordingly.

U.S. Passport Regulations

10. Mr. King read a draft telegram, which had been prepared, to the Canadian Minister in Washington, directing him to urge upon the American government the importance of reviewing their announced decision to require passports of persons entering the United States from Canada.

11. It was agreed that the draft telegram represented the views of the government, on this question, and the Under-Secretary of State for External Affairs was directed to despatch it forthwith.

(See Cypher telegram No. 102 of June the 10th, from the Secretary of State for External Affairs, to the Charge d'Affaires, Canadian Legation, Washington).

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Cabinet War Committee

June 14th, 1940.

14.

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MOST SECRET June 14th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on June the 14th, at 8.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Acting Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Refugees and Evacuated Children

1. The Prime Minister enquired as to the situation regarding the reception in Canada of evacuated children and refugees.

2. The Minister of Mines and Resources replied that so far as children were concerned, a telegram had been sent to the Canadian High Commissioner in London asking for details as to numbers and circumstances of children whom it might be desired to evacuate from Great Britain. Mr. Massey's reply indicated that the United Kingdom government contemplated the setting up of a special organization to take charge of this problem.

(See Cypher telegram No. 725 of June the 12th from the Secretary of State for External Affairs, Ottawa, to the Canadian High Commissioner in Great Britain, and Cypher telegram No. 858 of June the 14th, from the High Commissioner for Canada in Great Britain to the Secretary of State for External Affairs, Ottawa).

3. Mr. Crerar expressed the view that Canada could receive up to 5,000 children at an early date, in co-operation with the Provinces. Manitoba had offered to accept 2,500; Ontario was also willing to accept substantial numbers. The Provinces were willing to place their welfare machinery at the disposal of the Federal government and would undertake the location of children whom they agreed to accept, and exercise supervision after the children had been placed in homes.

4. The Prime Minister expressed concern lest Canada should be faced very soon with the necessity of accepting thousands of children and refugees without

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adequate arrangements having previously been made to deal with them. It was evident that Canada would be asked to accept thousands, in both categories, and it was essential that machinery should be devised, without delay, to handle these persons on the large scale which would be necessary.

5. Mr. King drew attention to the fact that Canada had already agreed to accept up to 7,000 internees and prisoners of war, had suggested willingness to accept some 10,000 children and had shown interest in other refugees, large numbers of whom would have to be accepted. It was not reasonable to expect the Immigration Branch of the Department of Mines and Resources to handle such a large problem. In his view a new department or agency of government would be necessary for this purpose. The organization of a War Services Council, which was under consideration, might assume this duty under the supervision of a special Minister.

6. The Minister of Justice drew attention to the difficulties involved in receiving such large numbers of persons in these categories. A Cabinet Committee had today given consideration to provision for internees and prisoners of war. The problem of locating them required very careful study and involved many considerations. Similar difficulties would be encountered with respect to refugees, though in so far as children were concerned, the problem might not be so difficult to resolve.

Internees and prisoners of war

7. The Prime Minister enquired as to the situation regarding the reception of the internees and prisoners of war whom the Canadian government had agreed to accept.

8. Mr. Lapointe replied that this problem had been somewhat complicated by the division of responsibility between the Departments of the Secretary of state (enemy aliens), National Defence (provision of military guards) and Justice (internal security). The Special Cabinet Committee were considering the problem, and the Director of Internment Operations was making a survey of possible locations for internment camps. The general view was that the majority should be located in New Brunswick, Quebec and Ontario, rather than in the Western Provinces.

9. The Minister of Finance referred to the "political" problems connected with the locating of internees and prisoners of war. This had been discussed in Council earlier today. It had been felt that to locate large numbers in Saskatchewan might be unwise because of the German populations there; on the other hand, to send some to Alberta and not to

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Saskatchewan might appear to be a reflection on the loyalty of the other Province.

10. Mr. Lapointe said that the Cabinet Committee had the matter in hand, were giving it every consideration, and that so far as the funds necessary were concerned, they were arranging to consult the Minister of Finance.

European situation

11. The Prime Minister observed that the whole position had changed radically within the past few days. The situation was now exceedingly grave and there was every possibility that France would be out of the war within a few days. This possibility raised problems of the utmost seriousness. Emphasis was now shifting from the local defence of France and the United Kingdom, to policies to be adopted for the saving of the French and British Empires.

12. Mr. King read confidential messages which he had received from the Prime Minister of the United Kingdom, descriptive of the course of conversations over the past few days with the government of France and suggesting that the Canadian government send a message of support to the French government, which could be made public.

(See Personal and Secret letters from the High Commissioner for the United Kingdom, in Canada).

In reply to the request of the U. K. government that the Canadian government should send a message to the government of France, the Prime Minister had sent a telegram to M. Reynaud, which he had read in the House of Commons today.

(See House of Commons debates of June the 14th, 1940, page 852).

13. Mr. King had been in communication with the President of the United States and had communicated to him the substance of word received from the U. K. government over the past few days.

14. Mr. King read communications received from the Canadian Minister to France.

(See Cypher telegram No. 139 of June the 13th, 1940, from the Canadian Minister to France, to the Secretary of State for External Affairs, Ottawa.)

15. Mr. King then read two personal and secret communications which he had received yesterday and today, through the U. K. High Commissioner, expressing the U. K. government's appreciation of the military situation. The Canadian government's views had been requested.

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(See personal and secret letters from the High Commissioner for the United Kingdom, in Canada, to the Prime Minister, and enclosed memoranda).

16. Mr. King said that in reply to the request for views, he had cabled to the U. K. government the text of the statement which he had, this afternoon, made in the House of Commons. He had intended sending further word after obtaining the views of the Committee. Mr. King then read a draft reply which he had prepared. The draft was considered by the meeting, certain revisions made, and approved, as revised, for immediate despatch.

(See Cypher telegram No.105 of June the 14th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

17. The Prime Minister had deemed it important to communicate personally to the President of the United States the substance of the messages which he had received from the U. K. government, and their appreciation of the situation. This he had done, and in conversation with the U. S. Minister to Canada, he had put the situation quite frankly, so that the Minister might inform Mr. Roosevelt, privately, of what had transpired. He had also mentioned to Mr. Moffat the suggestion made to him, personally, by the President, that there be consultation between American and Canadian staff officers as to common problems of defence. He felt that the policy which he had adopted of keeping Mr. Roosevelt fully informed had been justified by events.

Newfoundland

18. The Acting Minister of National Defence reported that concern was felt regarding the defensive position of Newfoundland. The location of the island and particularly the large aerodrome and sea plane base located there were of vital interest to Canada.

The Prime Minister, at the outbreak of war, had recognized that Canada was concerned in the defence of Newfoundland.

(See House of Commons debates (Special Session) September 8th, 1939, page 35).

While no large scale attack upon Newfoundland need be anticipated, it was, in his opinion, necessary to provide adequate means of preventing possible raids, particularly upon the sea plane base, aerodrome and harbour. It was not beyond our capabilities to provide adequate defences for this limited purpose.

19. Mr. Power reported that consideration had been given by the Chiefs of Staff to steps which should be taken in the naval, military and air spheres. As a result he recommended as follows:

(1) That staff talks should immediately be instituted between Canadian and American officers regarding

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specific problems involved in the defence of the Atlantic Coast.

This was agreed.

(2) That a communication should be sent to the government of Newfoundland and to the U. K. government, proposing the immediate despatch of a reconnaissance party to review the defence situation and recommend measures to be adopted.

This was agreed, and Mr. Power handed to the Under-Secretary of State for External Affairs a draft telegram which had been prepared in this respect.

(See Cypher telegram No. 13 of June the 14th, 1940, from the Secretary of State for External Affairs to the Governor of Newfoundland, St. Johns).

Forestry and Transportation Units

20. Mr. Power reported that the U. K. government had communicated requests for substantial additional assistance from Canada in the way of forestry and transportation units. Their previous requests, in these respects, had been granted and units were now being raised, involving personnel of 1,696, of all ranks.

These further requests would involve additional personnel of 3,112, of all ranks.

21. The Defence Council had been consideration to these additional requests and reported that they could be met. They recommended that recruits for such units be accepted up to 50 years of age, and in "B" and "C" categories. He was not inclined to agree with the recommendations of the Defence Council, in so far as modification of ordinary restrictions in these respects were concerned. He was not aware whether, in view of the changed conditions, the requirements of the U. K. government would be subject to modification.

22. After some discussion, it was agreed that the Canadian government should accede to the additional requests of the U. K. government for forestry and transportation units, provided these were still required, and that a telegram should be despatched to the United Kingdom stating that the government had already authorized and were recruiting up to 1,696, all ranks, and enquiring whether, in view of the changed conditions, the additional units requested in the telegram of June the 8th, were still desired. If an affirmative reply were to be received to the enquiry, it was agreed that the Acting Minister of National Defence should have authority to proceed to raise these additional troops, forthwith.

Iceland

23. Mr. Power referred to the government's agreement to provide an infantry brigade for garrison duty in Iceland.

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The U. K. government had recently concluded that additional measures for the security of the island should be undertaken, without delay and had requested Canada to assume responsibility for the defence of Iceland, on the increased scale now considered necessary. Requests in this connection involved further personnel, aircraft and anti-aircraft guns.

(See Cypher telegram No. 792 of June the 6th, from the High Commissioner for Canada, in Great Britain, to the Secretary of State for External Affairs).

He was advised by the General Staff that if the further requests of the U. K. government were granted, total personnel involved would be some 8,880 and that these could be provided if the government so decided.

24. Dr. Skelton referred to the geographical position of Iceland and to its proximity to the North American continent. He felt that the subject of its defence might be a matter for discussion with the U. S. government.

It was agreed that the United States should be informed of the steps being taken by Canada in this respect.

25. Further contribution by Canada to the defence of Iceland was then discussed at some length. The concensus of opinion was that the government should agree to provide the additional personnel involved.

Equipment of the C.A.S.F.

Arrangements with the U. K. government

26. Mr. Power submitted a memorandum of May the 18th, prepared by the Master General of the Ordnance, recommending that the government accept the principle that Canada should undertake production of all articles of armament stores for her troops overseas, which, either by character or quantity, could be economically produced in Canada. The memorandum further urged the acceptance of the principle laid down by the War Office, viz., that articles involved in barter agreements with the U. K. government should be delivered into the Pool at U. K. price.

It was agreed that the principles expressed in Major General Elkins' memorandum be approved.

(See Secret memorandum of May the 18th, 1940, to the Minister of National Defence, from the Master General of the Ordnance).

Internal Security

27. Mr. Power referred to the pressing representations which he was receiving as Acting Minister of National Defence, from Provincial authorities, for recognition for "civil guards" and other proposed organizations for assistance in maintaining order, and

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guarding vulnerable points.

The Premier of Manitoba had requested authority to raise "rifle clubs" and have them supplied with arms. The Ontario government had made similar requests regarding civil guard units.

Mr. Power took strong exception to approving any such arrangements which, if authorized, would detract seriously from the recruiting and training of troops urgently required for active service here and overseas. He pointed out that there were now in Canada some 64,000 troops, under arms, and that in addition some 33,000 were in process of being recruited - this was inclusive of reinforcements, corps troops, special units, and authorized military guards.

28. After some discussion it was agreed that such proposals as those of the governments of Manitoba and Ontario should not be permitted to interfere with the pressing duties of the Defence Department in raising and training fighting troops; on the other hand it was felt that it was inevitable that the Federal government should agree to some extension of their responsibility for the guarding of vital points throughout the country.

29. The Prime Minister observed that there was a growing feeling throughout the country that provision should be made so that every able-bodied man might be used in some phase of the war effort.

30. Mr. Ralston agreed, but pointed out that the difficulty was that the public expected everything to be undertaken at once.

Defence of Canada

31. The Prime Minister said that consideration would require to be given, at once, to the possibility of having to provide bases in Canada for the British Fleet, if the military situation in Europe continued to deteriorate. The position with respect to the defence of the Atlantic Coast should be fully reviewed.

32. Mr. Power reported that the Chiefs of Staff had drawn up and acted upon plans for the defence of Canada. They had been prepared to protect the Canadian Coast against raids. However, there were serious requirements in guns and equipment needed for coastal defence. The Halifax harbour could provide a suitable base for vessels of the Royal Navy.

33. The Minister of Munitions and Supply stated that arrangements had been made for the manufacture of guns in Canada and that it was anticipated that a beginning would be made within one month.

34. The Prime Minister requested that the Acting Minister of National Defence have a full report

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prepared regarding the defence situation on the Atlantic coast and recommending what steps should be taken to provide adequate bases for the British Fleet in Canada, should that prove necessary.

35. Mr. Power undertook to have this report prepared and submitted at an early date.

He had already given authority to the Chief of the Naval Staff to proceed with the training of additional Naval personnel in case additional destroyers were to become available from American sources.

Department of National Defence -

Staff appointments

(1) Inspector General

36. Mr. Ralston x referred to the intention of the late Mr. Rogers to invite Major General Griesbach to accept appointment as Inspector General. This appointment had been approved by the Committee on June the 5th.

In view of the intention that he should become Minister, Mr. Ralston had interviewed Senator Griesbach himself and the latter had agreed to accept appointment as Inspector-General, to report direct to the Minister in the manner which had been recommended by Mr. Rogers.

(2) Assistant Minister of National Defence

37. Mr. Ralston reported that he had been considering the feasibility of appointing an Assistant Minister of National Defence who would assist the Minister, not only in the performance of Parliamentary duties but also with respect to Departmental administration. He had come to the conclusion that such an appointment could be of great assistance. An Assistant Minister might, for example, assume responsibility for specific matters such as the Home Guard.

38. After discussion of the merits of the proposal it was agreed that Mr.Ralston should be authorized to act in the matter as he thought fit and to select whomever he thought appropriate for the post.

The meeting adjourned at 11.30 p.m.

(x) It had been announced by the Prime Minister, in the House of Commons on June the 13th, 1940, that Mr. Ralston would succeed the late Mr. Rogers as Minister of National Defence, after Mr. Ralston had introduced the Budget.)

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

June 17th, 1940.

15.

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MOST SECRET June 17th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on June the 17th, at 6 p.m.

There were present the following:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Acting Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Further Emergency Measures

1. The Prime Minister referred to the undertaking which he had given in the House of Commons, this afternoon, that he would make a statement, tomorrow, as to the measures which have been adopted, and which it is proposed to adopt, to meet the emergent situation resulting from the cessation of organized resistance by the French Armies and the seeking of an armistice with the enemy by the new French government under Marshal Petain.

2. The Minister of Finance read a draft statement which had been prepared to be read in the House of Commons tomorrow, by the Acting Minister of National Defence, with respect to recruiting for the armed forces, for service in Canada and overseas.

Internal Security

3. The Acting Minister of National Defence referred again to the representations which he continued to receive for recognition and approval by the government of Provincial organizations formed, or in process of formation, with the object of assisting in the maintenance of order and in the protection of vulnerable points.

In his view such activities should be regarded as falling within Provincial and Municipal jurisdiction. The civil guards in question should not be regarded or recognized as forming part of the country's military formations but, if required, they could be sworn by Provincial authority as special constables, supplementary to existing police forces.

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4. The Minister of Justice stated that the Provinces had the right to supplement their police forces by as many special constables as they deemed to be necessary.

5. Mr. Power felt that a public statement of policy could be made upon this question, setting out clearly the distinction between the military functions exercised by the Federal government, through the Department of National Defence, and civil functions such as those in contemplation in respect of so-called civil guard formations.

Mobilization of persons and property for war purposes.

6. Mr. Power stated that he would be in favour of compulsory mobilization of units of the Non-Permanent Active Militia for home defence. The feeling throughout the country, as a result of recent developments, was very strongly in favour of compulsory service for Canadian defence. It had given consideration to ways and means of registration for this purpose and would prefer it to be done through a civilian agency rather than through the Defence Department. Possibly the Australian model might serve, or municipal organization might be used.

7. Mr. Lapointe also expressed himself in favour of compulsory military service for the defence of Canada. It should, however, be made quite clear that mobilization of man power for the armed forces would not extend to service overseas, for which the voluntary method should be continued.

If men were to be conscripted, then wealth should be conscripted as well. We could not ask for the lives of some of our citizens and leave the profits and wealth of others. He would favour the introduction of legislation somewhat similar to that recently enacted in the United Kingdom to empower the government to conscript both men and wealth.

8. The Under-Secretary of State for External Affairs drew attention to the contrast between the requirements of man power in former wars, to those under modern conditions. The need now was not only for soldiers, sailors and airmen, but also for large numbers of skilled industrial workers. It was necessary to plan in a wide field to determine the various needs, and national registration must necessarily precede any conscription of man power.

9. The Minister of Munitions and Supply agreed with Dr. Skelton. In certain quarters there was too much eagerness to put men into uniform, many of whom could serve better in essential industrial establishments.

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10. Mr. Power expressed the view that registration must be recognized as a first step towards mobilization of all resources for national service. The public should be told the purpose at once. There should be a general act for the mobilization of human and material resources.

11. Discussion then took place as to the appropriate machinery for effecting national registration with the least delay, and in the most effective manner. The use of the census organization was suggested, though this might prove too slow. The election machinery might serve as a quicker and more ready method of procedure.

12. Mr. Ralston said that registration of persons should aim at serving three ends - first, as an added protection against subversive activities, to provide a careful check upon all elements in the population; second, to provide an inventory of sources of mechanical and industrial skill available in the country; and third, to inform the Defence authorities as to the man power available for the armed forces.

13. After further discussion it was agreed that a bill should be drafted, somewhat along the model of the British bill, providing that special emergency powers be conferred upon the government, to effect a mobilization of all national resources, human and material, for the defence and security of Canada. It was understood that the bill should specifically limit mobilization for service in the armed forces to service within Canada.

The Secretary was directed to draft a bill, for consideration by Council tomorrow, in consultation with Mr. Power and Mr. Lapointe. The measure, if approved by the Cabinet, could be introduced into Parliament tomorrow afternoon.

Department of National War Services

14. The Prime Minister referred to his previous suggestions that an organization should be set up to co-ordinate the activities of existing voluntary war services, and to direct the activities of the large numbers of citizens who were eager to contribute of their time and energy to the national war effort.

He had come to the conclusion that these activities could best be organized under a special department of government. Many forms of service could be brought together and co-ordinated in such a department, under a separate Minister of the Crown.

15. It was suggested that such a department

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might conduct the national registration to precede the mobilization referred to in the previous discussion, the results of such registration to be turned over, thereafter, to the departments concerned, viz., National Defence, Air, Munitions and Supply, and Labour.

16. After some discussion it was agreed that such a department should be established, the details of its organization and the activities to be included thereunder, to be worked out in detail at an early date, and embodied in a draft bill for consideration by Council.

Statement of Further Emergency Measures

17. The Prime Minister referred again to the statement which he wished to make in the House of Commons tomorrow afternoon, regarding further emergency measures taken, and to be taken, by the government.

18. After some discussion it was agreed that the Prime Minister's statement in the House tomorrow should include the following:

(1) Additional responsibility has recently been assumed for the defence of strategic areas in Newfoundland, and appropriate dispositions of Canadian military and air forces are being made accordingly.

(2) The first contingent of a Canadian expeditionary force have already arrived in Iceland. Further units will follow shortly.

(3) A detailed report on the raising and training of recruits for the three armed services will be given to the House by the Acting Minister of National Defence.

(4) A bill will be introduced today to confer upon the government special emergency powers to mobilize all human and material resources for the defence of Canada.

(5) Recruitment for overseas service will be maintained upon a voluntary basis.

(6) A national registration of man power will be instituted at once.

(7) A new department of government to be known as the Department of National War Services will be established.

(See House of Commons Debates, Tuesday, June the 18th, 1940, page 931).

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European situation

19. The Prime Minister read recent communications received by him, respecting developments in Europe, particularly certain personal and secret messages from the Prime Minister of the United Kingdom, which had been communicated to him through the U. K. High Commissioner in Canada.

Munitions and Supply

20. Mr. Howe reported that a reply had now been received from the U. K. government to the telegram which had been despatched on June the 8th regarding increased production of munitions and supplies in Canada, for British purposes.

(See Cypher telegram No. 97 of June the 8th, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London, and Cypher telegram No. 84 of June the 16th, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

He was hopeful that the new arrangements which were being put into effect would result in substantially increased production in Canada, for Great Britain. He proposed to confer with Mr. Ralston as to the answer to be sent to the communication received, yesterday, from the U. K. government.

(See Cypher telegram No. 112 of June the 17th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

The meeting adjourned at 8 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

June 20th, 1940.

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MOST SECRET

Ottawa, June 20th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Thursday, June the 20th, at 6 p.m.

There were present the following:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Acting Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

C.A.S.F., 1st Division

1. The Acting Minister of National Defence reported that he had received a detailed report, by telegram dated June the 20th, from Canadian Military Headquarters in the United Kingdom, regarding the return to Great Britain of those portions of the 1st Division which had been sent to France. The report indicated that the majority of the equipment of these units had been successfully transported to England; that no unit of the Canadian Forces had retired except upon specific orders from "competent military authority"; and that Canadian casualities had been very few.

International situation

2. The Prime Minister stated that recent reports received indicated the further deterioration of the international situation. He had received word today that the government of Spain were showing interest in the disposition of Gibraltar in any peace settlement, and a telegram from the Canadian Charge d'Affaires in Japan made it evident that that nation contemplated taking advantage of the European situation to force the hand of Great Britain and France, in the Far East.

(See Cypher telegram No. 46 of June the 20th, 1940, from the Canadian Charge d'Affaires in Japan, to the Secretary of State for External Affairs).

Pacific defence

3. The Prime Minister observed that the message which he had read from the Canadian Charge d'Affaires in Japan indicated the necessity of giving

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serious consideration to the defence of the Canadian Pacific Coast.

4. After some discussion, in which it was observed that any action decided upon should be taken, so far as possible, in such a way as not to alarm the public, it was agreed that the Acting Minister of National Defence be authorized to move such troops from camp at Dundurn, Saskatchewan, and Shilo, Manitoba, as might be considered appropriate for coastal defence in British Columbia.

West Indies

5. The Under-Secretary of State for External Affairs reported that word had been received from the U. K. government that the protection of Aruba, in the Dutch West Indies, was regarded as essential to the maintenance of oil supplies and it was requested that Canada should undertake to garrison the island, either from forces in Jamaica or elsewhere. He recommended that in view of American interests in this area, no move be made in this respect without prior consultation with the United States.

6. It was agreed that consultation with the United States in this matter was important and should be initiated. Dr. Skelton would send the request of the U. K. government, in this respect, to the Department of National Defence, for consideration.

Iceland

7. The Prime Minister observed that it should be made clear that troops other than those of the 1st Division, C.A.S.F., were being sent for garrison duty in Iceland. There was some confusion in the public mind, in this respect.

8. Mr. Power observed that he anticipated that in view of developments, the U. K. government would shortly suggest that the 2nd Division, C.A.S.F., be sent to strengthen the garrison at Iceland, rather than being sent for service in the United Kingdom.

Internal Security

9. Dr. Skelton reported that it has been decided to grant permission for Italian Consuls to leave the country. The R.C.M. Police had wanted to hold four or five whose activities had been considered subversive, but that upon the Italian threat to hold British Consuls in Italy, it had been decided to permit the Italians to leave. A search of the records of one Italian Consul, before their delivery to the protecting Consul, had revealed no evidence of improper activities.

The meeting adjourned at 7.15 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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June 27th, 1940.

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MOST SECRET June 27th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, in the House of Commons, on Thursday, June the 27th, at 6 p.m.

There were present the following:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Acting Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply and Minister of Transport (Mr. Howe).

The Secretary (Mr. Heeney).

Staff talks with the United States

1. The Prime Minister reported the outcome of conversations with the U. S. Minister regarding the institution of staff talks with respect to problems involved in the defence of the Atlantic Coast. The President had requested that the Minister should, in the first instance, confer with Canadian Defence officials as to the particular matters which it was proposed should form the subject of staff conversations between service officers of the two countries. Mr. Moffat would then go immediately to Washington to report thereon, personally, to the President.

2. It was agreed that the Minister of Finance and the Acting Minister of National Defence, with the appropriate Defence officers, should confer with the U. S. Minister, as soon as possible, to inform him of the specific problems which they had in mind, as suitable for joint conversations with U. S. service authorities.

West Indies

3. The Prime Minister referred to the discussion at the meeting of Council held earlier today regarding the United Kingdom request that Canada undertake to garrison the Island of Aruba.

4. Mr. Power reported that there were no Canadian troops available for the service suggested, unless the U. K. government were prepared to transfer the Canadian rifle battalion (the Winnipeg Grenadiers), presently on duty elsewhere in the West Indies area. A second Canadian battalion could not be available for this purpose for some time. The Canadian government were not in a position to send any artillery to Aruba, as such as were available were required for home defence. The High Commissioner for the United

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Kingdom should be advised accordingly.

5. The Prime Minister stated that he had mentioned the problem of the protection of Aruba to the U. S. Minister, who had agreed that the protection of the Island was most important, in view of its oil resources. The American government would, however, be concerned if any action in this area, by armed forces, were contemplated. Such action might prove an embarrassing precedent for possible Japanese action in respect of the Dutch East Indies.

6. It was agreed that any action which might be taken in respect of Aruba should, in the circumstances, be the subject of prior consultation with the U. S. government.

(See Cypher telegram No. 125 of January the 27th, 1940, from the Secretary of State for External Affairs, to the Canadian Charge d'Affaires in Washington).

Defence of Canada

7. The Prime Minister emphasized the urgent importance, in view of recent developments abroad, of doing everything possible to provide for the protection of Canadian territory. Full regard must be had to the defence of this country in considering possible further commitments, in respect of forces or materials for service overseas.

8. The Minister of Justice observed that the government's primary responsibility was to provide for the defence of Canada and that if this country were denuded of protection, the government would be held responsible.

9. After some discussion it was agreed that no further commitments involving the despatch of forces or materials outside of Canada should be made, without full consideration and specific authority being obtained in each particular case.

10. The Prime Minister observed that it was of the utmost importance that complete understanding should be reached with the U. S. government as to measures to be taken for the defence of Canada; it was equally important that there should be complete understanding with the U. K. government as to the policy adopted in this, as well as in other respects.

11. The Minister of Finance suggested that consideration should be given to appropriate measures for the requisitioning of civilian trucks in the Maritime Provinces, to be available for possible troop movements for defensive purposes. Consideration might also be given to the requisitioning of all firearms throughout the country.

12. After some discussion, it was agreed that the action referred to by Mr. Ralston should not be

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taken immediately as it might tend to create unjustified alarm in the public mind.

St. Pierre and Miquelon

13. Mr. Power enquired as to what attitude should be adopted by the government in respect of the French islands of St. Pierre and Miquelon, and requested direction as to what steps, if any, should be taken for their protection, in view of the capitulation of the French government.

14. After some discussion it was agreed that the Acting Minister of National Defence should confer with departmental officers and obtain a report as to what steps were required for the defence of the islands. Any action in this respect, and in respect to any other steps made or contemplated for the defence of coastal areas, should be the subject of prior consultation with the U. S. government.

Arms and Equipment

15. The Minister of Finance reviewed briefly the situation with respect to arms and equipment available for Canadian troops, emphasizing the seriousness of the lack of supplies of rifles, small arms ammunition and heavy guns.

After recruiting and equipping all troops now authorized, there would remain only some 22,000 Lee-Enfield rifles and some 40,000 Ross rifles, for the training of units of the Non-Permanent Active Militia, of which the strength of infantry units ran to some 70,000.

With respect to small arms ammunition, it was estimated that after the limited programme of summer training, only some 5,000,000 rounds would be left by October. The Minister of Munitions and Supply had told him that there was no hope of obtaining small arms ammunition from the United States. There might, however, be some available from supplies being manufactured by Canadian Industries Limited, which were engaged in production for the U. K. government.

Of 389 heavy guns required for divisions which had been mobilized, there were only some 211.

Aircraft

16. Mr. Power reported that information received from Mr. Howe and officers of the Department of National Defence for Air, who had recently been in the United States, indicated that the outlook with regard to the supply of planes, both for training and defence purposes, was more hopeful. No definite arrangement had yet been concluded, however, between British Purchasing officials in the United States and our own representatives with respect to the all-important question of priority.

Department of National Defence

Staff appointments

17. Mr. Ralston reported his views as to the personnel of the Headquarters staff of the depart-

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ment, to which problem he had been giving careful study. He referred to the difficulty of Permanent Force officers in adjusting themselves to the new and enlarged responsibilities resulting from the war, and to the serious problem of finding suitably qualified officers for appointment to senior posts.

Training of Norwegian seamen in Canada

18. Mr. Power reported the receipt of a request from the Norwegian government for permission to train in Canada, for active service, some hundreds of Norwegian whale fishermen, presently in Halifax and New York.

He had gone into the matter with the Chief of the Naval Staff and felt that the proposal should be very carefully considered before any reply were made. There could be no guarantee of the loyalty of the Norwegian seamen whom it was proposed to train, and accommodation was already taxed with the training of Canadian sailors.

He suggested that a Committee be set up composed of a representative of the Department of External Affairs, the Chief of the Naval Staff, or his representative, and a representative of the Immigration Branch of the Department of Mines and Resources, to go into the question and deal with the Norwegian request.

19. After some discussion, the recommendation of the Acting Minister of National Defence was approved, the matter being left to the Committee which Mr. Power had suggested.

Training of Norwegian pilots in Canada

20. The Minister of National Defence for Air referred to another request which had been received from the Norwegian government for permission to organize Norwegian air squadrons in Canada, equipped with their own aircraft and manned by Norwegian personnel for service with the Allied forces. It had been requested that the Canadian government make available, for this purpose, an aerodrome for combined sea and land training.

(See Cypher telegram No. 904, of June the 22nd, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

Three suitable aerodromes were available, viz., Rockcliffe, Dartmouth, and Toronto Island, and it would be possible to meet the Norwegian government's request, if it were so decided. The Department of National Defence for Air had no objection in principle.

21. After some discussion it was agreed that the government should accede, in principle, to the

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request of the Norwegian government, in this respect.

Internees and prisoners of war

22. Mr. Power pointed out that the responsibility for the reception and care of internees and prisoners of war from the United Kingdom, was not that of the Department of National Defence, but of the Department of the Secretary of State, to which the Director of Internment Operations was responsible.

23. The Prime Minister enquired as to where it had been decided to locate these men when they arrived. He had heard it suggested that some would be located in Toronto.

Mr. Power replied that he did not think that it was intended that any numbers of internees or prisoners of war would remain, except possibly for a brief period, in Toronto.

24. Mr. Howe suggested that many of these men might be located in Northern Ontario, in camps which had been constructed for men working on the Trans-Canada Highway.

Evacuated children

25. The Minister of Mines and Resources reported that a meeting had been held in Ottawa today, with Provincial representatives, to consider the expansion of the means of reception for children evacuated from the United Kingdom. The meeting would continue tomorrow.

At this meeting it had been suggested that provision might be made so that persons receiving children might regard them as dependents, and make deductions accordingly in their Dominion Income Tax returns. Certain persons who had previously offered to accept children had stated that they would now be unable to do so, in view of the heavily increased Income Tax and as such children could not be regarded as dependents for Income Tax purposes.

He suggested that provision be made so that deductions in respect of evacuated children be permitted for Income Tax purposes.

26. The meeting regarded Mr. Crerar's suggestion favourably and Mr. Ralston stated that he would look into the matter immediately, with Treasury officials, and let Mr. Crerar know, tomorrow, what might be done in this respect.

Bank of Canada Advisory Committee

27. Mr. Ralston reported that for some weeks, with his knowledge and approval, an informal committee constituted by the Bank of Canada from its own staff

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had been giving consideration to action of a financial and economic character which would be necessary in the event of disruption of communications with the United Kingdom. In the course of this work the Committee had had some discussion - of an informal character - with certain Government departments, but these discussions had not been carried beyond a preliminary stage.

Interim verbal reports which he had received lead to the conclusion that it would now be desirable to give formal authorization to the work of formulating recommendations for emergency measures.

28. The action of the Minister of Finance in approving of the preliminary studies was confirmed, and approval was given to constitution of the following Committee:

G. F. Towers - Chairman,
Donald Gordon,
G. D. Marble,
D. A. Skelton,
W. L. Gordon.

29. It was to be the duty of the above mentioned Committee to make recommendations in respect to emergency measures (financial and economic) which should be adopted in case of total or partial disruption of communications with the United Kingdom. The Committee was given power to consult and secure information from any government department or departmental officials, and was to report the result of its investigations and convey its recommendations to the Prime Minister.

30. To facilitate the work of the Committee, the following departments were to be requested to name advisors:

Department of Agriculture,
Department of Munitions and Supply,
Department of External Affairs,
Department of Finance,
Department of Trade and Commerce (Commercial Intelligence Service and Dominion Bureau of Statistics),
Department of Mines and Resources,
Department of Labour,
Department of National Defence,
Department of Justice.

31. The Secretary was directed to inform the Governor of the Bank of Canada of the Committee's approval of the recommendations of the Minister of Finance, in this respect.(x)

Volunteers from the Argentine Republic

32. Mr. Ralston reported that he had received word of an offer to despatch some 4,000 volunteers from Buenos Aires for training with the Canadian forces. He enquired as to what reply should be sent.

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33. Mr. Power remarked that the situation with respect to arms and equipment was such that it would not be possible to equip and train such a large additional number without affecting equipment and training of Canadians. It might be possible to deal with them effectively if they would not all come at once.

34. After some discussion it was agreed that until the needs of Canadian mobilization and training had been adequately provided for, it would not be possible to agree to accept and train, at once, the volunteers mentioned in the proposal reported by Mr. Ralston.

The meeting adjourned at 7.30 p.m.

A. D. P. Heeney
Secretary.

(x) - Mr. Towers advised verbally, by Mr. Heeney, of the War Committee's approval.
(June 28th, 1940).

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Memorandum re Meeting of

Cabinet War Committee

July 4th, 1940.

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MOST SECRET July 4th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, in the House of Commons, on July the 4th, at 6 p.m.

There were present the following:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ralston),
The Minister of Mines and Resources (Mr. Crerar),
The Acting Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Transport and Minister of Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Relations with France

1. The Prime Minister reported that, this afternoon, he had a conversation with the French Minister who had conveyed to him a message from the Bordeaux government. The message had been despatched prior to the action taken yesterday by units of the Royal Navy against French naval forces.

The message reviewed relations between the French and British governments from the beginning of the war, and set forth the French government's version of the events leading up to the armistice concluded by France. The message ended by appealing to the Canadian government to exercise its influence with the government of the United Kingdom to prevent Franco-British relations from further deteriorating.

It was clear that the events of July the 3rd, in particular the battle of Oran, would affect seriously the relations between the two countries. The French Minister had been unable to assess the result of these events, not having heard from his government since these had occurred.

St. Pierre and Miquelon

2. The Prime Minister said that he had spoken with the French Minister regarding the presence of the sloop "Ville d'Ys" off St. Pierre and Miquelon. He had suggested that the best course would be to have her proceed quietly to Halifax so that there would be no need of exercising force. Mr. Ristelheuber had seemed inclined to agree.

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3. The Acting Minister of National Defence said that the sloop "Ville d'Ys was of no military importance.

4. The Minister of Finance stated that departmental officers of the Department of National Defence had reported that the islands constituted no difficult defence problem. They were of no great military importance. A periodic air patrol was recommended. In view of the apprehension expressed by the Governor of Newfoundland, the department were prepared to send an officer to St. Pierre and Miquelon if that were considered desirable.

5. The Under-Secretary of State for External Affairs said that consideration was being given to sending a suitable administrative officer to the islands for report.

French Shipping and Supplies

6. The Prime Minister enquired as to the position of French vessels in Canadian ports and French supplies presently in Canada.

7. Mr. Power reported that the French vessel "Pasteur" which had taken on a cargo of guns and other war stores at New York proceeded under her own steam to Halifax and was now being unloaded in that port, in conformity with a request received from the British Admiralty.

8. The Minister of Munitions and Supply said that the United Kingdom would agree to Canada retaining planes involved in this shipment. There was, however, little further in the way of supplies and materials belonging to France, in Canada. He was of opinion that the Canadian government should take over anything available.

2nd Division, C. A. S. F.

9. Mr. Power referred to the offer which had been made to the U. K. government, in May, immediately following the emergency created by the invasion of the Low Countries, to accelerate the despatch overseas of the 2nd Division, C. A. S. F. Since that offer had been made the whole strategic situation had materially altered. Units of the 2nd Division, C. A. S. F., had, at the U. K. government's request, been despatched to Iceland for garrison duty there. An infantry unit of this Division had also been sent to Newfoundland, and other units of the Division were located in different parts of Canada. Such dispersal of the component parts of the Division had been necessary to meet the new and changed conditions, and specifically the increased needs for home defence.

He assumed that because of the altered situation it was not the intention to despatch the 2nd Division to the United Kingdom, as contemplated in May.

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10. Mr. Ralston stated that he had received a number of recommendations and complaints from the General Officer Commanding the 2nd Division. Major-General Odlum had reported that units in his Division were no further advanced in training than they should have been after two months of mobilization. This was the result of the units of the Division being scattered, and of certain deficiencies in equipment.

Maj.Gen. Odlum felt that he should be informed whether it was intended that the 2nd Division should proceed to the United Kingdom or to Iceland, or whether it would be retained at home for the defence of Canada. In any event three months training was necessary, in his opinion, before the Division would be ready for the field.

Maj.Gen. Odlum felt that proper attention had not been given to recommendations which he had made.

11. Mr. Power said that all of Maj. Gen. Odlum's recommendations had been seen by him as Acting Minister of National Defence, and had been referred, without delay, to the proper departmental officers for consideration. The employment of the Division was a matter of policy for decision by the government in the light of requirements.

Iceland

12. Mr. Ralston asked that a decision be made as to whether the 2nd Division, apart from such units as had already been sent for service outside of Canada, should remain in this country; also that, if the Division were to go to Iceland, whether its artillery should also be sent. To despatch the 2nd Divisional Artillery would cripple the training of the 3rd and 4th Divisions and the N. P. A. M. units.

13. At the request of the meeting the Secretary read copies of recent telegrams exchanged with the U. K. government regarding the defence requirements of Iceland.

14. After some discussion it was agreed that, in view of the changed situation, neither further personnel of the 2nd Division, nor any other troops should be sent out of Canada for active service, until the 3rd and 4th Divisions had been adequately trained to meet requirements of home defence. The position in this respect should be reconsidered after September the 15th.

3rd and 4th Divisions C. A. S. F.

15. Mr. Ralston reported the recommendation of the Chief of the General Staff that the balance of the 3rd and 4th Divisions be mobilized forthwith. While he supported the recommendation of the C. G. S., in this respect, he felt concerned as to the result

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of such mobilization upon the war requirements of industry for large numbers of skilled workers. Some 200 separate trades were represented in modern divisional organization with a total of about 6,000 men. Thus far recruiting had been conducted so as to avoid, as far as possible, the enlisting of persons of technical qualifications who were needed for industrial purposes.

16. The Minister of Munitions and Supply agreed that the complete mobilization of artillery and ancillary units for the 3rd and 4th Divisions would have a serious affect upon industry.

17. Mr. Ralston pointed out that according to present indications it would be 1943 before the full artillery requirements for the 2nd, 3rd and 4th Divisions could be completed from Canadian sources. Nevertheless it was recommended that artillery personnel be recruited in full.

18. After some discussion in which the arguments in favour and against the full mobilization of these two Divisions were canvassed, it was agreed that complete mobilization of the 3rd and 4th Divisions, C. A. C. F., should be authorized forthwith.

Aruba

19. The Prime Minister reported that he had received word from the U. K. High Commissioner that the French garrison would be withdrawn from the island of Aruba.

20. Mr. Power reported that he had sent word to the C. C. S., that, if he concurred, Canadian troops in the West Indies area might be moved to Aruba, if required. This action was approved.

21. Dr. Skelton said that the Canadian Charge d'Affaires in Washington had discussed the Aruba situation with the State Department and that it was felt that the United States would have no objection to Canadian Forces being stationed in Aruba.

Department of National Defence - staff appointments

22. Mr. Ralston reported certain changes which he proposed to have made amongst higher officers of the General Staff and under the Defence Department. He desired to have these changes announced publicly tomorrow. He felt that these appointments would materially strengthen the General Staff.

H.M.C.S. "Fraser" survivors

23. Mr. Power reported that the Chief of the Naval Staff had given consideration to the disposition of the officers and ratings who had survived the loss of H.M.C.S. "Fraser" in operations off the French

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Coast. Rear-Admiral Nelles had submitted that one of the three courses might be followed:

(a) The government might purchase a destroyer to replace the "Fraser", or

(b) The government might provide for the setting up of a Canadian Division of the Royal Navy (similar to the New Zealand Division) and take over a British vessel for the purpose, or

(c) The government might put the surviving personnel of the "Fraser" unreservedly at the disposal of the Royal Navy.

Rear Admiral Nelles would prefer that alternative (a) be adopted; his second choice would be (b); he was opposed to (c).

24. After some discussion in which emphasis was given to the importance of retaining the remainder of the "Fraser's" crew intact as Canadian personnel under Canadian Command, it was agreed that an effort should be made to purchase a destroyer for the R. C. N., to replace the "Fraser" to be manned by the "Fraser's" surviving personnel.

Refugees

25. Attention was directed to the request of the Norwegian government that Canada agree to receive the Norwegian government and the King and the Crown Prince, in the event that they found it impossible to remain in London because of enemy action.

(See Cypher telegram No. 982 of June 27th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs).

26. The proposal of the Norwegian government in this respect was considered and it was agreed that an affirmative reply should be sent to the Norwegian request in this respect.

27. Requests by the Polish and Belgian governments respectively for the reception of selected groups of refugees were deferred for consideration by Council at tomorrow's meeting.

(See decision by Council of July the 5th, 1940, to the effect that the government approve, in principle, of the admission of refugees on a non-immigrant basis, providing that, after investigation in each case by the Immigration Branch of the Department of Mines and Resources specific recommendations are submitted to Council).

The meeting adjourned at 8.10 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

July 9th, 1940.

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MOST SECRET July 9th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Tuesday, July the 9th, at 6 p.m.

There were present the following:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Pacific area - Japan

1. The Prime Minister reported that he had had a conversation, this afternoon, with the Japanese Minister regarding developments in the Far East, and the effect upon Canada's relations with Japan of the present Anglo-Japanese situation.

The specific complaint of Baron Tomii was that Great Britain was permitting aid to the Chinese Nationalist government in the way of munitions and supplies over the Burma route. The U. K. government were apparently decided not to accede to Japan's request in this respect. He felt that the results might be serious, and thought Canada might help to persuade the United Kingdom to adopt a more conciliatory attitude.

2. The Under-Secretary of State for External Affairs, stated that the Japanese demands upon Great Britain had been three-fold, namely: to evacuate troops from Shanghai; to stop shipments from Hong Kong; and to close the Burma route into China.

Great Britain had submitted to the first two, but was refusing to close the Burma route. Australia had urged giving in to all three demands, being apprehensive of the effect of refusal.

It should be remembered that shipments of war materials to Japan by the United Kingdom and by Canada were many times greater than those to China. Logically, the British attitude with regard to closing the Burma route was unanswerable, although, on grounds of expediency, it might be felt that an attempt should be made to satisfy Japan in this respect. The closing of the Burma route by Great

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Britain would undoubtedly be bitterly resented by the Chinese.

3. The Prime Minister felt that the Canadian government might send a communication to the U. K. government expressing concern as to the critical developments in the Far East resulting from the Japanese attitude, and stating that Canada would deplore any step which might involve Japan in war with Great Britain.

Canada was a Pacific country. Possible danger to her Western Coast could not be disregarded; reliance could not be placed solely upon U. S. protection. In his view the United States would remain neutral so long as it was physically possible to do so. It might be necessary for the United States to move her Pacific Fleet to the Atlantic, in view of European developments. It was a mistake to assume that there was no need for Canadian home defence on the Pacific Coast.

4. The Leader of the government in the Senate expressed doubt as to the wisdom of sending any communication to the United Kingdom at the present time. Japan was following a consistent policy aimed at driving the Western powers from the Far East - to intervene might embarrass the United Kingdom and might be playing Japan's game.

5. The advisability of communicating with the U. K. government, on this subject, was then discussed at some length, pro and con. The consensus of opinion was that word might be sent in general terms, expressive of Canada's deep concern lest events in the Far East might lead to Japan being involved in the present war. No specific recommendation was contemplated.

Iceland

Employment of 2nd Division, C. A. S. F.

6. The Prime Minister read a telegram from the Canadian High Commissioner in London, setting out the U. K. government's appreciation of the strategic importance of Iceland, and the anticipated nature and scale of possible enemy attacks, and urging the Canadian government to consider favourably the suggestion that the 2nd Division, C. A. S. F., be sent in its entirety to the island, for garrison duty. The U. K. government emphasized their view that this, in the present circumstances, was one of the most valuable forms which Canadian co-operation in the common effort could assume.

(See Cypher telegram No. 1067 of July 8th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs).

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In view of the terms of this telegram, the Minister of National Defence had asked that the Committee review the decision taken at the last meeting, not to despatch further troops overseas, at least until after September the 15th.

7. The Minister of National Defence, in answer to an enquiry, stated that in addition to two British brigades, forces now in Iceland included three Canadian infantry battalions. In performance of existing commitments we were also sending to the island, shortly, a further infantry battalion and miscellaneous ancillary units and details connected with brigade headquarters.

It had been decided at the last meeting, not to send further Canadian troops, at least until after September the 15th. In view of the telegram which Mr.King had just read, this decision should, however, be reconsidered.

8. Mr. Ralston reported that when existing commitments in respect of Iceland had been fulfilled, there would remain in Canada six infantry battalions of the 2nd Division - a complete brigade which it had been decided to hold together at Shilo Camp, Manitoba, to be available to deal with any emergencies which might arise on the Pacific Coast, and the three battalions located in various parts of Canada.

He had consulted the Chief of the General Staff and the General Officer Commanding the 2nd Division, in contemplation of the possibility of having to send an additional brigade to Iceland. The C.G.S. had reported that this could not be done without serious depletion of forces available for Canadian defence which would thereby be weakened to the extent of three trained infantry battalions. From the military point of view, on the other hand, Iceland was now defended; if further Canadians were sent to the island, the British forces, now located there, would proceed to the United Kingdom. The defensive result would be unchanged.

Major-General Odlum was anxious that the 2nd Division should go to the United Kingdom where they could operate as a unit with the 1st Division, rather than to Iceland, the defence of which should, in his view, be left to British forces.

The defensive plan for Iceland required the garrison to be scattered about the island in small groups and units, which would make continued training impossible. From the point of view of danger, service in Iceland would possibly be more hazardous than service in the United Kingdom.

There were three courses open to the Canadian government:

(a) To hold to the decision previously taken to send no further troops overseas, to Iceland, or

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elsewhere, until after September the 15th, or,

(b) To despatch a second infantry brigade to Iceland, or,

(c) To suggest to the U. K. government that the 2nd Division (apart from the infantry brigade being retained at Shilo, Manitoba) should proceed to the British Isles for service there, the United Kingdom to undertake complete responsibility for the Iceland garrison.

It was pointed out that there was no artillery available to be sent overseas with the 2nd Division, and that from solely Canadian sources, guns would not be available for some long time.

9. The Prime Minister pointed out that there were two principal points to be considered. In the first place, the nature of the assistance which had been asked by Great Britain, and in the second place, the proper regard to the requirements of Canadian home defence.

10. After further discussion as to the most effective and appropriate employment of the 2nd Division, C. A. S. F., it was agreed that a telegram should be despatched to the U. K. government to the following effect:

Attention should be drawn to the requirements of Canadian internal security, specifically the possibility of Japanese attack, the danger of disaffection amongst Japanese population in British Columbia, and the necessity for protection of the Atlantic Coast against possible raids. For these reasons it was felt that one brigade of the 2nd Division should be retained in Canada until other troops had been sufficiently trained to take over this duty. In the circumstances the Canadian government could make available a second infantry brigade for garrison duty in Iceland, but would prefer that this second brigade, with that now in Iceland, should proceed to Great Britain to operate with the 1st Division, C. A. S. F., as a Canadian force for the defence of the United Kingdom. The Canadian government felt that this would be a more appropriate and useful service, and serious consideration by the U. K. government to the suggestion should be requested.

Munitions and Supplies

11. Mr. Ralston requested approval of commitments to an amount of $52,920,000 additional to that provided in Departmental Estimates, for the fiscal year 1940-41:

These further commitments were to enable the Department of National Defence to place

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orders immediately for the following equipment made necessary by developments which had taken place since the original estimates were originally submitted.

25 Pounder Quick Firing Field Guns -	
300 Gun Carriages 300 Field Guns 600 Artillery Trailers	$7,500,000
2 Inch Mortars -	
900 Mountings 900 Mortars 900 Base Plates	300,000
488 Valentine Infantry Tanks Complete with armament	43,920,000
40 M.M. Anti-Aircraft Guns -	
40 Mountings 40 Guns 40 Platforms - Mountings	1,200,000
	$52,920,000

The action of the Minister in authorizing requisitions for the above equipment was approved.

12. Mr. Ralston asked and received approval for commitments to the extent of some $3,600,000 to provide for hutments for the accommodation of troops of the C. A. S. F.

St. Pierre and Miquelon

13. Mr. Ralston reported that he had had a conversation with Mr. L. E. Emerson, a member of the Commission of Government for Newfoundland, with regard to measures under consideration, concerning St. Pierre and Miquelon. Mr. Emerson had asked that no action be taken of a military or administrative nature until a meeting of the Newfoundland Commission had had an opportunity of considering the situation further.

Bacteriological Warfare

14. Mr. Ralston reported that Sir Frederic Banting, some time ago, had informed him of his intention to set up a voluntary secret committee, composed of outstanding Canadian Bacteriologists to study means of defence against bacteriological warfare, that is the spread of infectious disease from aeroplanes and shells.

Mr. Ralston had given his approval to the suggestion, and his action in this respect was approved by the Committee.

The meeting adjourned at 7.45 p.m.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

July 11th, 1940.

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MOST SECRET July 11th, 1940.

CABINET WAR COMMITTEE

At a meeting of Council held in the Privy Council Chamber on Thursday, July the 11th, at 12 o'clock noon, a special meeting of the War Committee of the Cabinet was constituted, their decisions in respect of the matters mentioned in these minutes being regarded as being confirmed by the Cabinet as a whole.

There were present the following members of the Committee:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston).

The Secretary (Mr. Heeney).

1st and 2nd Divisions C. A. S. F.

Organization with U. K. Forces - 7th Corps

1. The Prime Minister read a telegram received from the Canadian High Commissioner in London, communicating the request of the U. K. Commander in Chief of Home Forces, for authority to organize a new Corps Headquarters (to be called the 7th Corps), under command of the G. O. C. of the 1st Division C. A. S. F., and to consist of a combination of Canadian, New Zealand and United Kingdom troops. The suggestion was that to take the Corps command Maj.-Gen. McNaughton should be promoted to the rank of Lieutenant-General and that the Corps staff should be selected both from Canadian and British forces.

(See Secret telegram of July 10th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

2. After some discussion it was agreed that a telegram should be despatched to Mr. Massey for communication to the War Office, to the following effect:

(1) That the Canadian government were agreeable to the creation of the new Corps on the basis described in Mr. Massey's telegram, and to the appointment of Maj.-Gen. McNaughton as Commander, with rank of Lieutenant-General, in accordance with the request of the U. K. Commander in Chief of Home Forces.

(2) That it would be understood that the 2nd

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Division, C. A. S. F., if and when it proceeded to the United Kingdom, would be included in the new Corps.

(3) The intention should be noted to select the Corps staff from Canadian and British resources. The Canadian government assumed, therefore, that, if and when the 2nd Division C. A. S. F., were to be included, appropriate readjustment of the staff arrangement would be made on a proportionate basis.

(4) The Canadian government presumed that it was expected that General McNaughton would be paid in this new rank by the Canadian government.

(5) Information should be requested as to what Canadian ancilliary units, now in the United Kingdom or Canada, would be required for Corps purposes.

The Chief of the General Staff would also communicate with Maj.-Gen McNaughton with respect to the appointment of his successor as G. O. C., of the 1st Division, C. A. S. F.

Pacific Area - Japan

3. The Prime Minister reported upon word received from the United Kingdom as to the course of negotiations regarding the Japanese demand that the Burma route be closed. Council were informed of the decision to communicate to the U. K. government the Canadian government's concern as to the critical developments in the Far East.

Relations with France

4. The Prime Minister reported word received from the U. K. government as to relations with the French government at Vichy and as to the attempt being made to prevent an open rupture between the two countries.

5. It was agreed that, so far as Canada was concerned, every effort should be made to maintain friendly relations with the French government through their Minister here, so long as there were no open break between the Vichy government and the government of the United Kingdom.

Evacuated Children

6. The Prime Minister read a telegram received from the U. K. government reporting their reluctant decision, in view of urgent strategical considerations to postpone the operations of the Children's Overseas Reception Scheme.

The U. K. Cabinet were not prepared to permit children to proceed overseas under the

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government scheme, unescorted by naval units, and every naval vessel, in the present circumstances, was needed for essential purposes of national security. It was, accordingly, the intention of the U. K. government to announce forthwith, in the British House of Commons, their necessary decision to postpone the Scheme. It was requested that in any statement made in the Dominions no reference should be made to the strategical situation.

(See Cypher telegram No. D 332 of July 10th, 1940, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs).

7. It was agreed that the Prime Minister and the Minister of Mines and Resources should communicate, confidentially, the contents of the above telegram, to the Leader of the Opposition and that any reference to the matter, in the House of Commons, should be in general terms and should state that the government were, in this respect, proceeding in co-operation and in consultation with the U. K. government.

Department of National War Services

8. The Prime Minister read the draft statement which he proposed to make in the House of Commons, upon second reading of the Bill, to establish this department. With a minor revision the statement was approved.

The meeting adjourned at 1.30 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

July 12th, 1940.

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MOST SECRET July 12th, 1940.

CABINET WAR COMMITTEE

At a meeting of Council held in the Privy Council Chamber on Friday, July the 12th, at 12 o'clock noon, a special meeting of the War Committee of the Cabinet was constituted, their decision in respect of the matters mentioned in these minutes being regarded as being confirmed by the Cabinet as a whole.

There were present the following members of the Committee:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power).

The Secretary (Mr. Heeney).

Training of French Pilots

1. The Minister of National Defence for Air reported that he had been giving consideration, with the officers of his department, to the request embodied in a telegram recently received from the Canadian High Commissioner in London, that Canada should receive, for training, some 150 partially trained French pilots who had come to the United Kingdom since the capitulation of France, and had joined General de Gaulle's Legion.

(See Cypher telegram No. 1078 of July 8th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

2. Mr. Power said that from the practical point of view there would be difficulty in providing French-speaking instructors for such pilots, particularly as they were already partially trained and would, therefore, presumably require instruction principally in the later stages. He doubted, in fact, whether it would be feasible to accede to the request, for this reason alone.

In the second place, from the point of view of policy, he was exceedingly doubtful of the wisdom of bringing to Quebec, at this time, French personnel who had broken with the Petain government.

3. Members of the Committee upon the whole, were inclined to agree with Mr. Power's expression

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of opinion on the grounds of policy; the concensus of opinion being that the request should not be granted.

4. Mr. Power stated, however, that he would attempt to have a plan worked out to provide for the reception and training of a limited number, possibly 20, of these airmen, and submit the same, subsequently, for consideration.

Iceland
Employment of 2nd Division, C.A.S.F.

5. The Prime Minister read the telegram which, following the Committee's decision at the meeting of July the 9th, had been sent to the Canadian High Commissioner, with respect to the request of the U. K. government that the remainder of the 2nd Division, C.A.S.F., be sent to Iceland for garrison duty.

(See Cypher telegram No.926 of July 11th, 1940, from the Secretary of State for External Affairs, Canada, to the High Commissioner for Canada in Great Britain).

6. The decision of the Committee in this respect was approved by the Cabinet as a whole.

1st and 2nd Divisions C.A.S.F.
Organization with U. K. Forces - 7th Corps

7. The Prime Minister read a telegram which, following the Committee's decision at the meeting of July the 11th, had been sent to the Canadian High Commissioner in London, with respect to the organization of a new Corps Headquarters under command of Maj.-Gen. McNaughton.

(See Cypher telegram No. 930 of July 11th, 1940, from the Secretary of State for External Affairs, Canada, to the High Commissioner for Canada in Great Britain).

8. The decision of the Committee in this respect was approved by the Cabinet as a whole.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee.

July 15th, 1940.

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MOST SECRET July 15th, 1940.

CABINET WAR COMMITTEE

At a meeting of Council held in the Privy Council Chamber on Monday, July the 15th, at 12 o'clock noon, a special meeting of the War Committee of the Cabinet was constituted, their decisions in respect of the matters mentioned in these minutes being regarded as being confirmed by the Cabinet as a whole.

There were present the following members of the Committee:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply (Mr. Howe).

The Secretary (Mr. Heeney).

Employment of 2nd Division, C.A.S.F.

1. The Minister of National Defence reported that, following the decision taken at the meeting of the Committee held on July the 9th, a telegram had been sent to the United Kingdom setting out the views of the Canadian government with respect to the employment overseas of the 2nd Division.

(See Cypher telegram No. 926 of July the 11th, 1940, from the Secretary of State for External Affairs, Canada, to the High Commissioner for Canada in Great Britain).

A reply had now been received from Mr. Massey, as a result of informal conversations at the War Office. It appeared that the U. K. government were agreeable to the Canadian proposal that units of the 2nd Division, other than those required for home defence, should serve in the British Isles, rather than in Iceland.

(See Cypher telegram No. 1121 of July the 13th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

2. Mr. Ralston pointed out that agreement by the United Kingdom was subject to two qualifications: first, that the units of the 2nd Division, now in Iceland, should not proceed to Great Britain until the latter part of August at the earliest, since to replace these units by U. K. forces, before then, would interfere with home defence dispositions in the British Isles; second, Canada would continue to furnish one

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machine gun battalion for duty in Iceland for an indefinite period, and at any rate, throughout the winter.

3. Such an arrangement was regarded as satisfactory from the Canadian point of view. A reply had been sent to the United Kingdom agreeing to the conditions mentioned above, and setting out proposals for the movement from Canada of 2nd Division units.

(See Cypher telegram No. 951, of July the 15th, 1940, from the Secretary of State for External Affairs, Canada, to the High Commissioner for Canada in Great Britain).

1st and 2nd Divisions, C.A.S.F.
Organization with U. K. forces

4. Mr. Ralston reported that following the decision taken at the meeting of the Committee held on July the 11th, a telegram had been sent to Mr. Massey agreeing to the proposal of the War Office that the 1st Division be included in the 7th Corps to be established in the United Kingdom under General McNaughton's command.

(See Cypher telegram No. 930 of July the 11th, 1940, from the Secretary of State for External Affairs, Canada, to the High Commissioner for Canada in Great Britain).

5. Mr. Ralston read a telegram received from Mr. Massey setting out the result of further discussions on this subject with the War Office.

(See Cypher telegram No. 1118 of July the 13th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

6. Mr. Ralston felt that the conditions described in Mr. Massey's telegram were generally in accord with the intentions of the government. Attention was directed, however, to paragraph (9) regarding the incidence of costs of ancillary units pending the formation of a Canadian Corps. This matter had been the subject of discussions between the late Mr. Rogers and the U. K. Secretary of State for War. In the present circumstances it might be advisable to take over financial responsibility for Corps formations without waiting until September the 1st, or until a Canadian Corps were formed.

With regard to paragraph (10) concerning the channel for administration of Canadian units and personnel, the arrangement suggested, namely, that this should run through the Corps to Canadian Military Headquarters and the Defence Department, would be satisfactory for the present. If and when General McNaughton ceased to command the Corps, however, he would wish to give further consideration to what arrangement should be made in this respect.

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7. It was agreed that it would be appropriate for the Minister of National Defence to make mention of the matter in the House of Commons this afternoon.

Training of Dutch Pilots in Newfoundland

8. The Minister of National Defence for Air reported that the government's observations had been invited upon a proposal that the nucleus of the Dutch Air Force, now in England, undertake training at the Newfoundland airport. The proposal contemplated a limited number of Dutch instructors, trainees, pilots, observers and mechanics, who would, for the purpose, be enlisted in the R. A. F., undergoing training in Newfoundland at the cost of the Dutch Military Mission in the United Kingdom. The Newfoundland Commission were being consulted. It was also suggested that such a Dutch unit, if established, might undertake local initial training for Newfoundlanders going into the Air Training Plan.

(See Secret letter of July the 12th, 1940, from the High Commissioner for the United Kingdom, Ottawa, to the Secretary of State for External Affairs, Canada).

9. Mr. Power had some doubt as to the desirability of the project from the Canadian point of view. The officers of his department could have no assurance with respect to the personnel involved. The defence of Newfoundland was of serious concern to Canada, and the school proposed would be of no assistance from the military point of view. Furthermore, conditions at the Newfoundland airport were not suitable for training. In any event, certainly Canada was in no position to provide aircraft or equipment.

10. The Prime Minister felt that as the request had been put forward by the U. K. government, it should receive serious and sympathetic consideration.

11. The Minister of National Defence for Naval Services suggested that from the defence point of view it would be safer to have such a school within Canada where personnel could be better controlled. He enquired whether it would be possible to accommodate the Dutchmen here.

12. Mr. Power felt that it would be difficult, particularly in view of the already heavy programme and particularly the requests which had been received to permit the establishment of R. A. F. schools in this country. He would, however, look into the possibility of accommodation for the Dutch unit in Canada.

13. The concensus of opinion was that the government had no justification for refusing their consent to the proposal, but in reply to the suggestion the opinion might be expressed that the establishment of the school would be of no value for defensive purposes.

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Training of Norwegian seamen in Canada

14. Mr. Macdonald referred to the request from the Norwegian government for permission to train, in Canada, numbers of Norwegian whale fishermen, now in the United States and Canada. The proposal had been discussed at the meeting of the Committee held on June the 27th.

He said that upon the whole, the Naval staff were not inclined to favour the proposal. They felt that the Norwegian seamen were an uncertain element and that in any event Canadian facilities were fully employed.

15. The Minister of Fisheries referred to the Norwegian application for consent to the establishment of a whaling base in Canada. This request had been referred to the Economic Advisory Committee for report.

16. Mr. Power referred to the intention to establish a training school for Norwegian pilots on Toronto Island. Possibly arrangements for the Norwegian seamen might be made at the same place.

17. After some discussion it was agreed that the matter should be left for further examination by the officers of the Defence department.

Greenland

18. The Prime Minister referred to the request that Canada name members to the unofficial English-Danish-Greenland Commission, and suggested the names of Professor Gilbert Jackson, W. R. Parsons and R. E. Powell.

19. After some discussion the Committee approved of these three being added to the Commission as Canadian representatives, though reconsideration might be required to be given to Mr. Powell's name if, upon enquiry, it were found that he was an American citizen.

20. The Prime Minister informed the meeting of the report sent by the Canadian Consul in Greenland regarding the difficulties which had been encountered with respect to the landing of supplies by the SS. "Nascopie".

French Shipping and Supplies

21. The Prime Minister reported conversations which had been had with the French Legation regarding the action to be taken concerning French merchant vessels in Canadian ports. It had been suggested by the French Legation that such vessels should be permitted to proceed to the United States to be interned there, or alternatively to remain in Canada, their crews to be repatriated. A third course might be adopted, namely, the French vessels might be taken over and operated, in trust, by the Canadian government.

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22. It was agreed that it would be preferable to follow the third course described by Mr. King, namely to retain possession of the French vessels and operate them, making suitable provision for repatriation of the ships' crews. A reply to this effect might be given to the French Minister.

23. The Prime Minister also raised the question of French fishing trawlers. The French Minister was anxious that permission should be granted to these trawlers to continue their fishing operations off the Canadian and Newfoundland coasts.

24. Mr. Macdonald suggested that the reply should depend upon the intended destination for the fish. He would see no objection if the catch were intended for France, and not for disposal in this country.

25. The Minister of Finance suggested that if the catch were destined for France, this would be supplying territory occupied by the enemy, and from the point of view of economic warfare, might be undesirable.

26. Mr. Michaud said that it was possible that the French trawlers in question would be required for British purposes. Fishing banks in the North Sea were in large part not available for supplies to the British Isles.

27. After further discussion it was agreed to defer action in this respect until enquiry had been made as to the intention with respect to marketing the catch from French trawlers.

Relations with France

28. The Prime Minister said that the French Minister had expressed to him the hope of the present French government that the Canadian Minister would be accredited to the Petain government. He felt, however, that for the present no decision should be taken in this respect until relations between the U. K. government and the French government had been clarified.

Japan

29. The Prime Minister observed that the U. K. government was now disposed to make concessions to Japan, particularly with respect to the closing of the Burma route. The U. K. government were willing to close the route for a three month period, and suggested that Japan should take the occasion of negotiating a settlement with China. The Japanese government had replied that they were not willing to regard the British suggestion in the latter respect as bearing upon the matters under dispute.

Incidentally enquiry had been made by the U. K. government whether Canada would be prepared to consider permitting the importation of Canadian nickle by Japan.

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North American defence
Staff talks with the United States

30. The Prime Minister reported the desire of U.S. defence authorities to make use of islands off the Atlantic coast as air bases for defensive purposes. This subject had been discussed in staff talks which had taken place between Canadian and U. S. officers.

31. Mr. Power enquired whether agreement in so far as Canada was concerned to the use of bases in this country might not raise civil difficulties as a forerunner of possible commercial penetration.

32. The Minister of Munitions and Supply did not feel that this would constitute any real difficulty, and that a suitable arrangement could be worked out so far as this aspect was concerned.

33. Mr. Ralston and Mr. Power both agreed that from the military point of view there was every reason for complying with American wishes in this respect. Other members of the Committee were in agreement with the opinion expressed by these Ministers.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Date of meeting	
April 4/40	Note from Dr. Skelton to Mr. Rogers, April 4/40, re Canadian overseas forces.
" " "	Telegram No. 355, April 5/40, from External Affairs to High Commissioner, London, re Canadian overseas forces.
" " "	Letter, April 5/40, from External Affairs to U.K. High Commissioner re contraband control.
" " "	Note from Dr. Skelton, April 4/40, re St. Lawrence waterway.
May 10/40	Telegram No. 517, May 10/40, from EA to HC London re air cooperation.
	Telegram No. 82, May/40, from Cdn Legation, Washington to EA re Greenland.
" " "	Telegram No. 525 from EA to HC London, April/40, re Greenland.
May 18/40	Telegram No. 75, May 18/40, from EA to HC London re munitions and supplies.
May 22/40	Telegram No. 633 of May 19/40, from HC London to EA re Canadian military assistance.
" " "	Telegram No. 588, May 23/40, from EA to HC London re forestry and transportation units.
" " "	Telegram No. 636, May 19/40, from HC London to EA re air cooperation.
" " "	Telegram No. 577, May 21/40, from EA to HC London re air cooperation.
May 23/40	Telegram No. 673, May 23/40, from HC London to EA re despatch of RCN destroyers.
" " "	Telegram No. 598, May 24/40, from EA to HC London re despatch of destroyers.
May 24/40	Telegram (unnumbered), May 22/40, from P.M. Australia to Mr. King re relations with the U.S.
" " "	Telegram No. 669, May 23/40, from HC London to EA re relations with U.S.
" " "	Telegram No. 87, May 24/40, from EA to Dominions Office, London, re relations with U.S.
" " "	Telegram, May 24/40 from Mr. King to P.M. Australia re relations with U.S.

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May 29/40	Letter from DeHavilland Co. of Canada, May/40, re protection of factory.
June 5/40	Memoranda of meetings with CMA, June 28, 1939 and September 5, 1939.
	Letter, June 28, 1939, Mr. King to Mr. Massey, re munitions and supplies.
June 10/40	Telegram No. 714 from EA to HC London re POW.
	Telegram No. 792 from HC London to EA, June 6/40, re Iceland. *
	Telegram No. 102 of June 10/40 from EA to Washington Legation re U.S. passport regulations.
June 14/40	Telegram No. 725, June 12/40, from EA to HC London re refugees.
	Telegram No. 858, June 14/40, from HC London to EA re refugees.
	Personal and secret letters from HC London to Mr. King, June/40, re European situation.
	Telegram from Mr. King to Mr. Renaud (Quoted in Hansard June 14/40) p.852.
	Telegram No. 135, June 13/40from Legation, Paris to EA re European situation.
	Telegram No. 105, June 14/40 from EA to Dominions Office re European situation.
	Hansard of September 8/39, p.35, re Newfoundland.
	Telegram No. 13, June 14/40, from EA to Governor of Newfoundland.
	Telegram No. 792, June 6/40, from HC in London to External re Iceland. (see * above)
	Memorandum, May 18/40, to Minister of National Defence from Master General of the Ordnance re equipment of the CASF.
June 17/40	Hansard, June 18/40, p.931, re emergency measures.
	Telegram No. 97, June 8/40, from EA to Dominions Office re munitions.
	Telegram No. 84, June 16/40, from DO to EA re munitions.
	Telegram No. 112, June 17/40, from EA to DO re munitions.

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June 20/40	Telegram No. 46, June 20/40, from Legation, Tokyo to EA re Japan.
June 27/40	Telegram No.125, June 27/40, from EA to Legation, Washington re West Indies.
	Telegram No. 940, June 22/40, from HC London to EA re Norwegian pilots.
July 4/40	Telegram No. 982, June 27/40, from HC London to EA re refugees.
	Decision of Council, July 5/40, re admission of refugees.
July 9/40	Telegram No. 1067, July 8/40, from HC London to EA re Iceland.
July 11/40	Telegram, July 10/40, from HC London to EA re CASF.
	Telegram D332, July 10/40, from Dominions Office to EA.
July 12/40	Telegram No. 1078, July 8/40 from HC London to EA re French pilots.
	Telegram No. 926, July 11/40 from EA to HC London re Iceland.
	Telegram No. 930, July 11/40, from EA to HC London re CASF.
July 15/40	Telegram No. 926, July 11/40, from EA to HC London re CASF.
	Telegram No. 1121, July 13/40, from HC London to EA re CASF.
	Telegram No. 951, July 15/40 from EA to HC London re CASF.
	Telegram No. 930, July 11/40 from EA to HC London re CASF.
	Telegram No. 1118, July 13/40 from HC London to EA re CASF.
	Letter, July 12/40, from U.K. HCs ~~London~~ Office, Ottawa to EA re Dutch pilots.
July 17/40	Telegram No. 1118 from HC London to EA re 7th Corps.
July 26/40	Memorandum, July 23/40, from CGS to Minister of National Defence on staff relations with U.S. and U.K.
July 31/40	Telegram No. 1244, July 29/40, from HC London to EA re relations with France.

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PAPERS NOT IN PRIVY COUNCIL RECORDS

Date of Meeting	External Affairs Telegrams
~~June 10/40~~	~~No. 102 of June 10th from EA to Washington Legation re U.S. passport regulations.~~
~~June 14/40~~	~~No. 105 of June 14/40 from EA to Dominions Office re European situation.~~
July 11/40	Telegram July 10/40 from HC, London to EA re CASF
	Letters
May 29/40	Letter from DeHavilland Co. of Canada, May/40 re protection of factory
June 14/40	Personal and Secret letters from HC London to Mr. King, June/40 re European situation
	Extracts from Hansard
~~June 14/40~~	~~Telegram from Mr. King to Mr. Reneud (Quoted in Hansard June 14/40, page 852)~~
	Hansard of Sept. 8/39, p.35, re Newfoundland
June 17/40	Hansard, June 18/40, p.931, re emergency measures
	Memoranda
~~June 14/40~~	~~May 18/40 to Minister of National Defence from Master General of the Ordnance re equipment of the CASF~~
July 26/40	July 23/40 from CGS to Minister of National Defence on staff relations with US and UK
	Decision of Council
July 4/40	July 5/40 re admission of refugees

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"R"

External Affairs.

vol France

D-12.
1940

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1940

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

NO. 1244.

LONDON, July 29, 1940.

No. 1244. Most Secret. Personal for the Prime Minister, Begins:

United Kingdom Government giving much thought to relations with French Government at Vichy. They wish to send Neville Bland as special agent without diplomatic status reciprocating French agent here. Vichy Government has displayed resentment over British action in dropping propaganda leaflets in France and for the moment no action likely to be taken. Lord Caldecote said today that in his view United Kingdom Government might well regard resumption of full diplomatic relations between Canada and South Africa on the one hand and France on the other as being generally helpful, should Canadian and South African Governments choose to take such a step. It is likely some more definite word on this subject will come from the Government here shortly. United Kingdom Government has decided to decline to recognize absorption of Baltic States into the Soviet Union. They will also be unlikely at present to relinquish four million pounds of gold held here for Baltic States and now demanded by Moscow. Ends.

MASSEY

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COPY

Office of the High Commissioner
for the United Kingdom,
Ottawa,

12th July, 1940

No.27
SECRET.

Sir,

The Secretary of State for Dominion Affairs has asked me to let you know that the Dutch Military Mission in the United Kingdom has informed the United Kingdom authorities that the nucleus of the Dutch Air Force, consisting of eight instructors, four trained and eighty trainee pilots, thirty-six mechanics and four observers, wish to undertake training with a view to participating in the common war effort. It has proved impossible to provide facilities in the United Kingdom and the Newfoundland Government have been asked whether they would consent to the training of this nucleus being carried out at the Newfoundland airport. The period of training of the first batch is estimated at about nine months.

2. The United Kingdom authorities are advised that in the light of recent experiments with packed snow, planes on wheels could operate throughout the year except for about one month to six weeks, and it is not thought that the proposal would be impracticable or that there would be congestion on the runways if the planes required by the unit were operated in addition to the flight of Royal Canadian Air Force planes and the trans-Atlantic service, should the land service be started in the near future. Additional equipment in the form of snow rollers and wooden hangars would be necessary since the existing hangar at the airport is required for the Royal Canadian Air Force planes.

3. The proposal is that the Dutchmen would be enlisted in the Royal Air Force Volunteer Reserve and conform to the Royal Air Force training syllabus and wear British uniforms. They would be under the orders of the senior Royal Air Force or Royal Canadian Air Force officer in Newfoundland who would be the administrative officer dealing with the Newfoundland Government on all matters that may arise. It is understood that the Dutch would be willing to pay the full capital cost of all new works required, plus cost of services rendered and maintenance, and that they have ample funds at their disposal. They would undertake their own repairs. The possibility of securing planes and other equipment required by them is under examination in the United Kingdom

The Secretary of State
for External Affairs,
Ottawa.

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and the proposal is only to be proceeded with if it were found that these could be made available.

4. These men have been in the United Kingdom for about six weeks and it is most important for their morale that they should no longer be kept idle there. The scheme has the political advantage of proving to our Allies that their offered help is valued and of keeping the Dutch together as a single operative unit. It is thought, also, that it would appeal to leading personalities in the United States who are of Dutch origin. Moreover, the force, after some training, would add to the defensive resources of Newfoundland. It has also been suggested to the Newfoundland Government that, if they so desire, the initial training of pupils from Newfoundland for the purposes of the Empire Air Training Scheme should be undertaken in Newfoundland since the Dutch instructors would probably be willing to undertake this additional responsibility. It might also be possible to give elementary and advanced training to some Newfoundlanders in addition to those already provided for under the Air Training Scheme.

5. The United Kingdom Government understand that, in addition to the Black Watch battalion, the Canadian Government have sent a flight of five planes to the Newfoundland airport and they would be glad to learn whether the Canadian Government wish to offer any observations on the proposal outlined above and also whether they have any comments on the suggestion that the local initial training of Newfoundlanders for the purposes of the Air Training Scheme might be undertaken by the Dutch unit in Newfoundland.

I have the honour to be,

Sir,

Your most obedient,
humble servant,

(Signed) Gerald Campbell.

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"R"

TELEGRAM

D-19-1-(A)
1940
European

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

NO. 1118

LONDON, July 13th, 1940.

No. 1118. Your telegram No. 930 and National Defence G. S. 482. Formal request for formation of Seventh Corps, appointment of McNaughton as Commander with rank of Lieutenant General and for posting proportion of Canadian Officers to Staff, was received from War Office last night. Matter discussed with the War Office today and the following agreement reached:

(1) British and Canadian officers and other ranks concerned, including McNaughton, will continue to be paid by their own Governments at their own rates;

(2) Seventh Corps will be organized under authority of the War Office. Second Canadian Division will be incorporated when available for operations, at which time designation may be changed to Canadian Corps at the request of the Government of Canada;

(3) For initial organization, Canadian Staff Officers will be used so far as qualified and available. List agreed to between the War Office and General Officer Commanding being cabled to Defence;

(4) Additional Canadian Officers may be posted from time to time as qualified and available;

(5) On Corps becoming Canadian, gradual replacement of remaining British officers contemplated;

(6) All Canadian combatant ancillary units now in the United Kingdom will be assigned to Seventh Corps as part of Corps troops;

(7) As additional Canadian Corps troops units become available they will be joined with Seventh Corps troops. Suggestions regarding early despatch of certain Corps units known to be mobilized in Canada of which British are very short being cabled to Defence. This

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

list includes balance of Corps Signals which should be despatched at the earliest date practicable;

(8) Establishment of Staff of First Canadian Division Headquarters will revert to that prescribed in War Establishment for a standard British division plus certain minor changes shown to be necessary to meet our special conditions;

(9) British and Canadian units will continue to be equipped and maintained as at present. This without prejudice to any arrangements which may be concluded as a result of discussions between the late Honourable Norman Rogers and the Secretary of State for War covering the financial incidence of cost of certain ancillary units pending formation of a Canadian Corps;

(10) Channel for administration of Canadian units and personnel will run through Corps to Canadian Military Headquarters and Defence Department as at present. For British units and personnel direct from Corps Commander to British authorities. Small increments of staff in a, q, and ordnance will be provided to handle special Canadian business in these departments;

(11) Position under Visiting Forces Act remains unaltered.

HIGH COMMISSIONER

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JER/S D-19-1-A 1940 European
Jul.15/40

D-19-1-A 1940 Iceland

FROM - THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA;

TO - THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

SECRET

CIPHER

IMMEDIATE

No. 951

Referred to P.M.

Natl.Def. (Mil.)

Ottawa, July 15, 1940.

PART I

Your telegram No. 1121 of July 13th Iceland.

1. Canadian Government note that proposal contained in their telegram No.926 of July 11th has been accepted with the suggestion that Canadian Government continue to furnish one machine gun battalion for Iceland through the winter. This Canadian Government will endeavour to do subject of course to exigencies which might appear to us to make some other disposition imperative.

2. Canadian Government also notes that the relief of the two Canadian Rifle Battalions presently in Iceland may not be made until latter part of August. No exception is taken to this if United Kingdom Government find it impracticable to arrange otherwise. As already stressed Canadian Government very much desire the maximum concentration practicable of 2nd Division be effected as promptly as possible.

3. Arrangements have been made for the despatch to England of the following units of 2nd Division.

Sixth Flight sailing about 18th July

Essex Scottish

Royal Hamilton Light Infantry

or

Le Regiment de Maisonneuve along with Corps troops listed in PARAGRAPH 5 of this telegram.

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Seventh Flight sailing about 23rd July

Headquarters 2nd Division

Headquarters Fourth Infantry Brigade

Royal Hamilton Light Infantry

or

Le Regiment de Maisonneuve.

PART II

4. First Battalion Black Watch of Canada presently in Newfoundland will be relieved and with remainder of 2nd Division Units (less Sixth Infantry Brigade which will be retained in Canada pending availability of further trained troops to replace it) will proceed overseas as soon as move and shipping can be arranged.

5. The following units, which were already proceeding to embarkation port for Iceland, will proceed to England, in Sixth Flight (mentioned in Part II above sailing about July 18th) as part of Corps Troops requested in Canmilitry Telegram G.S. 746

One Army Field Company

One Corps Troops Field Ambulance

One Corps Troops Field Hygiene Section

Field Security Police (Six Other Ranks)

and probably One Light Aid Detachment.

6. Despatch to Iceland of units enumerated in Part 2 of our telegram No. 834 June 27th has been cancelled.

7. Detailed consideration will be given to Canmilitary telegram G.S.746 and reply will be sent soon as possible.

8. There has not been time to give consideration to your telegram 1118 July 13th which was received just as this telegram was being despatched. Reply will be sent shortly.

Secretary of State
for External Affairs.

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"R"

TELEGRAM

D-19-1-(a)
Iceland

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

SECRET

CYPHER

No. 1121

LONDON, July 13, 1940

No. 1121. Secret. Your telegram No. 926 of July 11th, Iceland.

Informal conversations with War Office indicate their acceptance of your proposal that Second Canadian Division be concentrated in the United Kingdom as soon as reasonably practicable and that Canada should not be further pressed to undertake the garrisoning of Iceland. This may be taken as firm. In these circumstances and also to observe due economy in respect of shipping, War Office propose the following program:

(1) That units enumerated in part 2 of your telegram No. 834, June 27th, should not, repeat not, now be despatched to Iceland and shipping thus set free be utilized to transport troops to the United Kingdom;

(2) Second Canadian Division, less two infantry brigades, to proceed to the United Kingdom as soon as this move can be arranged;

(3) One British Infantry Brigade, with certain details from the United Kingdom, to proceed to Iceland at a date to be decided later returning transport to bring two Canadian Rifle Battalions to the United Kingdom. As respects this date, from United Kingdom operational point of view, it is most undesirable to interfere with Home Defence dispositions until latter part of August at the earliest by which time, either the invasion of this country will

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

have been attempted or the danger of this contingency have become less imminent;

(4) Remaining Infantry Brigade of the Second Division to be despatched from Canada to the United Kingdom during the latter half of September.

It will be noted that the above program visualizes the concentration of the Second Division in the United Kingdom by the first half of October. On the other hand, because of acute shortage of machine gun battalions in United Kingdom, War Office strongly express the hope that Canada will continue to furnish one such unit for Iceland for an indefinite period and at any rate throughout the coming winter.

It is safe to act on the above information pending the receipt of official reply.

MASSEY

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"R"

D-19-1-(A)
1940

FROM: The Secretary of State for External Affairs, Ottawa.

TO : The High Commissioner for Canada in Great Britain, London.

IMMEDIATE

SECRET

CYPHER

NO. 930

Ottawa, July 11th, 1940.

1. Cabinet War Committee considered today message from the War Office communicated in your telegram No. 1098, of July 10th, and you are accordingly authorized to inform United Kingdom government as follows:

2. Canadian government are agreeable to the creation of the new Corps on basis described in your telegram, and to the appointment of Major General MacNaughton as Commander, with rank of Lieutenant General in accordance with request of the U. K. Commander in Chief of Home Forces.

3. It would be understood that the 2nd Division, C.A.S.F., if and when it proceeds to the United Kingdom would be included in the new Corps. See our telegram No. 926 of this date.

4. The intention is noted to select Corps staff from Canadian and British resources. The Canadian government assume therefore that if and when 2nd Division C.A.S.F., is included, appropriate re-adjustment of staff arrangement will be made on proportionate basis.

5. Canadian government presume that it is expected that General MacNaughton will be paid in new rank by Canadian Government.

6. Information is required as to what Canadian ancillary units, now in United Kingdom or Canada, are required for Corps purposes.

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7. For your own information Chief of General Staff sending telegram direct through Canmilitry to MacNaughton to the above effect.

8. It is desired that announcement of General MacNaughton's appointment should be made in Canada, at least simultaneously with announcement in United Kingdom, and you are requested to inform us by telegram immediately we are free to do this, indicating appropriate extent of reference to new Corps.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

D-19-1-(a)
1940
Iceland

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

MOST IMMEDIATE

SECRET

OTTAWA, July 11th, 1940.

CYPHER

No.926.

PART I

Your telegram 1067 July 8th, Iceland.

It is noted that the United Kingdom Government justify their appreciation of the outcome of a possible Japanese attack on Canada on the assumption that such an attack would immediately result in bringing the United States forces into active participation. The Canadian Government consider that while this is probable it cannot be accepted as a certainty in all cases, and in any event it is obviously necessary for us to have sufficient forces available to provide effective co-operation with our neighbour and to assure the Canadian public regarding our defensive measures. The Canadian Government agree that while a sustained Japanese attack on Canada may be improbably there is a large Japanese population in British Columbia which might become disaffected and a serious menace even prior to any actual attack or even prior to any actual state of war. This was one of the dangers in mind when reference was made to the needs of home defence in the first paragraph of our telegram 834 of June 27th.

2. From Canmilitry telegram 707 of July 6th it appears that upon arrival of Convoy "C" from the United Kingdom early this month the full complement of the military forces considered necessary for the defence of Iceland will have reached the island, except for the remainder of the Canadian troops mentioned in Part II of our telegram 834 and the heavy anti-aircraft guns referred to in your telegram 1001 of June 28th. The remainder of the Canadian troops referred to in Part II of our 834 is being despatched about July 18th. The despatch of the remainder of the 2nd Division would of course be in relief of United Kingdom forces and would not increase the defences of Iceland.

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PART II

3. The Canadian Government have reviewed the whole matter, having regard to the needs here arising from the rapid changes in the situation but with a view to doing everything to despatch as many trained troops as possible. After careful weighing of the possibilities the Canadian Government have planned adjustments and dispositions so as to release an additional 3 battalions of the 2nd Division which with the Canadian troops now in Iceland and the troops to be despatched on July 18th as set out in Part II of our telegram 834 would make 2 Brigades of the 2nd Division and one additional battalion for duty on this special mission. This adjustment includes the releasing of the Black Watch Battalion now in Newfoundland which is a 2nd Division battalion, to allow it to proceed as one of the three additional battalions and replacing it with another Canadian battalion which is unattached. As will be recognized, to send these additional 3 battalions to Iceland would completely thwart the completion of training and disrupt the organization of the 2nd Division. It would mean that 2 Brigades would be in Iceland, 1 Brigade and Divisional units would be in Canada and advance parties and instructional and Headquarters personnel would be in England. To permit the early utilization of the 2nd Division as a fighting formation the Canadian Government would very much desire that the Division(less one Brigade which is required in Canada until 3rd and 4th Division troops training is further advanced)should go to England, where training as a Division can be completed promptly and where in the meantime the two Brigades and Divisional troops would be available for defence in the United Kingdom. The Canadian Government therefore suggests the following as an alternative to sending the three additional Battalions to Iceland and completely breaking up the 2nd Division for the time being.

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Proposal follows:

Canada to send to Iceland, about July 15th, the Essex Scottish and the other troops to be despatched as per part II of our telegram No. 834. Canada to send to England as soon as shipping and relief of Black Watch permit, the three additional battalions first above mentioned, and Divisional units of the 2nd Division. On arrival of these troops in England, the United Kingdom to relieve the four Canadian battalions which will then be in Iceland. The three battalions of the 2nd Division which will thus be relieved to go to England and the other Canadian battalion thus relieved to return to Canada. The remaining 6th Brigade of the 2nd Division now in Canada to join the Division in England just as soon as further troops are sufficiently trained to replace it. Proposal ends.

PART III

4. This would result in the concentration of the 2nd Division in England where winter training facilities are available and would also advance the date of the formation of the Canadian Corps while the force in Iceland would be a homogenous division of the United Kingdom forces. Further it is pointed out that most of the mechanical transport of the 2nd Canadian Division has been sent to England and cannot be replaced in Canada for some time and also emphasized that advance parties of the 2nd Division are now in England and many of its Officers and other ranks are taking courses in anticipation of the arrival of the Division.

5. It is assumed that training equipment for the 2nd Canadian Division would be available in England as stated in Canmilitry G.S.576 June 9th. Please indicate to the United Kingdom Government the strong preference which the Canadian Government have for this alternative proposal, and that they would appreciate having the views of the United Kingdom Government as early as possible.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

D-19-1-(c)
1940

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

LONDON, July 8th, 1940.

NO. 1078

No. 1078. There are approximately 150 partially trained French pilots who have come to Britain since the break of France and have joined General de Gaulle's legion. Owing to operational restrictions and language difficulties it is impossible to absorb these into the Royal Air Force Training Scheme without causing considerable disorganization.

These men are an excellent type, well educated and very keen to continue to fight. They are all between the ages of eighteen to twenty-five. They are in various stages of training; all, however, have gone solo and some have practically completed equivalent to ab initio flying training. All were to have been given commissions in the French Air Force.

It is thought that the most likely place where flying training could continue for these French pupils would be in the province of Quebec. It is therefore desired to enquire whether:

(a) They could be sent to Canada for training with a view to keeping them together, as nucleus of a French Air Legion; or

(b) Fit into the Commonwealth Air Training Plan.

General de Gaulle would, of course, favour keeping them together but if this is not possible, it is suggested that the alternative might be adopted.

The problem is urgent as there is nothing for them to do and the morale is, therefore, liable to deteriorate.

It is understood that the number mentioned above will be considerably augmented in the near future as personnel of this category is arriving daily. In addition to these, operationally trained pilots are already being incorpated into the Royal Air Force.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

-2-

It is understood that an independent French air unit is about to be established in Britain.

It would appear an excellent opportunity to demonstrate to the French, in Canada, the solidarity still fundamentally existing between the French and British peoples.

MASSEY

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"R"

TELEGRAM

D-17-1
1940

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CYPHER

CIRCULAR D. 332.

LONDON, July 10, 1940

Circular D. 332. Secret. The Cabinet today considered the Children's Overseas Reception Scheme in the light of recent developments. It will be appreciated that strategical considerations during the last few weeks have profoundly affected operation of the Scheme. When generous offers were made and accepted the military situation was quite different from that existing today. In particular, the collapse of the French army, the occupation of France by the enemy, and finally, the difficulties arising over the position of the French fleet are all factors which have necessitated review of the Scheme.

The Cabinet were faced with two inescapable conclusions:

(1) They were not prepared to allow children under the auspices of the Government Scheme and sent at Government expense to proceed overseas unescorted by naval units; and

(2) All naval vessels are needed for essential purposes of national security at the present time, for protection of this country against invasion, for security of British territories overseas and for maintenance of essential flow of trade.

In the circumstances the Cabinet felt that there was no alternative but to postpone operation of the Scheme for the present and they propose to announce this forthwith by an arranged question and answer in the House. Text of these will be telegraphed to you as soon as settled. Answer will indicate how far the Government here are prepared to go in explaining the difficulties which have made it necessary to postpone the

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

operation of the Scheme and they hope that more than this will not be said in any Government statement or explanation given in the Dominions. For security reasons it is most undesirable to indicate publicly how the strategical situation has altered during the last few weeks.

I need not assure you how deeply the Government deplore this postponement from all points of view, and particularly the inconvenience it will cause in the Dominions. We most keenly appreciate the very generous and hospitable offers which have been made from the Dominions for reception of the children and greatly regret the inevitable disappointment which the postponement will cause, particularly as reception arrangements are so far advanced. We had made all the necessary arrangements at this end and looked forward to the Scheme not only as a contribution to our security problem here, but also as a means of forming another binding link between the members of the British Commonwealth. It is only the hard facts mentioned above which have reluctantly led the Government here to their decision. The situation will be constantly kept under review and when the strategical position improves we hope to take the Scheme up again on the lines originally proposed.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

SECRET

CYPHER

No. 1098

LONDON, July 10, 1940.

No. 1098. Secret. Following is text of letter addressed to Under Secretary of State, War Office, by Commander-in-Chief of Home Forces, under date of July 7th, copy of which was sent to McNaughton last night. Begins:

(1) It is requested that authority should be given for formation of a new Corps Headquarters (to be called Seventh Corps) and that War Office will take steps for its creation as soon as possible.

(2) Seventh Corps will be in G.H.Q. Reserve and will consist of:

One armoured division, one Canadian division, New Zealand force, selected artillery troops.

(3) I desire to utilize services of Major-General McNaughton, as Commander with rank of Lieutenant-General; the staff to be selected both from Canadian and British resources.

Signed, E. Ironside, General, Commander-in-Chief of Home Forces. Ends.

Enquiry at War Office indicates decision taken to form this Corps and we are to be invited to discuss matter tomorrow. Please telegraph your observations for guidance.

MASSEY

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

SECRET

CYPHER

NO. 1067.

LONDON, July 8th, 1940.

Part 1.

No. 1067. Secret. Your telegrams No. 834 and No. 841 of June 27th, Iceland. There follows summary of reply of the United Kingdom Government which supplements information given in my telegrams No. 989 and No. 1001.

(1) In addition to the information in my telegram No. 1001 on the possible scale of enemy attacks, it is thought that Germany would employ at least one mountain division for attack on Iceland and shipping is known to be available for two divisions. Two out of three mountain divisions are in Norway. Each division contains three regiments of three battalions. Divisional artillery consists of mountain artillery regiment of twenty-four 7.5 centimetre mountain guns, and each regiment has an infantry gun company, armed with eight 7.5 centimetre infantry guns. Division has also thirty-six 3.7 centimetre anti-tank guns. Germans would probably attempt to use tanks but difficult nature of the landing places and the terrain would almost certainly prevent employment of other than light tanks, against which the anti-tank rifle is effective.

(2) Considerations respecting Canadian security mentioned in your telegram No. 834 are fully appreciated. United Kingdom Government justify their appreciation of the possibilities of Japanese attack on Canada on the assumption that such an attack would immediately result in bringing the United States forces into (action?). They would be glad to know whether the views

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

of the Canadian Government on this coincide with their own. On this assumption they consider it most improbable that Japan would undertake such operations and that if she did so a land attack on Canada against opposition of the United States navy would not be a possible operation of war in view of the distance of the Japanese fleet bases from Canada and necessary absence of surprise.

3. I am asked to submit the following other considerations:

"As a result of the failure of the Allies and loss of equipment of the B.E.F. we are placed in a position where our resources are extremely strained. We are quite unable to provide military forces for operations which would, in any other circumstances, be considered not only desirable but absolutely necessary. The forces now available for the defence of this country, while perhaps large in numbers of men, in no sense form, when training and equipment are taken into consideration, any over-insurance against an attack from Germany. The time of greatest danger is undoubtedly the period of the next three months, and during this period we must expect some damage to our industry which may seriously curtail provision of equipment. After that period, provided that our industries have not suffered severely, we ourselves will have an increasing output of trained and equipped forces though this output may still fall far short of our desires. It is in the immediate future that we shall particularly welcome any additional help that Canada is able to provide."

(4) Part 2 follows.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

SECRET

CYPHER

NO. 1067.

LONDON, July 8, 1940.

Part 2.

No. 1067. Secret. Reluctance of Canadian opinion to accept permanent absence of Canadian forces on garrison duty abroad is fully understood. The suggestion is repeated, which was reported in my telegram No. 920 of June 20th, that if the Second Division is now sent in its entirety to Iceland, it might be relieved by the Third Division as and when necessary stage of training and equipment is reached. Third Division might itself be relieved in due course so that no troops should be compelled to remain indefinitely in Iceland. United Kingdom Government, however, wish to emphasize strongly the great services of the Iceland garrison in common strategical situation, which makes denial of the Island to the enemy a matter of the highest skill.

(5) It is not intended to release any United Kingdom troops now in Iceland unless and until they can be replaced by similar Canadian forces. Their scale of equipment has been drawn up to meet special conditions there. It has not been possible, however, to provide full scale of certain items especially anti-aircraft artillery. As mentioned in my telegram No. 1001, eight 3.7 anti-aircraft guns are being sent as soon as possible and some light anti-aircraft guns are also available. Since United Kingdom troops have been equipped on this lesser scale in all theatres of war, United Kingdom Government feel sure the Canadian Government will not consider their inability to

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

provide full scale at present a barrier to acceptance of the responsibilities Canada is being asked to assume. As soon as equipment situation permits, every effort will be made to supply deficiency.

(6) Reply concludes as follows:

"We most earnestly hope that, subject to a settlement of details appropriate to discussion between Canadian Military Headquarters and the Service authorities here, the Canadian Government will be prepared to accept the suggestions made in my letter of June 20th. (See my telegram No. 920). I would emphasize that, in present circumstances, this is thought to be one of the most valuable forms which Canadian co-operation in the common effort could assume".

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

NO. 982

LONDON, June 27th, 1940

No. 982. Most Secret. Following for the Prime Minister, Begins:

(1) Norwegian Foreign Minister has approached me, most confidentially, with enquiry whether the Canadian Government would receive the Norwegian Government and the King and the Crown Prince in the event that they find it impossible to remain in London because of enemy action. Number, including some officials and families, would be about sixty. They would wish to establish themselves in the Eastern part of Canada but not necessarily at Ottawa. They feel that if compelled to leave Great Britain, Canada is the only country in which the Government could continue its work for the restoration of Norwegian independence. Financial questions do not arise since Norwegain gold reserve is now mainly in or on the way to Canada, and earnings of Norwegian ships are available. They would provide their own transportation on Norwegian ships.

(2) Question is contingent on the situation developing so as to compel evacuation of London by the British Government, but naturally the Norwegian Government wishes to know in advance whether they would be received if the necessity arose. I told Professor Koht that I would submit the matter to you, and hoped to be able to indicate the attitude of the Canadian Government early next week. He requests that the utmost secrecy be observed. Ends.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

NO. 940

LONDON, June 22, 1940

No. 940. Most Secret. The Norwegian Government is anxious to obtain consent of the Canadian Government to permit organization of Norwegian air squadrons in Canada equipped with their own aircraft and manned by Norwegian personnel with ultimate intention of these squadrons to take their place by the side of the Allies. The selection of Canada for organization and training of units was made owing to aeroplane conditions now existing in Europe.

The Norwegian Government has available approximately thirty army air service pilots and twelve naval air service pilots fully trained who have escaped to Britain together with a number of trained mechanics and other air force personnel. They believe such personnel could easily be augmented by recruitment of Norwegian nationals in Canada or Canadians of Norwegian origin.

The Norwegian Government has on order in the United States for their army branch of the air force for successive delivery commencing in September this year, thirty-six Curtiss fighter planes, thirty-six Douglas S A light bombers and, already delivered in Great Britain five Curtiss fighting planes not yet assembled. In addition there are on order in the United States twenty-four Northrop float planes for naval branch of air force.

A delegation consisting of Major-General Steffans, head of Norwegian Naval and Military Mission in Great Britain, and introduced by Wing-Commander Dore of Norwegian section, Air Ministry Intelligence, R.A.F., waited on me yesterday afternoon and presented above proposal.

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Further the Norwegian Government is ready to agree on financial details with the Canadian Government so as to bear all costs of this undertaking.

It is suggested that if the Canadian Government agree to the above proposal, details of the same could be discussed between appropriate Norwegian authorities, the Air-Officer Commanding, Royal Canadian Air Force in Great Britain and myself.

MASSEY

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE CHARGE D'AFFAIRES, CANADIAN LEGATION, WASHINGTON.

TELEGRAM

No. 125

CYPHER

URGENT

OTTAWA, June 27th, 1940.

United Kingdom authorities have advised us they are apprehensive of damage, particularly from sabotage, to oil fields in Aruba, Dutch Island near Curacao, from which oil is derived, which is largely due to the superior performance of British aircraft. The Island is at present garrisoned by French troops. If they should not be willing to continue to cooperate, United Kingdom wish us to undertake to send Canadian battalion now in Jamaica. Consent of Netherlands Government would of course be obtained. We have no desire to increase our commitments in Carribean, particularly in view of urgency of needs more within our ordinary sphere of interest. In view of emergency we propose, however, to inform United Kingdom that we are prepared to make a battalion available if necessary. I should like you to advise Secretary of State confidentially of the situation. I may add for your information that in response to inquiry whether United Kingdom authorities had taken the matter up with the United States, they replied that they propose to inform them if and when it became necessary to take action.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

From THE CANADIAN MINISTER IN JAPAN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CONFIDENTIAL TOKYO, June 20th, 1940.

CYPHER

No. 46

June 20th. No. 46. Confidential. We have learned from the British Embassy that both British and French Military Attaches have been summoned to the War Office and told to report back to their Ambassadors that:

(1) Shipments of arms to China from Burma, converging on Hong Kong and French Indo-China must cease;

(2) Allied troops in Shanghai must be withdrawn;

(3) Japan is very close to making war against Great Britain;

(4) The Foreign Minister can do nothing as the army is in the saddle.

Supreme War Council met yesterday after various high officials had consulted with the Emperor.

CHARGE D'AFFAIRES

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

SECRET

CYPHER

No. 112

Ottawa, 17th June, 1940.

Your telegram No. 84, June 16. Munitions. Your proposal to deal direct with Canadian Department of Munitions and Supply will, in our opinion, assist greatly in meeting the present situation. Your decision to separate supply organizations operating in Ottawa and New York respectively will, in our opinion, be beneficial, although we would like to continue the close liaison with your New York office now being maintained through our representative there. We would at the same time welcome the location of a representative of your New York office in Ottawa.

2. We have endeavoured to anticipate your future orders by purchasing large stocks of machine tools of Canadian and United States manufacture, these to be installed in Canadian plants as delivered. We would at the same time welcome diversion of any machine tools on order by French Government such as would permit early production here. Our factories have little war work and we feel that large capacity can be organized here on short notice.

3. While we appreciate your view point on price, we urge that this consideration be not allowed to delay production but that we be permitted wherever possible to use our own judgment subject always to the undertaking which we hereby give to absorb any excess over what may be found after consultation to be a fair price under the circumstances.

4. We are glad to note that you intend to make available to the Department the services of United Kingdom technicians and inspection staff on such a scale as may be desirable to assist in interpreting specifications and inspecting output, also a small liaison staff to keep in touch with financial matters, and we

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agree that such an agreement would assist the rapidity of decisions.

5. The Ministry of Munitions and Supply would be glad to cooperate in every possible way in making necessary adjustments.

6. We note that aircraft purchases in Canada will be handled by Mr. Morris Wilson as direct representative of the Minister of Aircraft Production. We have already arranged to work closely with Mr. Morris Wilson on aircraft matters.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CYPHER

NO. 84

LONDON, June 16, 1940.

No. 84. Secret. We have been giving close attention to the methods by which we can best avail ourselves of the comprehensive offer of assistance in the sphere of munitions production and supplies conveyed in Mr. Mackenzie King's message of May 19th. We have reviewed the position in the light of the further messages which have reached us, both direct from the Canadian Government and through the High Commissioner for Canada, which express the view that our present purchasing machinery in Canada is, in the emergency which now faces us, not calculated to make the most effective use of Canadian productive capacity.

The new phase on which the war entered last month has necessitated the immediate concentration of all effort on results which can be obtained within a short period. The prospect of having to face a long war, which has hitherto governed the rate of our expenditure, must be subordinated to the needs of the immediate future. The methods applied during the first months of the war were directed to the execution of the longer term policy. The British Supply Board has placed orders and created capacity for munitions to a total cost of approximately $100,000,000. With Admiralty, aircraft, raw material and food orders, a total commitment in dollars was incurred in the first year to a total of approximately $5,000,000.

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From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

The Board, with the valued cooperation first of the Canadian War Supplies Board and subsequently of the Department of Munitions and Supply, performed its functions within the programme prescribed for it to our satisfaction. You now suggest, and we are inclined to agree, that in the changed circumstances better results are likely to be obtained by an adaptation of methods and machinery.

A similar problem presents itself in the United States, where, as in Canada, everything points to an increase in the volume of orders coupled with an acceleration of deliveries. We have decided conditions in the two countries are such as now to necessitate the separation of the supply organizations operating in Ottawa and New York respectively. It is clear from our consultations with Colonel Greenly that a large increase in the production of Canadian industry cannot be secured without the creation of further potentialities. There is clearly no time now to embark on long-term schemes but we are ready to give all possible assistance towards the creation of potentialities which can give effective production in the near future. Whatever changes are made in the machinery of supply and purchase, the major practical difficulty now, as in the past, in increasing production is likely to be found in the supply of machine tools. Our needs for factories in this country are such that we cannot divert to Canada present

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

British orders in the United States. The French Government have very large orders for machine tools there and it seems likely that in the present circumstances in France they might be willing to make available to Canada machine tools from their orders. We are exploring this possibility. We are also ready to consider urgent proposals for increasing the capacity of certain Canadian machine tool manufacturers if such assistance would produce results within the time available.

We come now to changes in the British Supply Board in Ottawa, which as already explained will cease to supervise the British Purchasing Commission in New York. We note the suggestion the Department of Munitions and Supply should be given a reasonably free hand and that, if this were accepted, prices would include only minimum profits to manufacturers. We are very ready to cooperate with the Canadian Government in applying a simplified procedure through the agency of the Department and in continuing to make available to the Department, as we assume would be your wish, the services of United Kingdom technicians and inspectional staffs on such a scale as may be desirable to assist in interpreting specifications etc., and in inspecting output.

The general procedure which we have in mind would be that orders and enquiries, other than those for aircraft, should be dealt with by direct communication between the

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

supply department concerned in this country and the Department of Munitions and Supply. In order to comply with the principles governing our public finance and parliamentary practice in that respect it will not be possible for Departments here to divest themselves of all responsibility in regard to price, but we have no doubt that you will be able on the production of orders to give provisional quotations which can be subject to rapid decisions here. If, as we hope, you will agree to our retaining in Ottawa a small liaison staff to keep in touch with financial matters, such an arrangement would, in our opinion, facilitate the rapidity of decisions.

We should be glad to receive an early expression of the views of the Canadian Government on the foregoing proposals. It will be realized that if changes of this character are to be made in the functions of the personnel of the present British Supply Board, we must give urgent consideration to our arrangements for transition. Questions will arise as to the winding up or handing over of various matters now in hand and the disposal of such of staff as become surplus to requirements in Ottawa.

The arrangements contemplated above do not apply to aircraft purchases in Canada which will be handled by Mr. Morris Wilson as direct representative of the Minister of Aircraft Production.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

Telegram No. 97

SECRET

CYPHER

Ottawa, 8th June, 1940

Following from Prime Minister for your Prime Minister. Begins.

1. My colleagues and I greatly appreciate the assurance conveyed in your telegram No. 68 of June 1 that the Government of the United Kingdom are reviewing the possibility of increased utilization of Canadian munitions resources. I feel, however, that I must express to you the sincere regret that is felt not less by the Canadian people than by my colleagues and myself that the resources and industry of Canada are not being afforded an opportunity to make anything like their full contribution to Britain's war programme, and that the authorities responsible for British purchases have not recognized the potential capacity of our industry to produce munitions. Methods for United Kingdom purchases in Canada have been slow and cumbersome and are entirely inconsistent with conditions of today.

2. If our Department of Munitions and Supply could be given a reasonably free hand to meet British requirements immediately requisitions are received we will undertake that prices will include only the minimum of profit to the manufacturer. The methods now in force for purchase of British supplies call for long and involved bargaining procedure which our experience shows is unnecessary and harmful to our efforts to mobilize our industry for the common war effort.

3. Canadian requirements and present limited orders for British purposes are taking up only a small fraction of total Canadian capacity. We would like to concentrate on war work and curtail production in other directions. We have reluctantly reached the conclusion that, in the emergency that faces us, the present procedure does not permit of effective cooperation in this essential field.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C O P Y

SECRET

MEMORANDUM

H.Q.S.8152.

18 May, 1940

THE MINISTER:

The situation as a result of your discussions with the Treasury, the Ministry of Supply, and the War Office, regarding Canadian production for replacement and maintenance of Canadian troops overseas is as follows:

At the meeting held at the War Office on the 4th of May, 1940, the Secretary of State for War Stated that any future agreement on the matter of "barter in war supplies (or the adjustment of financial balances between the United Kingdom and Canada by the provision of military equipment rather than by the transfer of funds)" could only be proceeded with by his government on the basis that

(a) The United Kingdom Government could not be expected to accept any military supplies which it did not need

(b) Should direct provision in kind be acceptable or equivalent exchange in different kinds of supplies or equipment which could be manufactured in the United Kingdom, the United Kingdom cost should be the basis of financial adjustment

(c) Should credit be established by the provision of Canadian manufactures not produced in the United Kingdom, the Canadian price should govern.

2. The above question was then examined in detail at a Departmental Meeting at the War Office which I attended, but the Minutes of which are not yet available. The main point arrived at as a result of this meeting, was that owing to the practical impossibility of accounting in the field for actual stores and munitions drawn by troops, it was necessary that any articles for replacements and maintenance for Canadian troops made by Canada should be reduced to a cost basis, thereby establishing a system of debits and credits, debits being established in the field by the capitation charge.

3. It also appeared that there undoubtedly were articles of armament which would be required in addition to manufacture now taking place in the United Kingdom. This was further borne out by informal discussions which I had

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with Sir Harold Brown and General Sir Maurice Taylor at the Ministry of Supply, these latter gentlemen stating that on the long range production it would probably be a simple matter for them to arrange steps to take Canadian production instead of creating further capacity elsewhere.

4. Since except in the case of Bren guns, now coming into production, and S.A.A., any armament production in Canada must be a long range production, the next step towards such production in Canada must be a consideration of the principles laid down by the United Kingdom Government and expressed by the Secretary of State for War at the above-mentioned meeting, and a decision arrived at as to whether or not these principles are acceptable to Canada.

5. I would again urge, as I have done in numerous memoranda to you since the outbreak of war, that it is essential that Canada should undertake production of all articles of armament stores for her troops overseas, which either by character or quantity can be economically produced in Canada.

6. I have previously urged and still do so, that in order to enable Canada to undertake this production the principle laid down by the Secretary of State for War as stated in para. 1 (b), namely that such articles should be delivered into the Pool at U.K. price should be accepted.

7. The present grave situation, in my opinion, creates a further most urgent need for Canada to undertake production of the armament stores which she requires for her own defence and which she certainly now cannot obtain from U.K. sources.

8. The additional cost which may occur in some cases due to Canadian factors of higher labour costs, necessity for heating factories in winter, etc., seems to be one which Canada must herself shoulder in order to obtain the stores for her own defence which she now so urgently requires, and in order that the money voted by Canada for her troops should so far as possible be spent in Canada.

(Sgd.) W.G.P. Elkins
Major-General
M.G.O.

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TELEGRAM

FROM THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA,
TO THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S.

SECRET

CYPHER

No. 13

Ottawa,
June 14, 1940.

The Canadian Government having reviewed the matter of the defences of Newfoundland in the light of existing conditions are now of the opinion it would be advisable to have additional defence forces stationed in Newfoundland for protection of aerodrome and Botwood seaplane base. The forces considered desirable for the purpose are one flight of bomber reconnaissance aircraft to be stationed at the Newfoundland aerodrome and to be augmented by one flight of fighter aircraft when suitable aircraft become available. Also a military force for ground protection consisting of one infantry battalion with personnel of other arms attached as required. If the Newfoundland authorities approve it is proposed that a reconnaissance party ~~xxxxxxxxx~~ will proceed by air as soon as practicable. May we have prompt reply indicating whether sending of reconnaissance party is approved by Newfoundland authorities? Canadian Government would also be glad to have Newfoundland authorities consider in the meantime whether the Commission of Government of Newfoundland would be prepared to assume a share of the responsibility involved in these measures and an early reply on this point would be appreciated.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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TELEGRAM

From THE CANADIAN MINISTER IN FRANCE

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

No. 139

PERNAY, 13th June, 1940.
PARIS.

No.139. Secret. Have just seen Charles Roux, Secretary General of Foreign Affairs, who considers that the situation is critical. The Germans have still twenty fresh divisions which they can throw into the battle. The French have none. Charles Roux says that the French Government believe that the only hope now lies in an immediate declaration by the United States Government, and he asks me to cable this opinion to you at once, in the event, presumably, of your being able to influence the President of the United States in view of the well-known friendship which exists between you.

CANADIAN MINISTER

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COPY

FROM; THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

Telegram No. 105

Immediate

In clear

Ottawa, 14th June, 1940.

Following from Prime Minister for your Prime Minister. Begins:

The following is the text of a statement which I made in the House of Commons today. Begins:

Honourable members will have read in the press of this morning the communication sent last night by Prime Minister Churchill to Premier Reynaud of France.

No pledge of like import to mankind has, I believe, ever been made in the name of one people to another. Given as it is in our name as well as in the name of the other nations of the British Commonwealth, I should like to have this pledge at the earliest moment possible upon the permanent records of the Canadian Parliament, with the assurance that its every word expresses the feelings, the convictions and the intentions of the Canadian people. (Here followed Mr. Churchill's message).

The prophetic vision of the complete fusion of the British and French peoples as the outcome of the ordeal of fire through which at this time, both are passing, has already found eloquent expression in our Canadian House of Commons. At the outset of its proceedings, in the first speech made in this new Parliament, the mover of the Address, the Honourable member for Lotbiniere, used the following words:

> "The union between the two countries has been not only material, but also intellectual and spiritual. What the outcome of this union will be after the war, it is hard to tell. Some observers have gone so far as to prohesy the union of France

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and England into one nation.

.....

Whatever changes are being made, it seems certain that from the war will emerge a new relationship between France and England which will surely have its effects in future history and which will serve as a symbol of bonne entente for the other nations of the world. If so, I feel that we, Canadians, should rejoice at such an outcome and feel a legitimate pride in that we have already realized such a union."

Honourable members will recall how warmly these sentiments were received in all parts of this House.

Canada's determination to stand to the very end at the side of France, no less than at the side of Britain, has been voiced in the name of the Canadian people by His Majesty's representative in Canada in speeches delivered from the Throne in three successive sessions of Parliament since the war commenced.

Many tributes to the heroic fortitude and constancy of the French arms have been paid in all parts of the United States as well as throughout Canada. Through her President, the United States has already pledged the material resources of that nation to the opponents of force.

If I know the heart of the American people as I believe I do, and as I am certain I know the heart of the Canadian people, I believe I can say to Premier Reynaud, in this hour of the agony of France, that the resources of the whole of the North American continent will be thrown into the struggle for liberty at the side of the European democracies ere this continent will see democracy itself trodden under the iron heel of Nazism.

In this belief which I am sure is shared by all Honourable members of both Houses, after reading Mr. Churchill's

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communication to M. Reynaud, I sent today to the Premier of France, the following message which I would now like to renew in the name of this Parliament.

June 14, 1940.

Monsieur Paul Reynaud,
President of the Council of the French Republic,
France.

The Canadian people have heard with deep emotion your brave words as you have sponen from day to day. We have watched with the pride of kinsmen the gallant deeds of your unconquerable soldiers. Every word in the tribute paid yesterday in the message by the Government of the United Kingdom to the Government of the French Republic eloquently expressed also the passion and faith in the heart of our people. Canada pledges to France as she has to Britain, her unwavering support to the utmost limit of her power and resources.

I have read your appeal to the United States. You may be sure that the peoples of North America see with clear eyes, the realistic needs of the hour. It is my faith that all the material and economic strength of this continent will be marshalled without delay to help the French republic in the great cause for which she fights. As never before, free men the world over are inspired by the sacrifice and the devotion of France.

W.L. Mackenzie King.
Prime Minister.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, June 14, 1940.

CODE

NO. 858

No. 858. Your telegram No. 725 of June 12th.

The United Kingdom Government informs me that they are considering setting up a body to deal with child evacuation. The administration of the scheme would not be handled by an existing Government Department but by a small executive body composed of prominent individuals likely to command general confidence, assisted by an organizing staff with a nucleus of civil servants and a paid secretary. In addition, in order to top available experience, they propose to set up an Advisory Body to assist the executive.

Applications would be received by the executive body through the local educational authorities, so far as children in state-aided schools are concerned, and by direct application from other people.

The United Kingdom Government feels it would be difficult to sponsor such a scheme unless it could look to an all-embracing organization in Canada, national in scope, to deal with the reception of the children for allotment to individual homes. Such a body would have to function not only at the beginning of the scheme but during its continuance.

The United Kingdom Government have not yet worked out the details of their own organization but would be glad to know whether the Canadian Government consider if a scheme along the lines suggested above would be practicable.

MASSEY

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D 17-1
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.
TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

TELEGRAM
No. 725
CODE

OTTAWA, June 12, 1940.

Following from the Minister of Mines and Resources.

Regarding possible movement of British children from United Kingdom to Canada leaving out of consideration for present institutional children can you give us definite information following points:

1. To what extent do British authorities wish to move children between five and sixteen years? Children under five could be received for adoption but not many otherwise.

2. Does movement depend upon voluntary co-operation of parents or guardians?

3. To what extent is it desired that parents one or both accompany children?

4. Is it desired to seek safety for others than those mentioned previous paragraphs?

5. Is it desired move Dutch, Belgian or French refugee children up to age sixteen years now in United Kingdom and if so in what numbers? From present indications think could get excellent co-operation from Canadian homes for maintenance children which would increase if war situation becomes worse and Britain is directly attacked. While we do not propose paying for keep of children placed in private homes thousands of which we believe would be avilable suggest British authorities should bear part of cost where maintenance has to be paid for others as is done in Britain now in the case of evacuees to safer places. Important we get as much information on foregoing as can be made available early as possible so we can effectively plan ahead and determine how far we can go. In reply your number eight

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two one think could place almost immediately ten thousand in satisfactory private homes for duration of war and probably many thousand more if available of type described by cable eighth instant. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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COPY

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE CHARGE D'AFFAIRES , CANADIAN LEGATION, WASHINGTON, D.C.

No. 102

Ottawa, June 10, 1940.

CODE

I have the honour to refer to your despatch of the 7th June, 1940, No. 1120, concerning the new regulations governing admission to the United States of visitors from Canada and certain other countries.

2. It was with profound regret that the Canadian Government learned of the action that has been taken by the Government of the United States. It is particularly regretted that definite steps of this nature, on a matter of such importance - involving, as they do, the reversal of policies that have operated successfully for over a century - should have been taken without prior consultation or warning, and without allowing the Government of Canada an opportunity to express its views.

3. In the opinion of the Canadian Government the regulations which are to be imposed by the United States on the 1st July next constitute a development which, from every point of view, is to be regretted. They will be productive of delay, annoyance and hardship. They will result in reduced intercourse between the two countries, raise an obstruction against international trade which will adversely affect both nations, and constitute a long step towards the disappearance of one of the last of the civilized frontiers.

4. The Canadian Government fully understand that the Government of the United States is desirous of preventing the admission of subversive elements within the national boundaries. It is not convinced, however, that, so far as the Canadian boundary is concerned, restrictions of so drastic a nature are required. Nor is it certain that the proposed regulations constitute the most effective means of achieving the desired objective. So far as Canada is concerned conditions

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on the border have been reasonably satisfactory. Complaints that undesirable individuals have been entering the Dominion from the United States, and demands that stricter supervision be exercised at the ports of entry, have been received, particularly of recent months. Such complaints and demands have invariably been resisted on the grounds that the admission of an occasional undesirable would be no justification for imposing rules that would cause distress and annoyance to the millions of good neighbours who annually enter the Dominion from the Republic. In the light of the action now announced in Washington, however, it is extremely doubtful whether the Canadian Government will be able to avoid taking somewhat similar action as regards visitors from the United States.

5. You are, of course, aware that the annual influx of United States visitors is one of the most important factors in the economic relations of the two countries. It is estimated by those in a position to judge that the imposition of passport and visa requirements on the Canada-United States boundary will result in a decrease of at least 90% in the number of United States visitors to Canada during the next six months. This would entail a loss of over $100,000,000 in United States exchange. The inevitable result must be that Canada will have to reduce to an absolute minimum all purchases in the United States. The deplorable effects upon the economic life and upon the friendly personal relationships which distinguish the contacts between the people of the two countries will be readily apparent.

6. Under the circumstances I shall be grateful if you will seek an immediate appointment with the Secretary of State and inform him most urgently of the views of the Canadian Government. In this connection you may supplement what has been said in this despatch with suitable material taken from the memorandum which Dr. Riddell left with the State Department on the 14th of September, 1939. You will make

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every effort to bring home to Mr. Hull the very serious effects that the inauguration of the new system will inevitably entail. Indeed, you may refer to the fact that already, merely as a result of the United States announcement, hundreds of prospective visitors to Canada have indicated their intention of cancelling their plans.

7. In conclusion you should inform Mr. Hull that the Canadian Government earnestly hopes that the United States will find it possible to achieve the desired end by means other than those that have been announded and to rescind or, if not possible to rescind, at least to modify the regulations in a manner which will permit of reciprocal action by the two countries. As it is understood that Immigration matters are shortly to be transferred to the control of the United States Attorney General, you should indicate to Mr. Hull that you would wish to discuss the present problem also with Mr. Robert Jackson. You should press both for an early and favourable decision.

8. Should it be definitely decided that the United States Government will not modify the regulations under reference you should then - but not until then - propose that they should not be brought into effect at least until the 1st of October. This will do something to permit administrative arrangements being made and preserve in some measure the tourist traffic for 1940, thus lessening to that extent the shortage of funds available to finance Canadian purchases in the United States.

9. An immediate report on the replies made to your representations by Mr. Hull and Mr. Jackson would be greatly appreciated.

(Sgd) W.L. Mackenzie King.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

D-19-1-(a)
1940

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

LONDON, June 6, 1940

No. 792

Part 1.

No. 792. Your telegram No. 666, June 4th, Iceland. Recent reconnaissance has shown that the proposed force insufficient to deny Reykjavik to the enemy or to provide for the security of the naval base. United Kingdom Government have, therefore, reached the conclusion that additional measures for the security of the island should, if possible, be commenced without delay and would be most grateful if Canada would agree to assume the responsibility for the defence of Iceland on increased scale considered necessary as a result of new appreciation of the situation. Chiefs of Staff Committee state that the principal troops required for adequate defence, in addition to the existing brigade, are as follows -

Two rifle battalions;

One machine-gun battalion;

Six flying-boats;

One battery of heavy anti-aircraft guns;

Some additional coast defences, together with probable need next winter for additional infantry battalion.

Certain ancillary units are also required as detailed in Part 2 of this telegram. It would, of course, be for the Commander of the Canadian Force to make final recommendations to the Canadian Government as to numbers and disposition of troops required after making his own

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

appreciation of the situation on the spot. Some Field Artillery and necessary coast defence equipment could be provided by the United Kingdom, but it is regretted that in the existing situation heavy anti-aircraft guns mentioned above cannot, at present, be made available. As temporary expedient to meet emergency, requirements in air reconnaissance, refuelling and mooring facilities in Iceland are now being provided for. Royal Air Force flying-boat unit in the Shetlands and the question of the despatch of light aircraft to Iceland is under investigation. No flying-boats, however, which could be based in Iceland are available and the United Kingdom would therefore be very grateful if the Canadian Government could consider provision of a flight of general reconnaissance land-plane aircraft. Details of local conditions and facilities considered necessary are being investigated and will be communicated by the Air Ministry to Royal Canadian Air Force Headquarters in London.

If it would help, United Kingdom would provide the second battalion for service in the West Indies which the Canadian Government had agreed to make available. United Kingdom fully appreciate the heavy commitments already undertaken by Canada but hope that we will give the above suggestions immediate consideration in view of the present grave emergency which necessitates such heavy calls on available military strength here for the

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

-3-

LONDON,

defence of the United Kingdom and cooperation with the Allies. Urgency of the situation is such that very early reply would be appreciated.

Part 2 follows.

MASSEY

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"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CIPHER

No. 792

LONDON, June 7th, 1940.

Part 2. No. 792. List of ancillary units and of their numbers, referred to in Part 1, and which cancels list transmitted to Department of National Defence by Canadian Military Headquarters in telegram No. G.S. 493 of May 26th, is as follows:

(a) Artillery already in Iceland. Approximate manning requirements follow in each case.

Two 4-inch C.D. guns, 100;

Two 3.7-inch howitzers, 25;

Four 2-pounder pom-poms, 25;

Two 3-inch case 1 A.A. guns, 50.

(b) Proposed additional coast defenses.

Four 6-inch guns (2 batteries), 240;

Two 12-pounder guns, 60;

Eight defence electric lights (4 batteries),140.

In addition it will be necessary to provide personnel for Fire Command Headquarters (including reserve for casualties) which is estimated at approximately 60 and also signals personnel estimated at approximately 15.

(c) Ancillary troops now in Iceland followed by number of officers and Commanding Officer in each case.

Force Headquarters 18 and 70.

Detachment Headquarters Field Security Police Section 1 and 5.

Detachment Movement Control Group 3 and 10

Artisan Works Company R.E. 6 and 257.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Detachment Dock Section 2 and 80.

Brigade Signal Section 1 and 36.

Detachment Wireless Section nil and 9.

One Supply Personnel Section (3 butchers attached) 1 and 22.

One Sub-section Field Bakery nil and 24.

One Section Mechanical Transport Company (including six motor ambulances) 2 and 96.

One Sub-section Workshop Mechanical Transport Company nil and 21.

Field Ambulance 12 and 234.

Hospital Royal Army Medical Corps (200 beds) 36 and 99 (including 22 Queen Alexandra's Imperial Military Nursing Staff).

Field Hygiene Section 1 and 28.

Light Aid Detachment 1 and 12.

Detachment Ordnance Ammunition Company nil and 9.

Detachment Base Ordnance Depot 1 and 15.

Company Auxiliary Military Pioneer Corps 3 and 275.

(d) Additional Ancillary Troops considered necessary by Officer Commanding Troops, Iceland.

Despatch Riders with motorcycles 6.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

-3-

LONDON,

Linesmen 4.

Wireless Telegraphy Operators for civil sets 6.

Operators for number 11 sets 12.

Military Police small detachment.

The requirements given in (c) and (d) relate to the force now in Iceland, namely, an Infantry Brigade of 3 Battalions.

It is not anticipated, however, that any material increase will be necessary for the larger force. Message Ends.

MASSEY

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"R"

D-24-1
1940

FROM: SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON

SECRET

CYPHER

NO. 714

Ottawa, June 10, 1940.

No. 714. Secret. Your telegram No. 802 of June 10th regarding internees. Under circumstances Canadian Government are prepared to accept up to 4,000 internees as proposed and also up to 3,000 prisoners of war. Advise at once numbers of first lot and when they will arrive, also estimated schedule of later numbers and date of arrival.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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D-18-1
1940

June 7th, 1940.

Memorandum for Fyle:

Re: Canadian Manufacturers Association

Production of Munitions and Supplies in Canada

On June 6th, 1940, at 11.00 a.m., in the Prime Minister's office in the East Block, the following members of the Cabinet--

The Prime Minister,
The Minister of Munitions and Supply,
The Minister of National Defence,
The Minister of National Defence for Air,
The Minister of Finance,
The Minister of Public Works,
The Minister of Mines and Resources,
The Minister of Pensions and National Health,
The Minister of Trade and Commerce,
The Minister of Labour, and
The Minister of Fisheries

received a delegation representing the Canadian Manufacturers Association. The delegation consisted of the following:

H. Crabtree, President, Howard Smith Paper Mills, Limited, Montreal, P.Q., President, Canadian Manufacturers Association;
L.L. Lang, President, Lang Tanning Co. Ltd., Kitchener, Ontario, First Vice-President Canadian Manufacturers Association;
T.F. Monypenny, President, Imperial Varnish & Color Co. Ltd., Toronto, Ontario, treasurer, Canadian Manufacturers Association;
W.D. Black, President, Otis-Fenson Elevator Co. Ltd., Hamilton, Ontario, Chairman, Committee on National Defence, Canadian Manufacturers Association;
Victor Bartram, President, Shawinigan Chemicals Limited, Montreal, P.Q.;
H.G. Bertram, Vice-President and General Manager, John Bertram and Sons Co. Limited, Dundas, Ont.;

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De Gaspe Beaubien, Montreal, P.Q.;
W.C. Coulter, President and General Manager, Coulter Copper & Brass Co. Ltd., Toronto, Ontario;
Aubrey Davis, President, Davis Leather Co. Limited, Newmarket, Ontario;
John Evans, Assistant Manager, Department of Development, Shawinigan Water & Power Co., Ltd., Montreal, P.Q.;
S.M. Finlayson, Deputy General Manager, Canadian Marconi Company, Montreal, P.Q.;
John E. Goodison, Vice President, The John Goodison Thresher Co. Limited, Sarnia, Ontario;
A.R. Goldie, Vice-Chairman, Board of Directors, Babcock-Wilcox & Goldie-McCulloch, Limited, Galt, Ont.;
E. Holt Gurney, President, Gurney Foundry Co. Ltd., Toronto, Ontario;
Chester B. Hamilton, Jr., President, Hamilton Gear & Machine Co., Toronto, Ontario;
Theodore Kipp, President and Managing Director, Kipp-Kelly, Limited, Winnipeg, Manitoba;
F.P.L. Lane, Vice-President, Imperial Tobacco Co. of Canada, Limited, Montreal, P.Q.;
C.B. Lang, Vice President, Dominion Steel & Coal Corp., Ltd., Montreal, P.Q.;
R.W. Mayhew, M.P., Managing Director, Sidney Roofing and Paper Co., Limited, Victoria, B.C.;
W.H. McIntyre, Vice-President and General Manager, Ottawa Car & Aircraft, Limited, Ottawa, Ontario;
A. Stewart McNichols, President, Lake St. John Paper Co., President, Quebec Pulp & Paper Corporation, Montreal, P.Q.;
C.N. Moisan, President and General Manager, Standard Paper Box Company Limited, Montreal, P.Q.;
J.G. Morrow, Chief Inspector and Metallurgist, Steel Company of Canada, Limited, Hamilton, Ontario;
Vice-Commodore R.H. Mulock, Assistant General Manager, Aircraft Division, Canadian Car & Foundry Co. Limited, Montreal, P.Q.;
J.C. Nicholls, Assistant to the President, International Nickel Co. of Canada, Limited, Copper Cliff, Ontario;
John R. Read, President, Canadian Westinghouse Co. Limited, Hamilton, Ontario;
L.W. Simms, President, T.S. Simms & Co., Limited, Saint John, N.B.;
H.R. Wake, Secretary, Aluminum Co. of Canada, Limited, Montreal, P.Q.;
J.H. Webb, Vice President and Managing Director, Jenkins Bros., Limited, Montreal, P.Q.;
E. Winslow-Spragge, General Manager, Canadian Ingersoll Rand Co. Limited, Montreal, P.Q.;

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J.T. Stirrett, General Manager, Canadian Manufacturers Association, Toronto, Ontario.

The Under-Secretary of State for External Affairs and the Clerk of the Privy Council were also present.

1. Prior to the entrance of the delegation, the Prime Minister read a telegram which he had received from the President of the Canadian Manufacturers Association requesting that a delegation be received, also his reply agreeing to the meeting. The telegram from the Canadian Manufacturers Association embodied a resolution passed at the Annual Convention of the Canadian Manufacturers Association held in Winnipeg.

(See telegram from Mr. Herbert Crabtree to the Prime Minister, May 31st, 1940, and the Prime Minister's reply, May 31st, 1940.)

2. The delegation entered the meeting and were welcomed by the Prime Minister and his colleagues.

3. The President of the Canadian Manufacturers Association, Mr. Herbert Crabtree spoke for the Association, expressed appreciation of their prompt reception by so many members of the Government. The delegation was imbued with the consciousness of their duty in the present critical situation and the anxiety of Canadian manufacturers to be of the utmost service.

Mr. Crabtree read a submission addressed to the Prime Minister and members of the Government of which a copy is attached.

4. The Prime Minister, replying to Mr. Crabtree's remarks, stated that the Government were as anxious as were the members of the delegation to have munitions and supplies manufactured in Canada for the United Kingdom Government. The Government had done everything possible to assist in bringing this about. He proposed to speak with complete frankness, conceiving that the delegation and the Government were imbued with the same desire to best serve the common cause in the present situation, the seriousness of which could not be exaggerated.

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Mr. Crabtree had suggested that "misunderstandings existed, which were "responsible for Canada having received only minor orders from the British Government up to this time." Mr. King enquired what misunderstandings were referred to.

5. Mr. Crabtree was unable to answer this enquiry. Manufacturers had concluded that there must be misunderstandings, possibly with regard to Canadian capacity, possibly on other grounds, for they could not understand otherwise why no substantial orders had been placed in Canada after the reception which the Canadian Manufacturers Association had been given in the United Kingdom last summer.

6. Mr. King stated that there were reasons why such orders had not been forthcoming, but that there was no misunderstanding so far as the Canadian Government were concerned. The policy of the United Kingdom Government on the economic front had, in large measure, been dictated by the desire to retain the friendship of neutral countries. Large orders for materials had been placed by the United Kingdom in neutral countries for reasons of policy. It had been felt possibly that you could trust your friends while you had to give orders to likely enemies.

He wished to make it quite clear, however, that the United Kingdom Government were under no misunderstanding as to the position of the Canadian Government. From the time of the outbreak of war, and before, the United Kingdom Government had been made fully aware of the Canadian Government's view as to the desirability and urgency of placing orders in Canada for war materials. The Canadian High Commissioner in London had been impressed with the Government's attitude in this respect and had made it known to the United Kingdom Government.

The Prime Minister made reference to the meeting of June the 28th, 1939, between himself and several of his colleagues and a delegation from the Canadian Manufacturers Association. As a result of that meeting, he had addressed a letter to Mr. Massey the same day, commending the Canadian Manufacturers Association's delegation to the High Commissioner's good offices, and stating that the Government would be glad to assist in the utilization by the United Kingdom of the industrial capacities of Canada for purposes of the British defence programme.

(See copy of memorandum of June 29th, 1939, and copy of Prime Minister's letter to the High Commissioner attached.)

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Members of the Government had again met members of the Canadian Manufacturers Association when they had returned from England. At that time, because of the cordial reception accorded them by United Kingdom authorities, they had anticipated that orders would be placed in Canada in large quantity and at an early date.

(See copy of memorandum of September 5th, 1939, attached)

The Prime Minister suggested that the delegation should see the British Purchasing Mission immediately and enquire of them why orders had not been placed in Canada. If the Mission suggested that the Canadian Government had done anything to block such orders he wished to be told. He did not think they would find this to be the case.

7. With respect to the suggestion that a Minister or Ministers be sent to England at once, to put the situation directly before the British authorities, Mr. King said that he felt that the United Kingdom Government were already aware of the Canadian Government's attitude. Mr. Crerar had been sent to England soon after the outbreak of war and he had impressed upon Ministers and Departments concerned the desirability of placing orders with Canadian plants, and that our productive capacity should be fully utilized. Mr. Rogers had only recently returned from the United Kingdom. While there, he had reaffirmed the Canadian Government's views in this respect. The Prime Minister, himself, since the crisis of the past few weeks, and since the change of Government in Great Britain, had sent a telegram to Mr. Churchill, pointing out once more that Canadian manufacturers were ready to do their utmost to produce munitions and supplies for Allied purposes and that the Canadian Government were willing to encourage and assist in every way. Mr. King read the telegram sent to Mr. Churchill on May the 18th, and Mr. Churchill's reply of June the 1st.

Canada House was in constant contact with the United Kingdom authorities and were fully aware of the Government's attitude in this respect and were constantly bringing the matter to the attention of the Departments concerned.

8. Mr. King referred to the impression which had existed that the Government had discouraged, or were discouraging, orders from the United Kingdom and were not willing to co-operate. The resolution of the Canadian

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Manufacturers Association in speaking of a "misunderstanding" contributed to such an impression, which was completely at variance with the facts. Could any one person give a single instance of any member or responsible officer of the Government having, at any time, said or done anything which might have given rise to the impression he had referred to?

9. Mr. Black referred to the fact that at the meeting of June the 28th, the Prime Minister had asked the same question of members of the delegation. He could think of only one possible Canadian source of such an impression. In conversations which members of the Canadian Manufacturers Association had had in the early spring of 1939, with the then Deputy Minister of National Defence, Major General Lafleche had informed them that if manufacturers were to make direct approaches to the War Office, they would be referred back to the Canadian Government. On the other hand, two months later, in May, 1939, the then Minister of National Defence had agreed to send cables to the War Office on their behalf, drawing attention to Canadian resources for the manufacture of war material. He understood that in conversations in England, someone highly placed in association with the United Kingdom Government had suggested that Great Britain could better count on Switzerland than Canada as a source of supply.

The fact remained that Canadian manufacturers were ready and willing to undertake the production of war materials which they were capable of producing, as a matter of public duty. It was discouraging to find orders for such materials being placed in the United States at a higher cost.

10. Mr. King suggested that such a remark as that referred to by Mr. Black was not only untrue, but that such a person was performing a disservice, not only to Canada, but to Great Britain herself. Deductions should be drawn from the actions of Canadians not from the reported words of a single anonymous official in the United Kingdom.

In the light of the facts he had described to them, did the delegation feel that a Ministerial Mission to the United Kingdom would be of assistance?

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11. Mr. Crabtree felt that such a Mission would help to implement the splendid work which had already been done by the Government, would hasten the fuller utilization of Canadian industrial capacity. The Mission might be accompanied by manufacturers.

12. The Minister of Finance referred to the representatives whom the Canadian Government had sent to the United Kingdom at various times and mentioned the projected visit of Colonel Harrison.

13. The Minister of Munitions and Supply observed that we had had representatives over there almost constantly since the war started, quite apart from the visits of Mr. Crerar and Mr. Rogers. In any event, the situation had recently changed to some extent, and he was more hopeful as a result.

14. Mr. Winslow-Spragge said that the delegation were here to find out what was the matter, why orders were not being placed. They had no doubt that the Prime Minister and Mr. Churchill had their hearts in the right place. The trouble was farther down the line.

In the last war it had been found that purchases in Canada for United Kingdom purposes could best be made by Canadians. English experts had no appreciation of Canadian capacity. He suspected that the delay, unnecessary complications and the unsatisfactory position was due to Canadian conditions being unfamiliar to British representatives, and that the latter had insufficient authority.

15. The Prime Minister observed that the Government and the delegation had the same motives and objects, namely to make the most use of Canadian industrial capacity for the common cause. He was not blaming the British Government, but on the contrary, trying to interpret their position. With their problems he had great sympathy; they were under the greatest pressure at the present time. They had started under many misapprehensions as to the nature of the war, as to its length and as to the industrial capacity of the United Kingdom. For example, in the negotiations leading to the agreement regarding the British Commonwealth Air Training Plan, the British representatives had insisted that the United Kingdom contribution should be in kind, that is in planes and engines. This they conceived to be their best contribution. Had it been refused by the Canadian Government would have been criticized. They had no misgivings then as to their manufacturing capacity to produce the engines and planes required.

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16. Mr. Howe observed that the Government had given the Canadian Manufacturers Association delegation last summer a completely free hand; the result had been the arrival of the present British Mission, who took from four to five times as long to place orders for the United Kingdom Government as it required to place Canadian orders. The delegation suggested that the Government appoint an outstanding industrialist to co-ordinate, develop and direct the production of industry engaged in the manufacture of war supplies. He had obtained for his Department, men whom he thought to be the best available. When Mr. Campbell had assumed the duties of Chairman of the War Supply Board he had told him that he would have the greatest possible freedom, and would not be criticized for anything except delay. Orders were placed without even waiting for the authorization of the Minister of Finance.

With respect to British orders, he was glad to say that the situation had now changed. Word had just been received that the United Kingdom Government had approved designs for a heavy tank and had asked that Canadian engineers be sent over to receive full particulars. They were being sent by the next ship. He anticipated within a few days orders for equipment for ten divisions. Equipment was also to be ordered on the part of the French Government.

As to a director of production, he would welcome a person of the qualities described in his Department. If he proved better than those in charge at present, he would put him at the top; if not, he would give him a job anyway and start him to work tomorrow morning.

17. Mr. Gurney said that a Ministerial Mission should be sent only if it were felt that it would help to win the war, that it would result in a better appreciation of the ability of Canadian industry to assist in the problem of supply. It should not be sent only to importune for orders.

18. Mr. King suggested that the delegation might submit a memorandum as to what points they felt should be emphasized in representations to the United Kingdom Government. If they did so, these points would be transmitted immediately in a message to the Canadian High Commissioner with instructions that he bring them to the attention of the United Kingdom authorities at once.

19. The Minister of National Defence, in answer to an enquiry as to whether in representations to the United Kingdom Government it had been urged that the full utilization

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of Canadian industrial capacity would be an important factor in the extent of Canada's total war effort, replied that he had put this point of view forward emphatically to members of the British Government during his recent visit. He had spoken personally to Mr. Eden and Mr. Chamberlain in this respect, had urged that if difficulties with respect to exchange were a barrier, that a system of barter could be worked out. He had urged that the use of Canadian plants would raise the Canadian national income and hence make possible a greater war effort, and had pointed out the comparative freedom of Canadian plants from the danger of enemy attack.

Sir John Simon had said that difficulties of exchange limited the United Kingdom Government to ordering in Canada only such materials as could not be obtained within the sterling area. It had been assumed that British production could continue at full capacity and foreign exchange be conserved. This had been the attitude of the United Kingdom Government until the past few weeks but the situation had changed with the change in Government.

20. The Minister of Finance observed that in addition to visits to England by Ministers, the Governor of the Bank of Canada had been in England to make arrangements with regard to our financing of British requirements in Canada. Today, Canada had exceeded by several million dollars the amount of Canadian exchange which it had agreed to provide under the arrangements which Mr. Towers had concluded. There had been no holding back on the financial front.

21. The Minister of Mines and Resources recounted his experiences in conversations with members and officials of the United Kingdom Government. They had been following a policy of conserving dollar exchange, and as a result held that orders to Canada must be strictly limited; at that time they held the view that the war would be long, and not of the character which had developed within the past few weeks.

22. Mr. Black drew the attention of the meeting to the large body of trained machinists in Canada; these men were as important as soldiers and full advantage should be taken of their services.

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23. Mr. V.G. Bartram said that he had many instances of the lack of proper authority in the British Mission which resulted in serious delay in the placing of orders. The British Government had been, in certain instances, very badly advised by their own officials as to conditions in Canada.

24. Mr. Morrow spoke of the efficient condition of the Canadian steel industry and its readiness to produce, if called upon, any steel which might be required for military purposes.

25. Mr. Bertram spoke of the machine tool industry. His plant had been steadily engaged on work for the United Kingdom Government as a result of advance orders direct from London.

26. Mr. Crabtree expressed the appreciation of the delegation for the reception which they had received from the Prime Minister and his colleagues. They accepted gladly the proposal that they should prepare a memorandum of suggestions that might be communicated to the Canadian High Commissioner in London.

He spoke briefly of the desirability of the removal of restrictions upon the seven-day week in the pulp and paper industry in Canada, and urged co-operative action with the provinces to modify such limitations as a contribution to Canadian war economy.

27. Mr. Simms said that the delegation, as a result of today's meeting, had a new appreciation of the Government's position, a new desire to co-operate and help the Government in the conduct of the war effort, and a new recognition of the responsibilities of industry.

28. It was agreed that the press should be informed that the meeting had taken place in a spirit of mutual confidence, that problems of production of munitions and supplies in Canada had been discussed, and that both the Government and the Canadian Manufacturers Association had found the meeting most helpful.

29. The Prime Minister, in closing the meeting, requested that what had been said should be regarded as

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confidential, that members of the Government had been completely frank in their description of the situation, and that many of the statements which had been made, if made public, would be misconstrued.

In his view, the fundamental prerequisite of a maximum war effort on the part of Canada was the maintenance of Canadian unity. He regarded it as a primary responsibility to keep the country united to face the serious situation at this time and even more critical days which lay ahead. He urged Canadian manufacturers to co-operate in this common cause.

The meeting adjourned at 1.20 p.m.

A.D.P.H.

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HAROLD CRABTREE
MONTREAL

January 5, 1940

To the Right Honourable William Lyon Mackenzie King, P.C.,LL.D.
and Members of the Privy Council of His Majesty's
Government in Canada

Events of the past few weeks have been of such alarming and overwhelming a character that all previous conceptions for the prosecution of the War have been completely shattered, if not utterly destroyed.

It has now been clearly and definitely revealed to us that nothing short of the maximum of effort, lashed by a continuous and unrelenting determination should be tolerated. We are fighting for our very existence against a powerful and unscrupulous foe, armed to the teeth and recognizing no law except that of brute force. We have no choice but to meet his challenge and meet it quickly and completely. We have not a minute to lose.

The entire productive capacity of this country must be harnessed on a mass production basis for twenty-four hours each and every day, including Sundays. Canadian Industry, keyed up by anxiety, is chafing at the bit and yearning to go.

To this end we desire to bring before you, in as a concise, yet unmistakable, way as we can, the innermost feelings of the Canadian Manufacturers from one end of Canada to the other,- of the burning desire that was manifested by all members of the Canadian Manufacturers present at the Annual Convention in Winnipeg, to throw into this struggle every ounce of matter and material of which we are possessed and every facility of Canadian Industry in its broadest and most comprehensive sense.

This position must be brought about in the shortest possible time, and to this end the Canadian Manufacturers Association respectfully urges:-

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1. THAT Governmental Ministerial representatives be sent to England at once, clothed with full authority to clear away misunderstandings that presently exist and which would appear to be responsible for Canada having received only ~~such~~ minor orders from the British Government up to this time.

The causes, whatever they are for this state of affairs, should be removed and we fervently hope that this recommendation may be considered favourably and acted upon promptly.

It has been tremendously disappointing to Canadian Industry that, notwithstanding the apparent basis of understanding arrived at during the mission of the Canadian Manufacturers to England last summer, followed by a return visit to Canada of a British Mission, no ~~business~~ of any magnitude has developed. The Canadian Manufacturers Association has a deep-rooted conviction that there do exist some definite causes why substantial orders have not been placed by the British Government.

We realize that Canadian plants are not equipped to produce heavy guns, but they are in a position to manufacture the smaller arms, shells, etc. of which the Allies are in great need. It is a matter of the greatest concern to the Canadian Manufacturers to have efficient plant capacity lying idle during such a critical period in the life of Canada and the Empire.

2. The appointment by the Government of an outstanding Industrialist, of proven executive and administrative ability, to co-ordinate, develop and direct the production of Industry engaged in the manufacture of munitions and war supplies.

Such appointee to be given wide powers to set up an Organization, of his own choosing, to the extent that such may be considered by him necessary or advisable in order to carry on the work of his Department in a most able manner.

The Canadian Manufacturers Association desires to stress the importance of such a move in order that the productive capacity of Canadian plants may be placed on such a footing and directed in such a manner as to produce at the highest degree of effectiveness and efficiency.

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CONTINUATION SHEET NO.

3.

3. The mobilization of the entire personnel, skill experience, equipment and resources of Canadian Industry in order to comply with all requirements of the Canadian and British Governments.

The Canadian Manufacturers Association realizes the tremendous responsibilities which must be borne by the Canadian and British Governments in these times of utmost gravity, and in setting forth this position, and urging the action it does, it is actuated solely by a sincere and anxious desire to help our country and the British Empire in this great emergency.

SUBMITTED ON BEHALF OF THE
CANADIAN MANUFACTURERS ASSOCIATION

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CONFIDENTIAL

Ottawa, June 29th, 1939.

Memorandum for Fyle:

Re: Manufacture in Canada of Armaments for British Defence Programme.

On June the 28th, at 11 a.m., in the Prime Minister's Office in the East Block, the following Members of the Cabinet -

The Prime Minister,
Mr. Howe,
Mr. Illsley,
Mr. Lapointe,
Mr. Mackenzie,
Mr. Crerar, and
Mr. Rogers,

received a delegation, representative of the Canadian Manufacturers' Association. This delegation consisted of the following persons -

W.D. Black, President, Otis-Fensom Elevator Co., Ltd., Hamilton.
H.G. Bertram, President, The John Bertram & Sons Co., Ltd., Dundas.
E. Winslow-Spragge, Managing Director, Canadian Ingersoll-Rand Co. Ltd., Montreal.
B.W. Coghlin, President, B.J. Coghlin Co., Ltd., Montreal.
J.H. Webb, Managing Director and Vice-President, Jenkins Bros., Ltd., Montreal.
E. Holt Gurney, President, Gurney Foundry Co., Ltd., Toronto.
R. H. Mulock, Canadian Car & Foundry Co., Ltd., Montreal.
W. H. McIntyre, Vice President and General Manager, Ottawa Car Mfg. Co. Ltd., Ottawa.
Taylor Bailey, Vice President and General Manager, Dominion Bridge Co. Ltd., Montreal.
A. Stewart McNicholls, President, Lake St. John Power & Paper Co., Dolbeau, Que.
C. B. Lang, Vice President, Dominion Steel & Coal Corp. Ltd., Montreal.
C. H. Mitchell, Works Manager, Canadian Westinghouse Co., Ltd., Hamilton.

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J. S. Duncan, Vice President and General Manager, Massey-Harris Co. Ltd., Toronto.
Chester Hamilton, President, Hamilton Gear & Machine Co., Ltd., Toronto.
Hugh McCulloch, President, Babcock-Wilcox & Goldie-McCulloch Ltd., Galt.
J.T. Stirrett, Assistant General Manager, Canadian Manufacturers Association, Toronto.
Hugh Dalton, Secretary, B.C. Division, Canadian Manufacturers Association, Vancouver.
C. Willis George, Canadian Manufacturers Association, Ottawa.

The purpose of the meeting was the discussion of the problems of Canadian manufacturers in obtaining and filling contracts with the British Government, for the manufacture, in Canada, of armaments and supplies for the British Defence programme.

Dr. Skelton, Under-Secretary of State for External Affairs, and Mr. A.D.P. Heeney were also present.

Prior to the entrance of the delegation, the Prime Minister explained to the other Ministers present, the position taken by the Canadian Government in respect of orders which might be placed by the United Kingdom authorities, in Canada. Mr. King made it clear that distinction must be drawn between such materials as might be required by the Canadian Government itself, for its own programme, and materials which were exclusively for use by the U.K. authorities. He expressed the view that, in the present circumstances, the Canadian Government should confine its financial obligations to materials in the former category, that is, materials required for its own use, but that so far as the second category was concerned, there was no reason why the U.K. authorities should not place as many orders as could properly be filled in Canadian plants. Such British orders should, in fact, be encouraged. The Prime Minister, in this connection, read to the other Ministers a copy of the letter of May 15th, addressed by the Under-Secretary of State for External Affairs, to the High Commissioner in Canada for the United Kingdom.

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The delegation then entered the room and were introduced to the Prime Minister and the other Ministers present. Mr. King opened the discussion by enquiring of those present how the impression had got abroad that the Canadian Government had discouraged, or wished to discourage, the placing of British orders in Canada. He expressed himself as desirous of correcting any such impression, which was quite contrary to the fact. He read to those present a portion of the letter of May the 15th, above referred to, in which it was made clear that the Canadian Government would be glad to have the British Government make as wide use as possible of Canadian plant capacity, suitable for the filling of orders for the United Kingdom Defence programme. No one present, in answer to the Prime Minister's enquiry, could state that any official countenance had been given by any Minister of the Crown to the suggestion that the Canadian Government discouraged such orders being placed by U.K. authorities, but it was agreed, nevertheless, that the impression did exist.

The Prime Minister again stated concisely the position of the Canadian Government, viz., the Canadian Government would be glad if the British Government should find a wide use of the Canadian industrial capacity for the production of armaments for the British Defence programme and that while the actual negotiation of any armament contracts placed, should proceed directly between the British authorities and the Canadian firms concerned, the government would be ready, as in the past, to co-operate by furnishing the British authorities all available information or, where necessary, by gathering information and making it available.

After a considerable discussion the deputation expressed their gratitude for the reception by the Prime Minister and his colleagues, and stated their desire to send to Great Britain a group of manufacturers experienced in engineering production, with the object of securing data concerning Defence requirements there and of furnishing information as to available sources of supply in Canada. The Prime Minister agreed that the good offices of the Canadian High Commissioner in London should be made available to such a group, in order to facilitate

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their mission as far as possible, and stated that he would immediately address a letter to that effect to Mr. Massey. It was also agreed that a press statement, concerning the interview, should be prepared in the Prime Minister's Office and later released.

The meeting then adjourned. During the afternoon Dr. Skelton, Mr. Christie and Mr. Heeney prepared a draft despatch to Mr. Massey, concerning the subjects discussed at the morning's meeting, and a press release to be given out on the subject. The despatch to Mr. Massey, as drafted, and subsequently amended, was signed by Mr. King, and Mr. Heeney delivered a copy of the despatch to Mr. Massey, to Mr. Stirrett at the Chateau Laurier Hotel.

A. D. P. H.

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Ottawa, June 28th, 1939.

Honourable Vincent Massey,
High Commissioner for Canada in the United Kingdom,
Canada House,
London.

My dear Mr. Massey,

This morning a number of my colleagues and myself, as a sub-Committee of Council, received a deputation from the Canadian Manufacturers' Association who called to explain their desire that Canadian industrial capacity should be further employed in the production of armament for the British defence programme and to ascertain to what extent we could properly intervene in such a connection.

The deputation were informed of the position, as it has frequently been made known both in Canada and to the British Government, that the Government would be glad if the resources of Canadian industry were found suitable for this purpose, and that, while the actual negotiation of the armament contracts should proceed directly between the British authorities and the Canadian firms concerned, the Government would be glad to collect and furnish such information as might be helpful in this connection.

While in cases where the arms and equipment to be made in Canada on outside contracts were at the same time essential for the Canadian Defence programme there were obvious advantages in the reduction of costs which could thus be effected, it has been the view of the Government that such considerations should not operate to restrict the placing of contracts in Canada by the Government of the United Kingdom for any part of its wider defence requirements.

The deputation further intimated that their Association desired to send to Great Britain a delegation of manufacturers experienced in engineering production to obtain data in connection with defence requirements there, and to furnish information regarding available sources of supply in Canada. They asked that the Government furnish to this delegation such facilities as might be proper.

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While it is obviously not within the power of the Canadian Government, nor would it be proper, to attempt to assess or decide upon the needs of the British armament programme, or upon the allocation of their specific requirements as between their own industrial plants and outside sources, we intimated that we would continue to welcome enquiries by the British authorities and be glad to assist the delegation's mission through the facilities of your Office in the same way as similar missions on the part of individual manufacturers have been assisted in the past.

I am enclosing a copy of a letter addressed to me today by Mr. W. D. Black, immediate Past President of the Canadian Manufacturers' Association, who led today's deputation, and I have no doubt that you will extend to the proposed delegation when it arrives all the co-operation in your power.

The deputation have also intimated that it would assist the purposes in view if an ordnance officer from the Department of National Defence could be made avilable in London while the proposed group are there. Steps are being taken to arrange for such an officer to be attached to your Office at the time. It would, of course, be outside the competence of such an officer to discuss or arrange any questions of policy, but it might well be helpful if he could be on hand in order to furnish technical assistance or to facilitate the furnishing of technical information.

Yours sincerely,

(signed) W. L. Mackenzie King

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STRICTLY CONFIDENTIAL

Ottawa, September 5th, 1939.

MEMORANDUM:

Re: Canadian Manufacturers Association - delegation to the United Kingdom.

A delegation from the Canadian Manufacturers Association was received this morning by the Prime Minister and a Sub-Committee of Cabinet, consisting of:

The Minister of Justice,
The Acting Minister of Finance,
The Minister of Mines and Resources,
The Minister of National Defence.

There were also present the Under-Secretary of State for External Affairs and the Principal Secretary to the Prime Minister.

The delegation consisted of:

W. D. Black, President, Otis-Fenson Elevator Co., Hamilton, Ontario, (Chairman);

H. G. Bertram, Vice-President, John Bertram and Sons, Co., Dundas, Ontario;

J. G. Morrow, Chief Inspector and Metallurgist, Steel Company of Canada, Ltd., Hamilton, Ontario;

Jos. S. Duncan, Vice-President and General Manager, Massey-Harris Co., Ltd., Toronto, Ontario;

Victor Drury, President, Canadian Car and Foundry Co., Ltd., Montreal, Que.;

P. S. Gregory, Asst. General Manager, Shawinigan Water and Power Co., Montreal, Que.;

J. E. Goodison, Vice President, John Goodison Thresher Co., Ltd., Sarnia, Ontario;

A. R. Goldie, Director, Babcock, Wilcox & Goldie McCulloch, Ltd., Galt, Ontario;

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E. Winslow-Spragge, Vice President and General Manager, Canadian Ingersoll Rand Ltd., Montreal;

J. E. Walsh, General Manager, Canadian Manufacturers' Association, Toronto, Ont.;

J. T. Stirrett, Asst., General Manager, Canadian Manufacturers' Association, Toronto, Ont.;

C. Willis George, Canadian Manufacturers' Association, Ottawa, Ont.

Major-General A. G. L. McNaughton, President of the National Research Council, was also with the delegation.

1. Mr. Black spoke of the recent Mission of the large delegation from the Canadian Manufacturers Association which visited the United Kingdom, after conferring with the government, in order to explore the possibilities of utilizing Canadian industry for purposes of the British Defence programme. He said that the Association felt that their first report of what had taken place in Great Britain should be made to the government. He also spoke of the facilities which had been made available by the government, to the delegation to England, and of the co-operation which had been received from the Canadian High Commissioner in London, and his staff.

Mr. Stirrett, Assistant General Manager of the Canadian Manufacturers Association presented a long report to the government, describing all the activities of the Canadian Manufacturers Association delegation to Great Britain. This report was in the form of a letter addressed to the Prime Minister, dated September the 5th, with which was attached various appendices.

2. The Prime Minister thanked the delegation for the completeness of their report, and expressed the willingness of the government to continue to co-operate fully with the manufacturers in their efforts to make Canadian industrial plants available to the British authorities, for the placing of orders in Canada.

In answer to an enquiry from members of the delegation, the Prime Minister said that the government

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would welcome the British Mission, which was to arrive in Canada shortly for the purpose of making first-hand contact with manufacturers in Canada, with a view to placing orders here, and Mr. King said that a representative of the Canadian government would meet the British Mission at Quebec, and do everything possible to facilitate their work in this country.

Mr. Winslow-Spragge described the way in which the government of the United Kingdom had received the Canadian delegation in England, and Hoped that the Canadian government would feel moved to act similarly towards the British Mission here.

3. The Prime Minister informed the delegation of the setting up of the Cabinet Committee on Supplies, and said that this Committee would be glad to take the matter in hand, on behalf of the government, upon the arrival of the British Mission, and that the Canadian government would count upon the co-operation of the Canadian manufacturers in respect of Canadian orders and in respect of their supplies direct to Great Britain.

Following the meeting, the Prime Minister indicated that he considered General McNaughton a suitable representative of the Canadian government to meet the British Mission in Quebec.

A. D. P. H.

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FROM: THE PRIME MINISTER OF CANADA OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA CANBERRA

Ottawa, 24th May, 1940

Telegram

MOST SECRET

Cypher

I have read with much interest your telegram of May 22nd. I concur in your view as to the gravity of the situation and the importance of any aid that can be secured from the United States. I was about to reply when I received a copy of Mr. Churchill's telegram to you. I have just send Mr. Churchill a reply which indicates that I concur in his view of the situation. I appreciate the full exposition of your views and should be glad at any time to discuss the most effective means of advancing the common cause in this difficult hour. My reply to Mr. Churchill follows: Begins .....

Ends.

PRIME MINISTER

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

Telegram No. 87 Ottawa, 24th May, 1940

MOST SECRET AND PERSONAL

Cypher

Following from Prime Minister for your Prime Minister. Begins.

1. I have received Mr. Menzies' telegram and share his appreciation of the gravity of the situation and the emphasis he has placed on the importance of immediate supplies of aircraft which could only be sought in any large numbers in the United States. I was about to reply when I received your telegram of today. I entirely concur in your views as to the situation in Washington. Public opinion in the United States has been profoundly changed in the past few weeks and the latest events will undoubtedly result in further modification. The action of the Foreign Affairs Committee of the Senate in rejecting by a vote of twelve to one this week a proposal to make army planes available to the Allies, indicates, however, the difficulties in translating this opinion into Congressional action. Any change of policy in the United States will have to result from conviction that a change is necessary in their own interest. I feel strongly that at the present moment any public appeal by outside governments would arrest rather than assist the formation of public and Congressional opinion favourable to action, and consider it would be equally embarrassing if information were to reach the public in any way as to personal appeals or discussions being made.

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2. As to making known the gravity and needs of the situation, particularly ~~as to~~ regarding the air, I have been for some time in direct and personal touch and am continuing to give close and direct attention to this aspect of the situation.

3. I am repeating this telegram to Mr. Menzies, Mr. Fraser and Mr. Smuts. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

NO. 669.

LONDON, May 23rd, 1940.

No. 669. Most Secret. Personal to the Prime Minister, Begins:

I understand that Menzies has sent you copy of telegram from him to Churchill based on Bruce's appreciation of situation. Bruce's telegram giving that appreciation was substantially as follows:

As occupation by Germans of Channel ports is definite possibility, it is necessary to consider position which would face us in such event.

It will almost certainly be followed by an intensive air offensive against United Kingdom which may result in destruction of factories and general slowing up of production and serious reduction of output of aeroplanes. This most serious as our reply to German air offensive must be prompt retaliation by sustained air offensive. Supplies of bombers and fighters to meet German attacks on United Kingdom cannot be maintained; impossible to forecast what position might develop here. Only source from which these supplies can be obtained with sufficient rapidity is from America and then only by the United States handing over planes already delivered and those ready in the near future for their own air force.

In view of prospect of Germans at Channel ports not inconceivable that possibility of French collapse under further successful pressure by Germans it seems that time has come when possibilities in their naked hideousness will have to be put to Roosevelt.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Bruce understands that Churchill has been in personal communication with Roosevelt but gathers that to date has not convinced him of vital necessity of immediate United States assistance even to the point of drawing on their own defence equipment. Bruce suggests that urgency of position might be brought home to Roosevelt if Dominion Prime Ministers added their support to the efforts Churchill is already making. There is no doubt young democratic Dominions have an appeal of their own both to Roosevelt and the American people.

The following are some of the points Bruce suggests would have to be put to Roosevelt:

That French may be militarily defeated.

That in such event our power to resist and eventually defeat the enemy will depend on continued exercise of sea power and our ability to prevent air domination of United Kingdom by Germany.

Our capacity to do these things is dependent on our having adequate air strength. (En bloc ?) with numerical inferiority that strength might so reduced by attrition and interference with our production and capacity to replace as to render us incapable of either exercising our sea power successfully or preventing the air domination of United Kingdom by Germany.

In such an event the possibility of our either

(1) having to move the seat of Government from London and ceasing to base British Fleet on United Kingdom, or

(2) having to come to terms with the Germans cannot be ignored.

Part 2 follows.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, May 23, 1940.

IMMEDIATE

MOST SECRET

CYPHER

No. 669

No. 669. Part 2. Most Secret. Following for Prime Minister, Begins:

An examination of (1) reveals grave problems with regard to British Fleet apart from difficulties of adequate bases for maintaining, refitting, etc. The primary value of the Fleet is to deny to the enemy vital and necessary supplies by its control of the seas. With the whole of Europe under German domination the only vital supplies we could deny her would be food and oil. With regard to the former, a serious blockade would probably mean starvation not for the Germans but for the unfortunate countries she has invaded. With regard to the latter, all her needs could be met by over-running Iran and Iraq, an operation, notwithstanding the possibility of opposition by Russia and/or Turkey, she would probably be in a position successfully to undertake. It is therefore difficult to see how continuance of the struggle by the removal of the seat of the Government and of British Fleet would be advantageous to the United Kingdom. It would preserve the rest of the Empire but at a hideous cost to the United Kingdom.

On the other hand the prevention of the British Fleet from falling into German hands is of vital importance to the United States of America.

It therefore seems that the position should be put to Roosevelt without any toning down of its darker shades and he should be made to realize that unless assistance is given

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

immediately with aeroplanes there is grave danger of the position so developing that the British Government will be compelled to come to terms with the Germans who would demand as the basis of any agreement the surrender of the British Fleet and the handing over of the West Indian Islands.

On the other hand the picture should be drawn of our capacity to meet all attacks against the United Kingdom, to the undermined morale of the German people and to the infliction of such material damage, particularly on oil supplies and oil production plant, by continuous air offensives as to bring about the defeat of the enemy provided the United States is prepared to supply the additional aeroplanes required.

In Bruce's view of handling the United States of America it will be necessary to make clear our preparedness, while safeguarding the future against further aggression, to face the problems of social and economic reconstruction in a spirit of liberal and generous cooperation.

The suggestions above as to possible future peace developments are of course not a forecast of what Bruce believes will happen but are only appreciations of possibilities which we would be unwise to ignore. Bruce's message ends.

Waterson has also forwarded to his Government copy of Bruce's telegram and has concurred in the views expressed therein. You will have received Smuts' reply to Churchill following receipt of Waterson's message. My own views are that the situation is almost if not quite as serious as Bruce

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

3.

suggests. You of course, if I may say so, have a peculiarly important position vis a vis Washington and Roosevelt and, should you feel that the situation warranted an approach, a message from you naturally would have very particular and special value. I feel that if it is possible you should be in a position to see in advance draft of any such appeal from Churchill as is proposed, as the terms of that appeal and the manner of approach would be of vital importance. For instance, if I may give my own view, there should obviously be no suggestion that we are "handling United States of America" as Bruce unfortunately phrases it. It is obvious to us in Canada but not possibly as obvious to London or Canberra that by far the best way of approach would be to lean backwards in disciplining any desire to suggest in any way what the policy of the United States should be; I would suggest that, without any direct appeal for aid, the facts in all their naked gravity if put forward on arrival speak for themselves, especially the facts relating to air power, and the fullest implications drawn from those facts in the message would drive the lesson home. The United States can be trusted to make the necessary deductions and having done so it is, of course, their responsibility what action they should take in the circumstances.

MASSEY.

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"R"

a-10
1940

FROM: THE RIGHT HONOURABLE R. G. MENZIES, PRIME MINISTER
OF AUSTRALIA, CANBERRA

4-12
1940

TO: THE RIGHT HONOURABLE W. L. MACKENZIE KING, PRIME MINISTER
OF CANADA, OTTAWA

a S

IMMEDIATE

MOST SECRET AND PERSONAL

CYPHER

UNNUMBERED

Canberra, May 22nd, 1940.

I have tonight despatched the following telegram to the Prime Minister of Great Britain, Begins:

We are in close consultation with Bruce and conclusions reached in this telegram are founded on his appreciation which is based on information at his disposal.

We are following present position with tense anxiety and are fully conscious that if present German drive northwards from Amiens and Abbeville continues, it will not only give command of all the Channel ports to Germany but gravely jeopardize the whole British and Belgian armies.

We have no clear appreciation of the reasons for unaccountable collapse of French Seventh and Ninth Armies but assume that the Allies have had no counter ground measures to combination of bombers and tanks. Further we assume that the only effective counter is bombing aeroplane.

It also appears to us that the Allies are suffering from a mechanical disadvantage in numerical inferiority in the air. Thus we are forced to the conclusion that immediate expansion of air arm is most vital necessity of the moment.

This necessity will become paramount if enemy occupies Channel ports or embarks on large scale air operations against Britain. It will be obvious that in initial stages such operations will be directed against our main centres of war material production, especially air, which will necessarily affect the output

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at the most critical time.

In view of these possible contingencies and of general position so far as it affects countries of civilized world not yet under domination of Naziism, we think that an immediate personal appeal should be made to President Roosevelt for release of every available aircraft, not only drawing upon those now in use by the United States Army and Fleet Air Arm but those immediately due for delivery.

Further, we should appeal for volunteers of American airmen along similar lines to assistance rendered to Spain by Germany and Italian military volunteers during Spanish revolution.

In this appeal all dangers and consequences to America as well as to the British Empire, not only of present grave difficulties, but of the possibility of Allied submission to Germany and loss of British Fleet should be stressed.

At the same time it should be emphasized that we are not requesting direct American participation in a step we gather American people are not yet prepared to take, and also it should be emphasized that we are fully confident of our ability to bring about defeat of Germany provided there is liberal cooperation in the immediate supply of aircraft.

I am sending copy of this telegram to Smuts, Fraser and Mackenzie King and suggesting that if their thoughts run along parallel lines, they communicate with you immediately with a view to appeal to Roosevelt being not jointly but a several one, but so far as possible simultaneously, and

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indicative of a united and spontaneous feeling that the whole civilized world is looking to him for all assistance he can conceivably render. Message ends.

MENZIES.

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D-19-1-(B)
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.
TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

MOST IMMEDIATE
MOST SECRET
CYPHER
NO. 598

Ottawa, May 24, 1940.

Your No. 673 of May 23rd. Please communicate at once to United Kingdom Government following decision of Cabinet War Committee at meeting held immediately upon receipt of your telegram:

1. In view of extreme emergency of situation, as described in High Commissioner's telegram, Canadian Government agree to make available at earliest possible moment, for service with home flotillas of Royal Navy, four Royal Canadian Navy destroyers presently based on Halifax.

2. Chief of Naval Staff will communicate by telegram direct to Admiralty within a few hours as to date of sailing from Canada, supply of ammunition and other details.

3. Inasmuch as despatch of four destroyers referred to above will leave no destroyers immediately available, owing to other Royal Canadian Navy destroyers being under repair and in West Indies, Canadian Government would appreciate, if considered practical by Admiralty, if "Caradoc" could be sent from West Indies to Halifax, or if some other arrangement could be made to cover Canadian East Coast.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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"R"

D-19-1-(8)
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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

No. 673

LONDON, May 23rd, 1940.

No. 673. Most Secret. United Kingdom have put forward additional suggestion for assistance considered to be of utmost value, namely, immediate reinforcement of home flotillas by Royal Canadian Navy destroyers now engaged on convoy work at Halifax. Urgency due to possibility in near future of sea-borne invasion of United Kingdom accompanied by aircraft escort. Largely by means of destroyers that such invasion would be opposed and sea-borne trade in home waters maintained. Recent developments and the attitude of Italy have left the United Kingdom sadly lacking in available destroyers in home waters for these tasks. Furthermore, submarines in the near future certain to be very active against shipping but more especially in waters adjacent to the United Kingdom than in wider oceans. To this extent, likelihood of submarine attack off Canadian shores has diminished. Message concludes by expressions of deepest appreciation of what has been done and assurance that this fresh contribution requested only because of absolute conviction of its necessity in present circumstances.

Asked also to mention as a smaller but important matter the possible provision of any available Canadian stocks of 4.7 high explosive shell temporarily short here.

MASSEY

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"R"

D-19-1-(c)
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

TELEGRAM NO. 577
MOST IMMEDIATE
SECRET

Ottawa, 21st May, 1940.

CYPHER

Your telegram No. 636 of 19th May, 1940.

1. Canadian Government are sending No. 112 Army Co-operation Squadron R.C.A.F. earliest possible moment. The Squadron can be equipped with 12 only Lysander Aircraft of Canadian manufacture, as initial equipment. These all available Lysander Aircraft and provision necessitates closing Army Cooperation School for training air crews for No. 110 and No. 112 Army Co-operation Squadrons. This equipment can only be provided if United Kingdom undertakes supply of reinforcements from United Kingdom sources.

2. We are sending at earliest possible moment No. 1 Fighter Squadron, R.C.A.F. together with all available Hurricane Fighters, 14 in number, it being understood United Kingdom will provide reinforcements as required there being no facilities for training here.

3. We accede to request that the whole of the output of Hurricane Fighters from Fort William factory should be diverted to R.A.F. for time being.

4. We are studying ways and means to provide Flying Boats for reconnaissance duties in Caribbean area and will advise later what assistance can be given this respect.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

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1940

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

No. 636

LONDON, May 19, 1940.

No. 636. Referring to last paragraph of my telegram No. 633 of today, following additional communication has now been received from the United Kingdom Government.

"United Kingdom would welcome early despatch of the No. 112 Army Cooperation Squadron of the Royal Canadian Air Force. In so far as consideration has hitherto been given to equipment of this squadron, it has been understood that equipment would have to be provided in the United Kingdom. In the present circumstances it is suggested that as the Royal Canadian Air Force has a number of Lysander aircraft and as this type is being produced by us, Canadian Government might consider the possibility of sending as many fully equipped Lysander aircraft as possible for use by the No. 112 Squadron in the United Kingdom.

Having regard to last sentence of your letter of May 11th in which you indicated that the Canadian Government would be glad to give immediate consideration to any other suggestions which the Government of the United Kingdom might wish to make, Air Council have examined the other forms of air assistance which Canada might be prepared to consider as a matter of urgency, and they have the following suggestions to offer.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,-

The first would be that the Canadian Government should consider the possibility of making available a Royal Canadian Air Force Fighter Squadron, both aircraft and personnel, at an establishment, if possible, of sixteen initial equipment.

The second would be that the Canadian Government should consider the possibility of agreeing that the whole of the output of Hurricane fighters from the Fort William factory should be diverted to the Royal Air Force for the time being.

There is a third measure of assistance which Canada might be prepared to consider. At an earlier stage, a request was made to the Canadian Government that they would consider the provision of flying boats for reconnaissance duties in the Caribbean area. Canadian Government, at the time, were unable to accede to this request. United Kingdom Government have, up to the present, sent no unit to the Caribbean, and have not earmarked one to go there. Nevertheless, this is a liability with regard to which the United Kingdom Government is at present unable to meet. United Kingdom Government would be most grateful if the Canadian Government would consider the possibility of sending six flying boats to operate in the Caribbean if the situation should demand the presence of general reconnaissance aircraft in that area".

MASSEY

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"R"

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1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

Ottawa, May 23rd, 1940.

IMMEDIATE

CYPHER

NO. 588

With reference to your No. 633 of May 19th, the Cabinet War Committee have given careful consideration to the suggestions for further co-operation put forward by the Army Council, and have today reached the following decisions, which you are requested to communicate immediately to the United Kingdom government:

1. The Canadian government are willing to undertake to provide and maintain an Infantry Brigade for garrison service in Iceland and to provide the equipment described in your telegram. The organization of this force will be undertaken without delay. It is not yet possible to indicate when its organization will be sufficiently advanced to permit of its transportation. It is assumed that provision of such artillery, anti-aircraft, air and naval protection, as is considered appropriate, will be arranged by the United Kingdom government.

2. The Canadian government are prepared to provide a further available Infantry Battalion for service in the West Indies. This unit can be ready for embarkation at an early date.

3. The Prime Minister announced in the House of Commons, on Monday, the government's decision to form a Canadian Corps in the field, in accordance with arrangements which have been discussed by the Minister of National Defence, with the War Office, and also the decision to undertake the raising of a third Division

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to be available for such service as may be required, in Canada or Overseas. For the present it is not contemplated that the Third Division should be included in the Canadian Corps.

It is intended that an Infantry Brigade from Units already mobilized will be detailed from the Third Division for Iceland garrison duty.

4. With regard to Forestry and Transportation Units, the Canadian government had already agreed to arrange the despatch Overseas of sixty railway engineers, and had asked you to make further enquiry in this connection. (See our No. 335 of April 1st last; also our No. 564 of May 19th). On the financial conditions referred to in your telegram, Canadian government are also prepared, as soon as possible, to organize and despatch Forestry Units Overseas. So far as these and Transportation Units are concerned, the Canadian government agree in principle and wish to be informed as soon as possible which types of such units are most urgently required in the present circumstances.

5. For High Commissioner's confidential direction: It would be helpful if you could ascertain from War Office more precise information as to types and numbers of the Forestry and Transportation Units contemplated by Army Council. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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"R"

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1940

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

No. 633

LONDON, May 19th, 1940.

No. 633. Part 1. Your telegram No. 517, May 10th. United Kingdom Government has sent further reply which again expresses warm appreciation of Canadian message and undertakes to give immediate consideration to any suggestions for further cooperation. Despatch of two destroyers already gratefully accepted. Message goes on: "would be grateful if you would convey the following observations which represent the result of consideration given the matter by the Army Council.

Developments of the past few days on the Western Front have made it clear that Allied resources on land will be fully extended in withstanding the German attacks during the coming months. Apart from this immediate struggle, it is equally clear that we must build up our strength to defeat the German forces should they prove capable of sustaining a long conflict. It is thought that taking into account the despatch to the United Kingdom of the First Canadian Division which should, it is thought, be able to take the field somewhere between the middle of June and July, Canada could give no more useful immediate help than is detailed below. In so far as priority can be indicated between the forms of assistance, all of which would be of great value and importance, it would follow the order given in this letter.

An infantry brigade is now being sent to garrison Iceland and it is anticipated that a garrison will have to be maintained there throughout the war. If the Canadian

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

2.

Government could undertake to provide and maintain this garrison with troops other than those required for their field force it would enable the division from which the brigade now being sent to Iceland has been drawn to be retained available for service overseas as a complete formation. It is understood that the equipment which the Canadian authorities would be able to provide would include rifles, Lewis guns and motor transport.

In the fifth paragraph of your letter, you referred to the possibility of accelerating the departure overseas of the Second Canadian Division. This would, of course, be a great help and encouragement and while I cannot give any detailed information on the question of transportation immediately, I can say that everything will be done as regards necessary shipping in an endeavour to make such an acceleration possible.

End of Part 1, Part 2 follows.

MASSEY

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"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

No. 633

LONDON, May 19, 1940.

No. 633. Part II.

The Army Council would next wish to suggest that detailed consideration should be given to the formation as soon as practicable of a Canadian Corps, and that, if a decision in principle on this point could be reached by the Canadian Government, it would greatly assist to expedite the settlement of practical questions below.

The provision of necessary Corps, Army and General Headquarters Troops would then become a matter of great urgency, the units required may be dealt with as regards their availability from Canadian or United Kingdom sources under three categories:

(1) Units which have already been sent to this country from Canada, now available.

(2) Units which would or might be provided from Canada at once.

(3) Units which would have to be provided in the first instance from United Kingdom sources and might later be replaced by Canadian units.

The United Kingdom authorities are most anxious to facilitate the formation of a Canadian Corps and will endeavour to make available units required under category (3). It would, however, be extremely helpful if all possible steps could be put in hand to that effect in Canada for the provision of Canadian units in this category.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

2.

In the third paragraph of your letter, you refer to the despatch of a Canadian Rifle Battalion for service in the West Indies. This offer has already been accepted and has proved of great assistance in enabling a United Kingdom battalion to be sent from America to Curacao. The return of this battalion to the United Kingdom would be of considerable value, and it would, therefore, be of great additional help to us if decisions could provide a further infantry battalion and thus assume all infantry garrison duties in the West Indies i.e. Jamaica, Bermuda, and Curacao. We should also like to suggest that the Canadian Government would wish to consider the desirability of completing Canadian Corps, if and when that formation comes into existence, to normal standard of three divisions. If so it would, no doubt, be necessary to make arrangements at once for the formation of a Third Canadian Division which, it is needless to say, would prove of great military assistance and encouragement in prosecuting our common cause.

So far the suggestions have related to the proposed expansion of main Canadian Active Service Force and it is recognized that their acceptance will inevitably entail a considerable additional liability to finance of Canada's war effort. There remains one suggestion which falls in a rather different financial category.

It will be remembered that requests were made to the Canadian Government soon after the outbreak of war for certain forestry and transportation units, particularly railway survey

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

3.

and construction companies. In respect of these specialized troops it was suggested that arrangements might be made as in the last war whereby they should not be regarded as coming within the ordinary scope of the Canadian Active Service Force and that the special financial arrangements, which were agreed to in the last war and have already been communicated to Canadian authorities, should apply. The War Office were in any case about to accept the Canadian Government's helpful offer in the letter from Canada House of April 2nd whereby the Canadian Government would arrange to despatch to this country 60 railway engineers and it is hoped that this may be done at the earliest possible moment. The United Kingdom Government would also be grateful if further consideration could be given to the provision (under the special financial conditions referred to above if the Canadian Government so wished) of forestry units and certain other transportation units, details of which could be supplied at once if the Canadian Government agree in principle. A further letter will be sent as soon as possible as regards air assistance including question of No. 112 Army Cooperation Squadron of the Royal Canadian Air Force mentioned in paragraph 6 of your letter".

Third and fifth paragraphs of my letter mentioned above are second and fourth paragraphs of your telegram No. 517.

MASSEY.

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"R"

D-18-1
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

SECRET

CYPHER

No. 75

Ottawa, May 18th, 1940.

Following from Prime Minister to your Prime Minister, Begins:

1. The War Committee of the Cabinet have been giving further special consideration to methods by which Canada, at this critical time, can assist most effectively in the common cause.

2. In the light of the report of the Minister of National Defence who just returned yesterday from the United Kingdom, and with particular reference to the problem of ensuring a continuous supply of adequate mechanized equipment and munitions, we feel the government of the United Kingdom may wish to make fuller use of the resources of Canadian industry.

3. On various occasions prior to the outbreak of war, and since that time, the attention of the government of the United Kingdom has been drawn to the productive capacity of Canadian plants as an alternative source of supply, relatively free from the danger of enemy action. We understand that the United Kingdom Purchasing Mission in Canada, in connection with their purchases here, have made a survey of possibilities for further production of war materials.

4. It may be of some service to you, in the midst of the serious problems you are facing, to be reassured that our government is willing to do everything possible to encourage and assist in the development of increased production in Canada for Allied purposes, and that Canadian manufacturers are ready to

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undertake, to the limit of their capacity, production of such supplies as can be manufactured in this country. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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1940
D-19-1
1940

"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

OTTAWA, May ~~11,~~ 12 1940.

No. 585

CYPHER

SECRET

With reference to my telegram of the 10th of May, No. 516, Greenland. Canadian Minister in Washington has had further consultations with the Department of State and the Danish Minister. The result of his discussions may be summarized as follows:-

Begins.

The State Department and the Minister both welcome the Canadian decision to appoint a Consul, and the Minister has already written the Greenland Governors that he would endorse the appointment. He considers it desirable that only Canada and the United States should send Consuls to Greenland at present.

Both the Minister and the State Department received favourably a Canadian suggestion that the local authorities in South Greenland should be requested to mount and man a gun for defensive purposes at the entrance to Ivigtut Harbour. ~~This gun, which could be "purchased" from Canada or the United States, could be manned by Danish or Greenland nationals.~~ The Danish Minister will ~~[illegible]~~ ~~[illegible]~~ communicate with Greenland authorities to ascertain whether necessary personnel is available there.

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The United States Consul who is proceeding North on the COMANCHE has been instructed to visit the Ivigtut mine and report on what steps are necessary to prevent sabotage. His recommendations will be received before the United States Coast Guard cutter CAMPBELL sails for Greenland on the 1st of June. The State Department agree that the question of how to prevent a raid on Ivigtut must be clarified, especially in view of possible effective conquest of Norway upon control of North Atlantic. The competent authorities are being consulted and concrete proposals may be expected shortly.

The State Department is prepared to discuss problems relating to increased production and equitable distribution of cryolite, and welcome our suggestion of a meeting between representatives of the various interests involved. They consider that capital for additional machinery and equipment could probably be provided by principal consumers.

Ends.

The United States position outlined above marks a definite advance on previous situation. An indication of the views of the Government of the United Kingdom will be of material assistance to us in planning our programme for the immediate future.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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T E L E G R A M

From: The Canadian Minister to the United States
To: The Secretary of State for External Affairs, Canada.

IMMEDIATE
SECRET
CYPHER
No. 82

WASHINGTON, May 10, 1940.

No. 82. Secret. Reference your telegrams Nos. 67 and 68, concerning Greenland. As instructed put your views before Berle and Moffat at State Department and discussed matter with Danish Minister.

(1) State Department and Minister would welcome appointment of Canadian Consul. Danish Minister had already written Greenland Governors via Comanche that he would endorse appointment. He feels it is desirable Consuls in Greenland be confined to United States and Canada. He states appointment could be taken up with Greenland authorities either through Danish Consul General in Canada or with him. Former would in any case consult him.

(2) Danish Minister raised no objection to your suggestion in your telegram No. 67. State Department received suggestion favourably and will give definite answer shortly. They suggest Greenland authorities be asked by United States and Canada, through Danish Minister, for their views of proposal, on the type of armament required, and on whether necessary personnel is available in Greenland.

Part 2 follows.

CANADIAN MINISTER

No. 82. Part II.

(3) United States Consul to Greenland has been instructed immediately on arrival to visit Ivigtut mines and report on what steps are necessary to prevent sabotage. His recommendations will be received before the Coastguard cutter Campbell sails for Greenland on June 1st.

(4) State Department is prepared to discuss equitable distribution of output of cryolite and would welcome meeting between representatives of interests involved to discuss increased production which would involve additional machinery and equipment, capital for which they think could probably be provided by principal consumers.

(5) Berle agrees that question of how to prevent raids on Ivigtut must be clarified, especially in view of possible effect of conquest of Norway upon control of North Atlantic, and after further discussion with competent authorities will give State Department's views. Message ends.

CANADIAN MINISTER

Received Ottawa 9.40 p.m.

see also
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1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON

MOST SECRET

CYPHER

No. 517 Ottawa, May 10th, 1940.

Please convey the following immediately to Government of United Kingdom, Begins:

1. In light of today's critical developments our Cabinet War Committee, in special meeting, have been considering the most useful additional methods of Canadian assistance to Allied effort, and further means of immediate co-operation with Government of United Kingdom in the common cause.

2. The Government had already decided to make a Canadian Rifle Battalion available for service in the West Indies area, and have now authorized their despatch at the earliest possible moment to serve in substitution for United Kingdom unit. Chief of General Staff has communicated by telegram today, in this respect, with Canadian Military Headquarters, for information of War Office.

3. We are prepared to despatch immediately from Halifax to the West Indies two destroyers for duty in that area in co-operation with units of Royal Navy and United Kingdom Forces, if this is considered most effective use. Word of this has been sent by telegram today to the Commander in Chief America and West Indies Squadron, and repeated to Admiralty.

4. We have also had under consideration accelerating the departure of the Second Canadian Division overseas. We would be prepared to arrange Division's departure from Canada to take place June July instead of July August as previously

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contemplated.

5. No. 112 Army Co-operation Squadron Royal Canadian Air Force is ready to proceed Overseas at an early date and we are prepared to despatch them at once, if their presence in United Kingdom is regarded as a more useful contribution at the earlier rather than at the later stage.

6. We have been awaiting the return of the Minister of National Defence to review our programme of war effort in light of information brought back by him following consultation with United Kingdom authorities and heads of Canadian forces overseas. As regards any changes rendered advisable by developments since the Minister of National Defence sailed, we would be glad to give immediate consideration to any suggestions which the Government of the United Kingdom may wish to make. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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As presented to Cabinet War Committee by Dr. Skelton Apr. 4-40.

April 4th,1940

W-10-1
1940

C-10-3
1940

ST. LAWRENCE.

Present Position: Draft treaty prepared by United States, combining St. Lawrence and Niagara has been revised in conferences in Washington and Ottawa; financial arrangement with Ontario discussed and tentatively agreed upon by Mr. Howe and Dr. Hogg. Perhaps fortnight required for revising treaty and Ontario agreement for signature.

Plan: St. Lawrence, retain plan of two dams, but build power houses only at lower or Barnhart Island dam, 238-242 level; upper dam to be a control dam;

general engineering plans agreed to by Dominion, United States, Ontario and New York engineers, much detailed engineering investigation and drawing up specifications to be done after agreement signed.

No change in national section; Niagara revision by Joint Commission to be set up.

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Time of Completion: In Hull draft, completion of Canadian section was set at December 31,1949; now extended to December 31,1950, and provided also that if war conditions delay initiation, time to be extended at instance of Canada.

Division of Costs: On paper, equal division between Canada and the United States, but Canada credited with 131,000,000 for Welland and the United States some Upper Lakes work. The relative share of cost falling on the Dominion as compared with the 1932-33 agreement threatened to be largely increased as a result of two factors:

1. The fact that in 1933 the United States had made an agreement with New York State for use of the power very much more favourable to New York than the agreement previously made by Canada with Ontario led to demands by Ontario for revision and an informal agreement between Mr. Bennett and Mr. King in 1935 that a revision on substantially the New York lines would be made. This would mean the Dominion would assume 12 or 15 million dollars more of the cost.

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2. The fact that the present single-stage plan means building only one power house and machinery instead of two naturally reduces the power proportion of the total cost.

In spite of these facts, tentative arrangements have been made with the United States and Ontario which make the net Dominion payment less than it would have been in 1932. The United States has agreed to assume the cost of both canals in the international section of the St. Lawrence; and a further sum of 5,000,000 equivalent to the cost of rehabilitating Morrisburg. Ontario came up in discussions with Mr. Howe from a payment of 55,000,000 to one of 61,700,000, and in addition assumes whole cost of Ogoki. Net cost to Dominion therefore only $40,000,000.

Costs based on 1926 data; no doubt above present costs; several projects completed in recent years actual cost 2/3 of estimates.

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Chicago Diversion:

Former provision limiting to Supreme Court decree.

Extreme: Ogoki offsets: Mississippi Valley opposition. Congress can pass new law at any time.

Our suggestion, increase from 1500 to c.s.f. not accepted.

Their suggestion, omit any restriction not accepted.

Compromise: arbitral tribunal re compensation or remedy if increase passes Congress, President, Supreme Court.

Quebec Angle.

No direct interest in power, as Ontario has since no power being now developed by canals.

Two points:-

(1) safeguarding navigation and power - amply done.

(2) compensation for more favourable bargain to Hydro than Beauharnois, to go into lower rates.

Real objection - Shawinigan.

Lefebvre O.K., but should see Ministers.

United States difficulties much greater than ours, Atlantic ports, railways, Buffalo and barge canal, Chicago, anti-Roosevelt.

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1940

DEPARTMENT OF EXTERNAL AFFAIRS.

SECRET

OTTAWA, April 5th, 1940.

No.8.

Sir,

I have the honour to refer to your Note No. 3, dated 12th March, 1940; to the Memorandum enclosed therein; and to your Note No. 5, dated 20th March, of the same year; all dealing with the question of the establishment of a Contraband Control Base at a Canadian Atlantic port.

2. In the letter from the Under-Secretary of State for External Affairs, dated the 26th February, you were informed that the Canadian Government was prepared to accept the proposals previously submitted, on the assumption that they would be found likely to contribute to the solution of the very difficult questions that have arisen with the Government of the United States, with regard to Contraband Control. There have been some changes in the circumstances that were under consideration at that time, but there has been no change in the general position taken by the Canadian Government with regard to co-operation in this matter.

3. The negotiations at Washingtom seem to indicate that St. John is unlikely to be regarded as satisfactory to the United States interests concerned. Further, the United States authorities at present object to any Canadian port the use of which might involve violations of the Panama Zone. This would include all

The High Commissioner for the United Kingdom,
Earnscliffe,
Ottawa, Canada.

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ports west of the neighbourhood of Sheet Harbour in Halifax county, and would exclude such ports as Halifax and Shelburne. It would leave available for consideration Sydney, Nova Scotia, (Involving the use at times of Louisburg when access to Sydney became impossible by reason of ice conditions), and St. John's, Newfoundland.

4. There are very strong objections to the use of either St. John's, Newfoundland, or Sydney (Louisburg). The establishment of a base at St. John's is, of course, a matter that would not directly concern the Canadian Government. Sydney (Louisburg) is a matter of concern to this Government and the objections are being brought to the attention of the Ambassador and of the Canadian Minister at Washington, and also of the United Kingdom Naval Attaché. These objections, which are concerned with the safety of the ships resorting to the base and to the conduct of vitally important Naval operations, will make it necessary to ask the United States authorities to re-consider the adoption of Shelburne as the location of the base.

5. If the objections of the United States Government can be overcome, there can be no doubt that Shelburne would be the most desirable location for a Contraband Control Base in this country. There is a sheltered harbour in which a substantial number of merchant vessels could lie at anchor at one time. Reasonably adequate wharfage facilities are available. The port is used for no other belligerent purpose and the expeditious handling of the contraband control would have a first claim on all the facilities of the port.

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Provision could readily be made for adequate accommodation and the base could then operate without interfering in any way with other war activities.

6. In your memorandum, paragraph 9, you summarized the operations which would be carried out at the Canadian base, and which should form the subject of a joint approach by the Government of Canada and the United Kingdom to the United States.

7. The first point, which is dealt with in paragraph 9 (a), relates to the handling of mails. The position taken is modified by the new proposals, which are referred to in your Note No. 5 of the 20th March, 1940. It is unlikely that there will be any actual examination of United States mails on east-bound ships. The arrangement, whereby the mails will be sent by British and neutral ships via the United Kingdom and dealt with in United Kingdom ports, would afford a satisfactory solution. It is understood, however, that it would be necessary to retain the possibility of treatment of mail at the Canadian base along the lines suggested in the memorandum. The existence of such a provision would prove an incentive to the adoption and maintenance of the arrangements involved in the new proposals. It might also be necessary to deal with mails on other neutral ships, for example, ships from the west coast of South America. The Canadian Government will, therefore, be prepared to co-operate in this respect, along the general lines set forth in the memorandum.

8. The second point, which is dealt with in paragraph 9 (b) relates to the examination of passengers

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and their luggage, and cabins, and crews' quarters. The arrangements would be carried out by officials of the Canadian public service acting in co-operation with the authorities administering the Contraband Control Base. As a result of the examination of memoranda furnished by your Government, it is clear that there is no substantial difference in practice in this matter and that the cases could be dealt with under existing Canadian laws and by the authorities who are now responsible for dealing with the same sort of problem in its other aspects.

9. The third point, which is dealt with in paragraph 9 (c), relates to the examination of the manifest in the case of east-bound cargoes. It is understood that, in the case of United States ships from Atlantic ports, the delays involved in dealing with contraband questions at the proposed base would be prohibitive, and that it might be necessary for such ships to be examined at European bases. There would, however, be ships from the Pacific, and from distant Atlantic ports, that would want to have a complete contraband examination at the proposed base. It is assumed, therefore, that the examination at the base might, in practice, be complete in some cases.

10. The fourth point, which is dealt with in paragraph 9 (d), relates to the examination of the cargoes of west bound ships on the northern route for enemy exports. An Order-in-Council was passed in December last providing for a Proclamation along the same general lines as the Reprisals Order-in-Council in the United Kingdom. No proclamation has as yet been issued, but before the actual establishment of the base it will be issued and will furnish an adequate legal basis for

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the examination.

11. I have considered your observations with regard to the navicert system, and, particularly, the points discussed in paragraph 5. I agree with your view that the general adoption of this system will afford the only satisfactory solution to the question under consideration. It will minimize the operations at the base and it should prove effective in preventing delay and inconvenience to neutral shipping. It is assumed, that in the earlier period of operation of the base the volume of business transacted will be much greater than at a later stage when the navicert system has been generally adopted.

12. In paragraph 6, you asked for the views of the Government on the institution of a similar system at Montreal or Quebec, for cargoes of United States origin on the Great Lakes route. A study is being made of the possibility of arranging for the examination of ships at Montreal or Quebec, the arrangements made to be co-ordinated with the establishment of the Atlantic base. It may be possible to provide for examination by Canadian Customs authorities and for the establishment of administrative arrangements, whereby the results of the examination can be co-ordinated with the disposition of the results of similar examinations at the Atlantic base. The problem of examination of mail would not arise in the Great Lakes-St. Lawrence trade. It is assumed that no change would be made in the arrangements for dealing with passengers and members of the crew who are now subject to effective control by the Royal Canadian Mounted Police.

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13. In paragraph 7, you raise a similar question with regard to the examination of incoming cargoes at Quebec or Montreal for enemy exports. Ships at Canadian ports of destination are dealt with effectively under existing arrangements. In the case of ships for United States ports of destination, you suggest that the cargoes might be examined at Quebec or Montreal, and careful consideration is being given to this suggestion. It is assumed that this would be done by the Canadian Customs authorities, the arrangements being similar to those dealt with in the preceding paragraph.

14. I note that you are not asking that consideration should be given at the present stage to the question of the examination of mail for enemy exports.

15. In paragraph 10 you refer to the Canadian Government's suggestion as to the control and operation of the base, and indicate that your Government would place its operations under the general supervision and administrative control of the Commander in Chief, America and West Indies Station. The staff would be provided, in the first place, from United Kingdom sources, but your Government hopes that the Canadian Government would not exclude the possibility of making Canadian personnel available at a later stage. The possibility that the Canadian Government might furnish the Post Office staff is discussed but, in view of the suggestions contained in your despatch No. 5 of the 20th March, it seems to be unlikely that they will be required. You also refer to the availability of a suitable vessel and trained personnel for this task, and, in paragraph 11, you

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ask whether the Canadian Government would inform your Government as to whether certain types of small craft would be provided locally. An early despatch of the suitable vessel and trained personnel is also referred to in the last paragraph of your Note No. 5 of the 20th March, and I assume that your Government is anxious to receive the concurrence of the Canadian Government as soon as possible.

16. It would, I think, be premature to despatch the ship in question, together with the trained personnel, before final decision, as to the port, is made. It would also seem to be desirable to make tentative arrangements for the small craft referred to in paragraph 11 of the memorandum and for necessary accommodation. Further, before despatching the H.M.S. "Vandyk", it would be necessary to ascertain that the plans would not give rise to objections in Washington.

17. The Canadian Government will take immediate action to ascertain from the United States authorities whether the plans under consideration will be regarded by them as likely to contribute to the solution of the very difficult questions that have arisen, and to obtain the information that is necessary for decision as to the port. You can rest assured that the Government will do everything that is possible to obtain a prompt solution of this question. There is, however, one aspect of the problem that requires further study. I had already suggested that your Government would establish and control the operations at the base. There are new factors that make it necessary to review the question of control and operation. The possibility of establishing a base under Canadian control, and operated by the

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Canadian services, is being studied. If such a course were adopted, it would be necessary to make arrangements for the attachment of personnel from the Royal Navy for the early stages of the operation of the base, upon the assumption that such personnel would be replaced from time to time by members of the Royal Canadian Navy. The financial arrangements to be made in these circumstances would also require consideration. At the same time, it would be necessary to devise means whereby the operations of the base could be so closely co-ordinated with the operations of the Ministry of Economic Warfare that there would be uniformity in the treatment of neutral shipping.

I have the honour to be,

Sir,

Your obedient servant,

W.L. Mackenzie King.
Secretary of State for
External Affairs.

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"A"

see Cabinet War Committee Minutes Apr 4, 1940

D-19-1-(a)
1940
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1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON

SECRET

CYPHER

No. 355

Ottawa, 5th April, 1940.

No. Your cypher No.265 of March 3rd which has been previously acknowledged and indication given that it would be dealt with by Cabinet during present week. Further consideration has been given both by War Committee and full Cabinet to proposal that Canadian Division and non-divisional troops should become a self-contained formation under G.H.Q. (hereinafter referred to as "G.H.Q. proposal") instead of forming part of British Corps as had been agreed on in your Telegram 847 of December 23rd and our reply 704 of December 27th confirmed by our further telegram to you No.219 of February 27. Without entering on discussion of merits of various considerations put forward by Canadian Military Headquarters in your Telegram No.265 of March 3rd Canadian Government is willing in order to make progress to accept "G.H.Q. proposal", provided a mutually satisfactory agreement can be reached with United Kingdom with respect to the financial implications of this proposed arrangement. Canadian Government holds strong view that "G.H.Q. proposal" does not constitute a return of such non-divisional units to Canadian higher formation in the sense fully understood when the original agreement was made, as per our telegram No. 84 of September 29th and reply of War Office contained in Dominion Affairs Telegram No. 97 dated October 25,1939. It seems clear to us and it has always been assumed that the words "higher formation" referred explicitly to the possible formation of a Canadian Corps and this view is

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supported by the fact that most of the non-divisional units provided were of a kind that would normally be employed in a corps. It should also be pointed out that throughout entire discussions it has been understood by us and accepted by War Office that non-divisional units would normally be employed with Canadian division (See Telegrams Nos. 847, 704 and 219 above mentioned). Consequently, the formation under G.H.Q. does not alter this relationship in any essential feature. The suggestion of the U.K. Government that a date might be agreed upon for a change in the original financial arrangements which governed the employment of these non-divisional units has been noted and, in order to meet request of Government of the United Kingdom for a more definite time feature, Canadian Government would be willing to consider the selection of a date from which it would assume larger degree of financial responsibility but on understanding that this would be on basis of depreciation and would not involve assumption of capital cost for initial equipment and maintenance. This aspect of the question will be discussed with the War Office by the Minister of National Defence who is leaving shortly for a brief visit in the United Kingdom. In this connection the supply by the Canadian Government of M.T. to be used by these ancillary troops would be an item of set-off for consideration in arriving at the balance of payments to be made on account of depreciation and in ultimately adjusting respective responsibilities of the two Governments if and when the contingency arises when Canada assumes cost of maintenance of equipment and cost of equipment which was to be subject to mutual arrangements under Telegrams No.84 and 97 above mentioned. In order to negative any assumption that the matter of financial implications of "G.H.Q. proposal"

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was introduced by us here it perhaps should be noted that the question was first raised by the fact that your Telegram No. 188 of February 13th stated that "Canadian Higher Formation within the meaning of financial arrangements regarding equipping of non-divisional troops will soon be established either by formation of Canadian Corps Headquarters or by proposal that division plus non-divisional troops come directly under G.H.Q." This was taken to mean that War Office in conference held that day had raised this question by intimating their view that Canada's financial responsibility was the same in either case. It might also be noted that proposal to incorporate Division and ancillary units in same British Corps was the proposal of the War Office as shown by Telegram G.S. No. 11 of November 3rd and confirmed by our Telegram No. 598 of November 30th and your reply No. 754 of December 6th with channel of authority for training and administration direct through G.O.C. 1st Division to Canadian Government.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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As presented to Cabinet War Committee
Ap. 4, 1940

Personal and
Confidential

Ottawa, 4th April, 1940

D-19-1-(a)
1940

C-103
1940

Dear Mr.Rogers,

I stated yesterday that I would send some notes regarding the discussion on ancillary units. I find that I have not all the correspondence to which reference was made, and am not entirely clear as to the precise matter at issue. I enclose a short note for what it is worth.

Yours sincerely,

O.D.Skelton

The Hon.Norman Rogers,
Minister of National Defence,
Ottawa.

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ODS/ET
4 April,1940

The question of forming and maintaining a Canadian Corps consisting of two divisions and ancillary troops, involves consideration as to the relative importance of different channels of war effort, the relative and total costs involved, national pride and interest in a distinctively Canadian organization,etc. Financial commitments for 1940-41 appear to be:

Army	$280,000,000
Navy	89,000,000
Air	66,000,000
Air training	100,000,000
Total	$535,000,000

It was indicated that the establishment and maintenance of a Corps would involve an additional cost of $60,000,000 in the year. Reference was made also to the figure of $24,000,000 for equipment and maintenance of present ancillary troops for a year.

It was considered that the question of organization of a Canadian Corps did not require decision at the present time. For the present what seemed desirable was the establishment of a self-contained Canadian formation of one division directly under G.H.Q. It might be pointed out that

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this did not, in our opinion, constitute the Canadian higher command referred to in the September discussions, whereby the United Kingdom was to assume responsibility for equipping the technical units and for the maintenance of personnel and unit equipment until the units reverted to "Canadian higher command". It might be added, however, that we noted the British view to the contrary, and that Mr. Rogers would accordingly discuss the question in England.

It will be noted also the suggestion as to the time which might be suggested as a basis for depreciation and not for maintenance.

It is further suggested that it might be pointed out that it was the United Kingdom which first suggested in November the linking of non-divisional units in the same Corps of the Canadian division; also it was the United Kingdom which in February had raised the financial question through a somewhat strained interpretation of the term "Higher Command".

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Minutes of the Cabinet War Committee

Volume II, 17 July 1940 - 14 October 1940

(R.G. 2, 7 C, Volume 2)

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Memorandum re Meeting of

Cabinet War Committee.

July 17th, 1940.

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MOST SECRET

July 17,1940

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block on July 17th at 8.30 p.m.

There were present the following members of the Committee:

The Prime Minister
The Leader of the Government in the Senate(Senator Dandurand)
The Minister of Mines and Resources(Mr.Crerar)
The Minister of National Defence(Mr.Ralston)
The Minister of National Defence for Air(Mr.Power)
The Minister of Finance(Mr.Ilsley)
The Minister of Munitions and Supply(Mr.Howe)

The Under-Secretary of State for External Affairs. x

I. Discussion of International Situation

The Prime Minister read a communication from the High Commissioner for the United Kingdom regarding action that might be taken in the event of Spain and Portugal entering the war, a telegram from the High Commissioner in London regarding the situation in Ireland, a letter from the High Commissioner for the United Kingdom on the same subject, and a communication from the High Commissioner for the United Kingdom containing an appreciation of the situation in the Near East.

II. Designation of Halifax as a Controlled and Protected Area.

The Minister of National Defence stated that a report had been made by the Chiefs of the General Staff recommending that Halifax be made a controlled and protected area under the Defence of Canada Regulations 4 and 5. Steps have been taken,in June, to keep closer watch on all persons entering,checking explosives, and turning the tourist traffic to other points. In view of the great importance of Halifax, from which a hundred ships were sailing every week, it was considered that more stringent action should now be taken. The recommendation

(x) Dr. Skelton acted as Secretary in the absence of Mr. Heeney.

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would mean that every person over twelve years of age entering the area would have to have an identity card and the inhabitants of the area itself would also require such cards. Tourists would not be admitted. All out-going mails would be censored, vehicles would be searched. The Provincial Government and the Tourist Committee of the Halifax Board of Trade had concurred in the proposals. The Minister of National Defence was prepared to give approval and the matter was before the Acting Minister of Justice. Details would be carried out by a committee of the local military authorities,representatives of the Provincial Government and Mounted Police.

It was agreed that subject to a recommendation by the Acting Minister of Justice, approval would be given to the proposal to make Halifax a controlled and protected area. It was also recommended that publicity be given to this decision when arrangements were completed.

III. **Ministerial Responsibility for Sub-Committee on Vulnerable Points.**

The Minister of National Defence stated that the Defence Coordination Committee established before the war,had appointed a sub-committee of which J.F.MacNeill of the Department of Justice was Chairman, to deal with the question of protection of vulnerable points. The committee had nominally been headed by the Minister of National Defence,who had ,however, not been in very close touch with it. It seemed desirable that there should be a Minister to whom the committee would be definitely responsible and who could indicate the Government's policy on the questions and deal with the Provinces and others concerned. He and the Minister of National Defence for Air were of the opinion that it would be desirable for the Minister of National Defence for Naval Services to undertake this, and they believed he would be willing to do so.

The committee agreed that it would be desirable.

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IV. Staff Talks at Washington

The Minister of National Defence reported the outcome of recent staff talks in Washington participated in by Brigadier Stuart, Captain Murray and Air Commodore Cuffe. He read a brief summary of the report they had made and gave the Prime Minister a copy of the complete report.

A general discussion had been held with the heads of the Army and Navy staffs, and later detailed discussions were held on military, naval and air questions. The Canadian participants considered the discussions had been extremely valuable. At the outset there was a somewhat surprising lack of recognition on the part of the United States authorities of the part Canada was already playing as an advance post against Nazi efforts at world domination. Until recently they had thought of the British Empire as a whole; now they were coming to realize the importance to themselves of the Canadian effort and of giving aid to Canada. The Prime Minister quoted a statement by Mr. Moffat as confirming this view. The United States staff people had not indicated that they would be much concerned if Canada were merely raided, but they recognized they would have to intervene if Canada were seriously invaded. In that case they seemed to assume they would merely have to come in and take control. They did not have any adequate appreciation either of the political or the strategical situation. (Mr. Howe remarked that Mr. Morgenthau had told him the President had said that he had had to put his Staff "over the jumps regarding Halifax").

The discussion fell into two heads:

(1) the necessity of the United States providing Canada with supplies in the present stage of carrying on the common effort, and

(2) the facilities that could be arranged after United States intervention.

At the outset it was only the second of these points with which the United States participants seemed to be concerned, but in discussion they had realized the importance of the first point, and had shown themselves extremely willing to give assistance. It appeared that the Army particularly were not on good terms with the British Purchasing Commission, partly because of the approach through Morgenthau. Neither were their relations very happy with the British War Office, which had shown great reluctance to reciprocate in furnishing secret plans and appliances; for instance, aircraft detection, submarine detection, submarine designs, etc., statements which were confirmed by the Prime Minister and the Minister of Munitions from information which had reached them.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM (S E C R E T)

For Mr. A. D. P. Heeney:

Re: War Committee of Cabinet Minutes
July 17, 1940

Page 4, last paragraph on page.

The staff conversations regarding defence of the Pacific, particularly in the Strait of Juan de Fuca, actually took place on January 19/20, 1938 (i.e. before the Prime Minister visited Washington to sign the Canada-U.S. Trade Agreement).

Jag.

J. A. G.

November 8, 1940

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The United States Army representatives indicated their willingness to declare certain supplies not "necessary" for American defence, which could then be released if the United States Government so directed. These include Lee Enfield rifles, Springfield rifles with ammunition, Thompson sub-machine guns, anti-aircraft batteries, field artillery, 75 m.m. guns, howitzers, 8" railway mounting guns for coast defence; 500 two-men light tanks ($264 each), together with some heavy obsolete tanks usable for training purposes. Full details were furnished in appendices to the Report, which were given to the Prime Minister and the Minister of Munitions and Supply.

The procedure to be followed in transmitting the requests for such articles as might be required was not definitely determined.

A full appreciation of the strategic situation was presented by the Canadian Staff in the form of answers to a questionnaire.

The Minister of National Defence further reported that the Canadian Staff have recommended and the Minister of National Defence approved, certain consequent steps, as follows:

1. The Army Staff wished orders placed for gun emplacements in anticipation of obtaining 6" guns from the United States, and were making a reconnaissance of the Maritimes for the purpose of ascertaining what provision could be made for utilizing outside forces if the occasion arose.

2. The Navy were planning the organization of defended harbours in Gaspé and Shelburne, mounting guns and stretching nets. (It was indicated that the anti-submarine patrols and mine sweepers used by the Royal Canadian Navy were a revelation to their United States colleagues). They desired authorization to discuss with Newfoundland the possibility of preparing a harbour which might be used later, possibly Louisport. The Navy were also endeavouring to find a suitable floating dock.

3. The Air Force were proposing to establish an additional number of operational bases in the Maritime Provinces, perhaps six new aerodromes.

The Committee approved the above projects.

The Prime Minister said it was important to remember that it was the President who had taken the initiative in proposing consideration of joint defence arrangements. At the time of the last Reciprocity Treaty, the President had enquired as to the position of our ports, and the possibility of providing docks for United States ships and naval stores. They had suggested a discussion regarding defence of the Pacific, particularly in San Juan Strait. This had been held, with General Ashton participating.

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V. Improvement of Roads in New Brunswick.

The Minister of National Defence called attention to the fact that certain New Brunswick roads were quite inadequate for military purposes in case of raid or attack. This was particularly true as regards the road between Bathurst and Newcastle - a fifty-mile stretch through the woods which formed part of the main stretch from Riviere du Loup to Moncton. A project for the improvement of the roads on a considerable scale, involving some four and a half million dollars, had been discussed with Premier McNair, but was considered too extensive. The Minister of National Defence recommended that a moderate sum, approximately $100,000, might be spent on the road section between Bathurst and Newcastle. A question was raised by other members, particularly the Minister of Munitions and Supply as to the dangerous precedent involved in undertaking to build or repair provincial roads, but it was considered there were special grounds in this case in view of the fact that the roads and particularly the bridges were not sufficient to carry military vehicles required for defence in a vital area. It was therefore agreed that the Minister of National Defence might proceed on the lines he had suggested, in his discussions with Mr. McNair the following day.

VI. Control of Firearms.

The Minister of National Defence raised the question whether firearms in the possession of private citizens should be taken over by the Government, or at least registered; or in any case whether stocks of such arms and stores should be taken over, both as a means of security and to ensure a reserve for training purposes.

The Prime Minister said that Mr. McGeer had spoken to him of his great concern about the Japanese situation in British Columbia, and was drafting a bill, apparently at the request of the Attorney General of British Columbia, which would authorize the Attorney General in any province to take over arms. The Minister of National Defence for Air said that Defence officials had been of the opinion that farmers in outlying districts should be allowed to retain their arms for protection and hunting purposes. There was some discussion as to whether it would be possible to apply the law in some provinces only or in some areas only of each province. A good deal of apprehension was indicated as to the danger of firearms and explosives being in the hands of Japanese residents. It was pointed out that the Criminal Code at present required aliens to have permits for firearms, and the view was expressed that such action might

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increase rather than lessen unrest, and that the Police authorities had taken the view that only the good citizen would register. The general opinion appeared to be that it might be advisable to extend the permit system to cover all residents and not merely aliens, and that the Minister of National Defence should pursue this possibility with the appropriate Committee and the Mounted Police, and bring it before Council or the War Committee later.

VII. **Formation of Seventh Corps.**

The Minister of National Defence referred to Telegram No. 1118 from the High Commissioner in London, with regard to the formation of the Seventh Corps. A draft reply was discussed. The main question was the date at which Canada should assume responsibility for the ancillary forces. It was agreed the date of September 1st should be adopted.

VIII. **Contracts with Canadians of German and Italian Ancestry.**

The Minister of Munitions and Supply said that as the result of a Trenton contract being let to the lowest tenderer, a Canadian of Italian ancestry who had brought in a large group of his compatriots to work on the contract, a tendency had developed to refuse to grant contracts to Canadians of German or Italian ancestry. The view was expressed that this was wholly unwarranted, and that, in view of the loyalty of the overwhelming proportion of such groups and particularly in the old established sections, the lowest tenderer should not be refused in such cases unless Police enquiry indicated sympathy with the enemy.

IX. **Munitions Enquiry in Washington.**

The Minister of Munitions and Supply stated that his visit of last week to Washington, which had been unpremeditated, had been very valuable. Last Thursday he had been invited to dinner along with Mr. Purvis, Mr. Knudsen, Mr. Stettinius and others. Mr. Morgenthau was not in a very good mood at the dinner - very critical of the British for refusing plans and critical also of the British and Canadians for not placing definite orders. Next day he and Mr. Purvis had an interview with Mr. Morgenthau, Mr. Stimson and Mr. Stettinius. Mr. Stimson, who had just entered on his new office, was most helpful and considerate.

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Mr. Morgenthau was in a pleasanter mood. He asked for a forecast of Canadian and British purchases. Mr. Howe and Mr. Purvis said they would give an estimate of the purchases, and also a programme, indicating, so far as Canada was concerned, just what we could buy, particularly as regards planes, guns and machine tools, so far as the money and exchange position would warrant. Mr. Morgenthau gave vague hints as to the possibility of credits. Mr. Howe was of the opinion that it would be easy to go back to Washington now and get what we wanted.

In response to a question from the Minister of National Defence for Air, Mr. Howe said they were trying to obtain release from the United States of the designs of four types of planes, which, if secured, could be built here, and would meet the requirements for operational planes.

The Prime Minister said the weak point in all the recent discussions had been the lack of airplane engines and the postponement of any adequate provision for their Canadian manufacture. Mr. Howe thought the question was being solved.(It was true if we spent $20,000,000 and two years time, we would be able to produce a considerable number of one type of engine, and to expand fairly rapidly into other types). Engines were the bottle neck at present, but the great increase in the two United States plants would soon meet the problem.

X. Swiss Mechanics

The Prime Minister referred to the British enquiry as to whether we wished to take certain mechanical experts from Switzerland. It was agreed by the Minister of Mines and Resources and the Minister of National Defence for Air that it was highly desirable if they were vouched for and could be brought into Canada.

O. D. Skelton
for the Secretary.

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CABINET WAR COMMITTEE

By Order-in-Council P.C. 3292 of July the 18th, 1940, the Cabinet War Committee was enlarged to include the two following Ministers:

The Minister of National War Services.
The Minister of National Defence for Naval Services.

A → P.L.

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Memorandum re Meeting of

Cabinet War Committee.

July 19th, 1940.

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MOST SECRET July 19th, 1940.

CABINET WAR COMMITTEE

At a meeting of Council held in the Privy Council Chamber on Friday, July the 19th, at 8 p.m., a special meeting of the War Committee of the Cabinet was constituted, their decisions in respect of the matters mentioned in these minutes being regarded as being confirmed by the Cabinet as a whole.

There were present the following members of the Committee:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Secretary (Mr. Heeney).

Establishment in Canada of British Flying Schools

1. The Minister of National Defence on behalf of his colleague the Minister of National Defence for Air, reported the substance of conversations which had taken place between Mr. Power and the U. K. High Commissioner regarding the request of the U. K. government that the government agree to the transfer to Canada of a number of flying schools from Great Britain. The first suggestion put forward by Sir Gerald Campbell had involved four service flying schools. This had now been substantially extended to include a number of other schools.

After consideration of the request with the officers of his department, Mr. Power had communicated his views, verbally, to the U. K. High Commissioner. These were -

(a) that the schools requested could be made available;

(b) that representations should be made to the U. K. government and considered simultaneously, regarding the supply of aircraft for our own schools, and

(c) that the proposal had now been extended to include considerably more than the four schools originally suggested and consequently the situation with respect to command and control of the British schools, in Canada, was quite different than if only the original number had been involved.

2. Mr. Ralston read to the meeting a draft letter to Sir Gerald Campbell, which Mr. Power had

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prepared based upon the views above expressed, and setting out suggested conditions of agreement to the British proposal for the transfer of flying schools to Canada.

3. After some discussion the draft letter submitted, with a number of amendments to be made by Mr. Ralston, was approved.

Return to Canada, for burial, of members of Canadian forces who die overseas.

4. Mr. Ralston reported that careful consideration had been given to the question as to whether permission should be granted for the return to Canada, for burial, of the bodies of Canadians killed or dying on active service overseas. Several such requests had already been received and it was inevitable that these would increase when larger numbers of Canadians went into action.

The practical difficulties of acceding to such requests, in the view of the department, were almost insuperable. In the last war permission had been granted as from the United Kingdom, but not from France. In the present war the area of actual hostilities included the United Kingdom.

5. After some discussion it was agreed that it would be necessary to make a general rule that no permission should be granted for the return to Canada, for burial, of the remains of members of Canadian forces, who died on active service overseas.

Training of Dutch pilots in Newfoundland

6. Mr. Ralston, on behalf of the Minister of National Defence for Air, reported that the Air Staff had given careful study to the proposal that members of the Dutch Air Force, now in England, undertake training at the Newfoundland airport. The observations of the government had been invited by the United Kingdom. After consulting the Chiefs of the Naval and General Staffs, the Chief of the Air Staff had reported that, in his view, it was neither practicable nor desirable that the scheme be undertaken as contemplated. Three reasons were given:

(a) weather and atmospheric conditions in Newfoundland were unfavourable for training,

(b) it was not practicable or desirable to carry out operations and training from the same area, and

(c) it was felt that no possible risk of treachery or 5th Column activities should be taken at such a strategic and vital point.

On the other hand, the Acting Associate Deputy Minister of National Defence for Air, had suggested that if it were desired that facilities should

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be given for training to the Dutch Air Force, these might be made available in connection with the R.A.F. schools which it was proposed to move to Canada; the same facilities might be made available for the French pilots whom it was desired to send to Canada for training.

7. The Minister of Munitions and Supply suggested that it would be possible to accommodate the Dutch pilots at an air field in Canada. Blissville air field might be developed for this purpose.

8. The views of the Chief of the Air Staff, as reported by Mr. Ralston, were approved by the Committee after some discussion.

While it was felt that the Canadian government should express disapproval of the project of permitting the training at Newfoundland, it was agreed that the Chief of the Air Staff should consider and report upon the suggestion that the proposed R.A.F. schools in Canada be used for the purpose, or upon any alternative scheme for training of the Dutchmen in Canada, rather than in Newfoundland.

French shipping

9. The Prime Minister referred to the decision taken at yesterday's meeting of Council regarding French merchant vessels in Canadian ports.

The Cabinet, on July the 18th, had decided that the Canadian government should follow the same course as had been taken by the United Kingdom, that is, that French vessels should be requisitioned and operated by Canada for the duration of the war.

The meeting then resolved into a general meeting of Council, which adjourned at 11.15 p.m.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee.

July 26th, 1940.

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SECRET

Ottawa, July 26th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Friday, July the 26th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Chief of the General Staff (Major-General H. D. G. Crerar),
The Secretary (Mr. Heeney).

Defence of Canada

Report of Chief of the General Staff

1. The Prime Minister, on behalf of the government, welcomed Major-General H. D. G. Crerar upon his return from the United Kingdom, to assume the duties of Chief of the General Staff, and invited him to state his views upon the military situation as it related to Canada.

The Chief of the General Staff stated his appreciation of the situation, as follows:

(A) Possibility of Invasion

(1) If the worst were to happen and Great Britain were to be overrun by the enemy, it could be anticipated that a very considerable proportion of the British fleet, and possibly the British Air Force would be based upon Canada. Even, in this event, no immediate attempt by Germany to invade this country need be anticipated. The threat of large scale raids would no doubt be increased with the object of destroying British naval and possibly air forces based on Canada. Such raids might be expected to follow immediately after a conquest of the British Isles.

There was no inducement for a military invasion of this country, and the conversion of Iceland into an important enemy naval and air base

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would be necessary before Germany could successfully undertake such an invasion against the force which would then be at our disposal.

In so far as any designs in this hemisphere were concerned, Hitler would be more likely to work internally through South America, encouraging subversive movements and 5th Column activities there. He would also seek to weaken the British and American position in the Far East, and generally follow his customary "soft spot" tactics, rather than attempt any invasion of North America.

(2) If Germany undertook to invade the British Isles, it was in Canada's interests to give every possible assistance to British Forces there, to repel such an attempt. Great Britain constituted our best defensive line and every effort should be made to give all possible assistance in the United Kingdom, in the defence of Britain.

(3) Any probability of Japanese or Russian attack on the Western Coast, under present or prospective world conditions, was discounted. Japanese expansionist ambitions were to the south - a cause of concern to the Pacific Dominions and to the United States, rather than to Canada.

(4) The possibility of attack from the North was equally discounted.

(B) Atlantic Coast

(5) The danger lay primarily on the Atlantic Coast, the defensive measures for which should receive deliberate consideration and appropriate action with a view to maximum strategical and tactical development of defences within the shortest possible time.

The Atlantic Coast should be strongly defended and furnished with garrisons at all ports or strategical points against which an enemy might desire to throw a raiding force. Behind the defended Eastern coastal area, and suitably located to enable a rapid movement in possible required directions, the equivalent of three Brigade groups should provide ample force for rapidly organized counter-attacks against such enemy forces as might conceivably be landed for raiding purposes.

(C) Coastal Command Headquarters - (Operational)

(6) Operational command of forces detailed for coast defence should not remain under the

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District Officers Commanding in coastal areas.

A Command Headquarters (Operational) with adequate staff should be established in the Maritime Provinces, with operational control over those army forces earmarked for the defence of the Maritime Provinces, including the Gulf of St. Lawrence area, and Newfoundland. A similar Command Headquarters (Operational) should later be established in British Columbia. The function of the several District Headquarters in the Eastern area, or the one in M.D. 11, under the conditions which Canada now faced should be restricted to administration and to the command and training of those troops not actually allotted to Command Headquarters for operational purposes. This organization would fit in with the operational zones established by the R.C.A.F.

(D) Staff relations with the United States and Great Britain

(7) There was not the slightest doubt that military co-operation of the United States would be forthcoming in the event of large scale or extensive small scale enemy raids developing against our East Coast. In this connection the continuation of staff talks, the interchange of military, naval and air attaches with Washington, and keeping other Empire governments generally informed of what was being done, was of great importance.

(See Secret Memorandum of July the 23rd, 1940, from the Chief of the General Staff to the Minister of National Defence).

Relations with the United States - Service Attaches

3. The Prime Minister invited Maj.-Gen. Crerar to develop the suggestion he had made that close contact be maintained between Canadian and American authorities with respect to defence problems and that information obtained from the United States be passed on to the governments of the United Kingdom and the other Dominions; also that information obtained from British sources should be made available through Canadian officers, to the American government. In the past there had been difficulty in obtaining complete information from the War Office. Furthermore, the United States might not be disposed to divulge information if they knew it were to be passed on, not only to the U. K. authorities but also to the governments of the Dominions.

4. Maj.-Gen. Crerar said that he felt that a frank exchange of information upon defence problems and plans was of the utmost importance. He was satisfied that full information could be obtained from the War Office and that Canada could perform an important service by acting as an intermediary in

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the frank exchange of information; as to the other Dominions, they should be kept informed in general terms only.

He recommended strongly the appointment to the Canadian Legation in Washington, in addition to the air attache, of military and naval attaches. It was important that carefully selected officers of all three services should be available in Washington to maintain close contact on service matters with American authorities.

5. The Minister of National Defence for Naval Services felt that particularly at the present time the U. S. administration would in all probability be anxious to prevent publicity with respect to military conversations being conducted with the Canadian government. It was important that the administration should not be embarrassed by any move which Canada might make in this direction. The Minister of National Defence for Air expressed the same opinion.

6. The Prime Minister agreed. While there might be no objection to the appointment of two additional service attaches, it was essential that discretion be maintained in the conduct of conversations, for the U. S. government might be seriously handicapped if it became known publicly that Canadian officers were passing between Ottawa and Washington, for military purposes.

7. The Under-Secretary of State for External Affairs reminded the meeting that the late Honourable Norman Rogers had intended to recommend the appointment of a naval attache at Washington.

8. After further discussion the Committee approved, in principle, the appointment of Canadian military and naval attaches to the Canadian Legation at Washington. Recommendations as to appointment should come from the Chiefs of Staff who should insist upon the best men available, for the purpose. The matter would first be discussed with the U. S. government through the Department of External Affairs, either through the American Minister in Ottawa, or the Canadian Minister in Washington.

Despatch of further Canadian Forces overseas

9. The Minister of National Defence for Air remarked that Maj.-Gen. Crerar had emphasized the importance from the Canadian point of view of the defence of Great Britain, and that Canada's first line of defence was in the United Kingdom. He wished to know whether the General felt that we should despatch further forces to England, in present circumstances, and in view of equipment difficulties.

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10. Maj.-Gen. Crerar agreed that the equipment problem was paramount. There would be no object in sending further divisions to England until the equipment situation had improved. In his view, however, we should send further troops just as soon as there was a reasonable prospect of being able to complete the equipment of such troops by the time their training period would be completed. Inevitably considerable equipment had to come from U. K. sources, which were being heavily pressed.

Munitions and Supplies

Equipment of Canadian Forces.

11. Mr. Power expressed the view that the intensification of the war in Europe, and particularly an invasion of the United Kingdom, would inevitably result in a demand for the recruiting of further men. It would probably be impossible to resist the pressure to receive recruits for active service beyond those who had already been authorized for the C.A.S.F. divisions. The difficulty was that we were not now in a position to equip more troops.

12. Maj.-Gen. Crerar felt that if Great Britain collapsed the result would be compulsory training in Canada on the Swiss model. On the other hand there was absolutely no use taking on men if you could not equip them. Equipment was the critical problem in Great Britain.

13. The Minister of Munitions and Supply spoke of the serious effect of further recruiting and mobilization upon the equipment programme, through the removal of technical personnel from industry. The Chief of the General Staff had said that equipment was the vital problem. Measures should be taken to prevent a further draining of the supply of technical workers.

14. The Minister of National War Services reported that his department now contemplated the mobilization of some 300,000 men to be trained approximately 30,000 at a time, for a period of 30 days, these to be turned over to the Defence departments according to their requirements and capacity to give training. At present there were no set exemptions and no postponements of training contemplated beyond twelve months.

Military situation

15. The Prime Minister suggested that Maj.-Gen. Crerar might wish to express his appreciation of the military situation in Europe.

16. Maj.-Gen. Crerar said that in his view, if Germany were to invade the United Kingdom it must be within the next six weeks. Such invasion might involve operations against Iceland, Ireland, the Shetlands and the Faroe Islands, combined with air attack and landings at various points in Great Britain.

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The U. K. defences were now organized in complete depth and Great Britain was much better prepared for attack than she had been.

If the attempt at invasion failed, Great Britain would probably bring as much pressure to bear, as possible, in remoter areas - the Mediterranean, the Near East, and so on, to induce the enemy to attack there, and spread their resources. In his view the failure of invasion would be decisive.

Relations with France

St. Pierre and Miquelon

17. The Prime Minister reported that the French Minister had agreed that the armament of the sloop "Ville d'Ys" would be removed if she were to be permitted to remain at St. Pierre and Miquelon. He did not want to send her to Martinique.

18. It was agreed that the Minister of National Defence for Naval Services would confer with the Under-Secretary of State for External Affairs as to final arrangements with respect to the "Ville d'Ys".

Establishment in Canada of British Flying Schools.

19. Mr. Power referred to the difficult question of command of R. A. F. schools to be transferred to Canada. The Air Staff were insisting upon Canadian command.

20. Maj.-Gen. Crerar expressed the view that the R. A. F. should be not less independent in Canada, in this respect, than the C. A. S. F. were in the United Kingdom. The question was largely one of personnel. Canadian Military Headquarters in Great Britain had experienced no difficulty and had complete autonomy, except where the use of British facilities was required, when arrangements were made with British Officers Commanding. There should be no difficulty where the forces were serving together, or in combination.

Employment of Canadian forces overseas

21. At the Prime Minister's request, Maj.-Gen. Crerar recounted, briefly, the course of events as they had affected the 1st Division, C. A. S.F., leading up to the proposed Norwegian operations, the proposed despatch of a Canadian Brigade to Dunkirk and Calais, and subsequent operations in France.

The meeting adjourned at 7.50 p.m.

A. D. P. Heeney.
Secretary.

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26.

Memorandum re Meeting of

Cabinet War Committee.

July 31st, 1940.

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SECRET July 31st, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, in the House of Commons, on Wednesday, July the 31st, at 6 p.m.

There were present the following members:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

French gold and U. S. funds with Bank of Canada.

1. The Prime Minister stated that he had called the meeting in order that he might report the substance of conversations which he had had, recently, with Sir Frederick Phillips, Under-Secretary to the United Kingdom Treasury, with respect to large amounts of gold which had been deposited with the Bank of Canada, by the French government, and also a large sum in American dollars deposited or to be deposited with the Bank by the British government, to the credit of France, in connection with the assignment of contracts for war materials purchased in the United States.

Mr. King said that because of the gravity of the question involved in representations which Sir Frederick Phillips had made, he wished the War Committee to be fully informed of the course of events leading up to his last conversation, on Monday, July the 29th, with the representative of the U. K. Treasury.

Some time ago word had been received from the Chancellor of the Exchequer in Great Britain that Sir Frederick Phillips and Sir Otto Niemeyer of the Bank of England were proceeding to Washington for discussions with American officials upon financial questions, and that they would subsequently be in Ottawa.

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No intimation was given, at that time, as to the subject matter of any conversations which the British representatives might desire to have with the Prime Minister or members of the Canadian government. Indeed, when Sir Frederick Phillips had first seen him, last week, he had said that he was coming upon "a friendly call".

The first intimation which the Prime Minister had received of the nature of the specific matters which Sir Frederick had subsequently raised, had come from the Governor of the Bank of Canada, whom, with the Minister of Finance, Mr. King had seen prior to interviewing Sir Frederick, on Monday last, and at an earlier date. Mr. Towers had informed him that Sir Frederick would probably bring up the question of the French gold and of the British deposits in U. S. dollars, made or to be made, in connection with the French contracts in the United States. Respecting the latter Mr. Towers had thought that the government should not take any final position in the matter, for the present.

2. In answer to an enquiry of the Minister of National Defence, the Prime Minister stated that he had had no communication from the U. K. government upon the subjects raised by Sir Frederick Phillips.

3. Mr. King said that, with Mr. Ilsley, he had seen Sir Frederick Phillips and Mr. T. M. Bewley, Financial Adviser to the British Embassy in Washington, on Monday, July the 29th. Two subjects had been introduced by Sir Frederick:

(1) The large amounts of gold held by the Bank of Canada, which had been deposited by the French Republic and the Bank of France, and

(2) The substantial sums in U. S. funds deposited, and to be deposited, by the U. K. government with the Bank of Canada, to the credit of the French government.

With respect to the former, Sir Frederick had said he would leave to the "generosity and courtesy" of the Canadian government the question of permitting the U. K. government to make use of the gold, for war purposes, in view of the changed situation which had resulted from the capitulation of France. Later he asked what might be said or done concerning this.

With respect to the deposits of U. S. dollars (the amount of $120,000,000 was mentioned) Sir Frederick had proposed that the Canadian government should agree to an undertaking, in advance, (to be performed in June of next year) to release to the British government these deposits for additional purchases of war materials in the United States. He had stressed the serious shortage of American exchange with which the British government would be faced.

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4. Mr. King said that he had replied that he was astonished that Sir Frederick Phillips should have made the suggestions which he had, concerning gold and funds which the Bank of Canada had received, and was holding for another government with which we were not at war. As he saw it, the matter was one of trust, and as Prime Minister he could not countenance any breach of that trust by a government owned institution. In his view the integrity and reputation of Canada were of more importance than the gold and the American dollars.

5. Sir Frederick had said that if this were to be the attitude of the Canadian government, the U. K. government might have to give up the prospect of obtaining from the United States the planes so urgently required at the present time.

To this observation Mr. King had replied that in view of the part which Canada had undertaken in the common cause he was astonished at the suggestions that the U. K. government should attempt to blame Canada for failure to obtain essential war materials.

Sir Frederick had said that he would have to report to his government the reply which the Prime Minister had given to his representations in the above respects. Mr. King had said that he certainly hoped that Sir Frederick would do so.

6. In answer to Sir Frederick's enquiry, however, as to whether Canada would permit the transfer of the gold and funds to the French government in present circumstances, Mr. King had replied that he would be prepared to undertake that these assets would not be made available to France until after the war.

7. The Minister of Munitions and Supply felt that there might be some distinction as between the gold held by the Bank on deposit for the French government and the Bank of France, and the U. S. funds. In respect of the latter it might be possible for the Bank to make the advances in American dollars, requested by the U. K. government, accepting the obligation of repayment to the French government after the war, in francs or other currency of equal value.

(x) 8. The Minister of Finance said that he understood that it would be the suggestion of the British Treasury that in return for the proposed advances of U. S. dollars, the U. K. government would deposit their own Treasury bills.

9. The Minister of National War Services said that he assumed that if France were to become an enemy, the situation would be different and that the assets in question could be released for war

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purposes in the same way as other enemy property. It was agreed that, in any event, the assets would come under the Custodian of Enemy Property.

10. Mr. Ralston observed that the question was whether the Canadian government should agree to lend to the U. K. government $120,000,000 in American funds, earmarked for France, and accept the obligation to repay this amount to France at a subsequent date.

The deposit of this sum in the Bank of Canada had resulted or would result from a contract to which neither the Bank nor the Canadian government had been a party. In the days immediately preceding the collapse of France, the British government had been most anxious to obtain immediately the benefit of contracts for war materials which the French government had placed in the United States. Mr. Purvis, the head of the British Purchasing Mission in the United States had managed to bring this about by agreement with the head of the French Purchasing Mission. A condition of their agreement had been the deposit in the Bank of Canada by Great Britain, for the credit of the French government, of American funds equal to the advance payments made by the latter upon contracts for purchases in the United States.

11. Mr. Ilsley said that deposits in the Bank of Canada to the credit of the French government were conditions precedent to the delivery to Great Britain of planes originally ordered for France. Deposits would be made from time to time as planes were ready for delivery by American manufacturers.

Incidentally, he had been informed by the Governor of the Bank of Canada that yesterday advice had been received from the Bank of France requesting a payment to be made for its account in Canada. This had been complied with, but this would be the last occasion upon which funds would be transferred, in view of the provisions of the Order-in-Council which had now been passed, applying to France the regulations with respect to trading with the enemy.

(See Order-in-Council P.C. 3515 of July the 31st, 1940).

12. In the circumstances, the Prime Minister's reply to the representations made by Sir Frederick Phillips in these respects was approved by the Committee.

Relations with France

13. The Prime Minister reported his intention to state that, in so far as the status of the French Minister to Canada was concerned, for the present there would be no change in Canada's relations with the French government. It would be unwise to make any alteration in present circumstances, or until the relations between France and the United Kingdom had been clarified.

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In this connection Mr. King read a message from the U. K. government which he had received through Mr. Massey, concerning relations with the French government at Vichy, suggesting that it might be helpful if full diplomatic relations between Canada and South Africa on the one hand, and France on the other, were to be resumed.

(See Cypher telegram No. 1244 of July 29th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Ottawa).

The meeting adjourned at 6.45 p.m.

A. D. P. Heeney.
Secretary.

Prime Minister's remarks re -

(x) - I heard no suggestion of the kind.

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Memorandum re Meeting of

Cabinet War Committee.

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SECRET August 7th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, in the House of Commons, on Wednesday, August the 7th, at 2 p.m.

There were present the following members:

The Prime Minister,
The Leader of the government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Proposals for peace negotiations

1. The Prime Minister reported that he had been informed that the British Ambassador in Washington had recently received, through an intermediary regarded as reliable, unofficial intimations purported to have come from the German Charge d'Affairs, that Germany's final peace terms might be obtained from Berlin if the British government so desired. This message had been received prior to the British Foreign Secretary's public rejection of Herr Hitler's "peace offer", made after the capitulation of France.

Subsequently Lord Lothian had heard from the same source that despite Lord Halifax' speech, Berlin was prepared to regard the matter as still open.

The U. K. government, regarding these unofficial messages as completely insincere and intended to create a division of opinion in Great Britain and the United States, had instructed the British Ambassador that they were not prepared to ask or show interest in Herr Hitler's terms. They did not think that any good could come of responding to the approach which had been made. The position of Great Britain had been carefully defined in the statement to Parliament of October the 12th, 1939 - to that statement they adhered.

These approaches in Washington had followed closely on somewhat similar approaches to the British Minister at Berne, to which no response had been made.

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The British Foreign Secretary had subsequently telegraphed to the British Ambassador at Moscow suggesting that an opportunity be sought of informing M. Molotoff or, if possible, M. Stalin, in confidence, of these unofficial approaches, and that they had been ignored. It was to be suggested that Great Britain suspected that Germany was anxious to free her hands in the West so as to be able to threaten military action in some other direction before the advent of winter. The reason for so directing Sir Stafford Cripps had been to encourage M. Stalin to make some advance to Great Britain and to lead to increased tension between the U.S.S.R. and Germany. So far Sir Stafford Cripps had had no opportunity of speaking to M. Molotoff or M. Stalin in the sense suggested.

(See Most Secret and Personal letter of August the 6th, 1940, from the U. K. High Commissioner, to the Secretary of State for External Affairs, and enclosed Most Secret and Personal memorandum of the same date).

2. The Prime Minister also reported that he had received word from the U. K. government that the King of Sweden, on August the 2nd, had addressed to His Majesty the King, and to the German Chancellor, an appeal and an offer of his good offices to enable contact to be made between Great Britain and Germany, in order to examine the possibilities of making peace. The Swedish Legation in London, in forwarding the appeal, had explained that the Swedish King had taken this step on his own initiative, on the sole consideration of trying to stop further bloodshed in Europe. Complete secrecy was requested, and, if the belligerents were prepared to agree to explore possibilities of peace, a secret meeting in Sweden was suggested.

In communicating this message to the government, the U. K. government had submitted the draft of a reply which had been prepared, for consideration by the British War Cabinet today. The comments of the governments of the Dominions were requested, with a view to concurrence in a common reply which could be sent by the King upon Ministerial advice of His Majesty's governments overseas, as well as that of the U. K. government. A reply by telegram, to be repeated to Australia, New Zealand and South Africa was requested, as soon as possible.

3. Mr. King read to the meeting the telegrams from the U. K. government, in this respect, and requested of the members of the Committee their views, in the first place as to the nature or sense of the reply proposed to be sent to the King of Sweden, and in the second place, as to the terms of the draft telegram proposed by the U. K. government.

(See Cypher telegram, Circulars D. 402 and 403, of August the 5th, 1940, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs, Canada).

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4. As to the nature of the proposed reply, all were agreed that in the circumstances no answer other than a negative one was possible; that there could be no agreement to conversations, except on the basis of the statement which had been made in October.

As to the terms of the proposed telegram, it was felt that these might be improved. In the light of the probability of the communication subsequently becoming public, the suggested statement that "My (the King's) peoples ..... would rather all perish in common ruin than fall or falter in their duty", sounded pessimistic and unduly rhetorical. The draft might also be improved in other respects.

5. The Prime Minister then read the replies which had been received from the Australian and New Zealand governments, concurring in the terms of the proposed reply, and that of the South African government, approving the draft but suggesting an amendment to the sentence quoted above, to which exception had been taken by the Committee.

(See Cypher telegram No. 412 of August the 7th, 1940, from the Prime Minister of Australia to the Prime Minister of Canada; unnumbered telegram from the Prime Minister of New Zealand, to the Prime Minister of Canada, and No. 3, from the Prime Minister of South Africa, to the Secretary of State for External Affairs, Ottawa.)

6. After further discussion of the terms of the draft reply, it was agreed that the Secretary of State for External Affairs should communicate the Committee's viewsto the U. K. government, expressing full agreement with the general policy set forth in the draft, concurring in His Majesty's government in Canada being included as tendering Ministerial advice to the King, and suggesting:

(a) The omission of the sentence quoted above, with concurrence in the South African proposal for amendment;

(b) The inclusion of a paragraph indicating that there was no possibility of Germany now agreeing to decent peace terms and that responsibility for failure of the Swedish or other well-meaning attempts, lay wholly upon Germany;

(c) Certain minor modifications as to form, recommended by the Under-Secretary of State for External Affairs.

(See Cypher telegram No. 144 of August the 7th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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Relations with the United States

7. The Prime Minister reported that he had had confidential word of the intention to begin conversations between the governments of the United Kingdom and the United States, with respect to possible co-operative action which might be taken in the light of developments in the European situation. This problem was one in which Canada was intimately concerned, both in relation to the United States and in relation to the United Kingdom.

Naval assistance

8. The Prime Minister read a communication which had been received from the Canadian Minister to the United States, reporting the course of discussions taking place in American quarters, with the object of making fifty old American destroyers available to Great Britain. Two alternative courses were under consideration in official and private circles;

(1) The United States to transfer the destroyers direct to Great Britain who would grant land or facilities for American naval and air bases in Newfoundland, Bermuda and certain Caribbean possessions;

(2) The destroyers to be transferred first to Canada who would exchange them with Great Britain for other naval vessels to be placed in the Royal Canadian Navy, though without limiting their present freedom as to areas of operation.

Mr. Christie felt that the United States might shortly propose some such scheme to the U. K. government.

(See Cypher telegram No. 184, of August the 3rd, 1940, from the Canadian Minister to the United States, to the Secretary of State for External Affairs, Canada).

9. The Under-Secretary of State for External Affairs drew attention to the legal situation regarding the sale of twenty modern torpedo boats to the British government, which had been proposed previously. The Attorney General of the United States had advised the President that the sale and delivery of such craft by an American builder to a belligerent government "would seem to be prohibited by Section 3 of Title V of the Act of June 15th, 1917".

Despite the willingness of the American Administration to be of assistance to Great Britain, in such matters as the supply of naval vessels, the definite conclusion had been reached that no mere administrative act would suffice but that legislative action would be necessary for the amendment of the existing law, before such steps could be taken.

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Staff talks - Naval

10. The Prime Minister enquired as to the result of the conversations in Washington between the Deputy Chief of the Naval Staff and Admiral Stark, the U. S. Chief of Naval Operations. Captain Murray had been sent to Washington to discuss with Admiral Stark the practicability of obtaining four destroyers for the Canadian Navy.

11. The Minister of National Defence for Naval Services reported that Captain Murray had found Admiral Stark sympathetic, but non-committal. Admiral Stark was unable to go into the matter fully and had explained his reserve by saying that such matters would inevitably lead to questioning by Congressional committees before whom he had to appear. However, he could see no reason why the Canadian government should not approach the President in the matter.

Mr. Macdonald wondered, himself, whether it might not be suggested to the American government that they put some destroyers in service off Newfoundland and Nova Scotia, for patrol duty outside the 300 mile neutrality zone.

12. After some discussion it was agreed that the possibilities of American co-operative action in the naval sphere for Atlantic defence, should be further explored.

North Atlantic Defence - Newfoundland

13. The Minister of National Defence for Air said that he proposed shortly to visit Newfoundland with the objects of:

(1) Surveying the requirements for the defence of Botwood and the Newfoundland airport, particularly with reference to what would be required in the way of accommodation for aircraft and possible U. S. forces in that area. This followed upon staff talks with American authorities. It was estimated that an expenditure of over $1,000,000 would be required to provide facilities for joint defensive purposes, in the event of attack.

(2) Completing a general defensive survey of the Atlantic area.

It would be necessary in this connection for him to confer with the Newfoundland government.

14. The Prime Minister observed that the three Defence Ministers should, so far as possible, acquaint themselves personally with actual problems of Atlantic defence.

It was important that the U. S. government be kept informed of what was being done in these respects and also that the U. K. government should be informed of Mr. Power's proposed trip to Newfoundland. Dr. Skelton would get in touch with Mr. Power and work out what might be required in the way of messages to the two governments.

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South Atlantic - Aruba

15. The Prime Minister informed the Committee of word which had been received as to the War Office's recommendations for the garrison of the West Indies. It had been requested that three companies of the Winnipeg Grenadiers be made available for service in Aruba.

This matter was left to the Minister of National Defence.

Far East - Japan

16. The Prime Minister reported that he had word that Great Britain had decided that it would not be possible to maintain troops in Shanghai, and as it was felt that it would be better to make the withdrawal before anticipated Japanese aggression in that locality, this should be done forthwith.

Miscellaneous - External Affairs

17. The Prime Minister also reported briefly word which had been received from the U. K. government, on the following subjects:

(1) Difficulties which were anticipated with respect to adequate oil supply.

(2) The British desire to avoid widening the breach with the French government.

(3) Developments in relations with Turkey and the U.S.S.R.

(4) The British decision to withdraw from Somaliland.

The meeting adjourned at 3.30 p.m.

A. D. P. Heeney.
Secretary.

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Memorandum re Meeting of

Cabinet War Committee.

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SECRET August 13th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, at 2.30 p.m., on August the 13th.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr.Power)
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Japan - Export of metals

1. The Prime Minister read a communication received recently from the United Kingdom government, describing the policy which the British Ambassador at Tokyo proposed should be followed, both with respect to suspected Japanese in British territory, and the export to Japan of vital raw materials.

Sir Robert Craigie had recommended the progressive detention of Japanese nationals and, without actual embargo, or threat of embargo, delay in the issue of licenses, on one pretext or another, for exports to Japan.

He felt that such action would be most effective, in the circumstances, and the U. K. government desired the views of the Dominion governments upon the proposals.

(See Cypher Circular telegram No. M. 44, of August 1st, 1940, from the Secretary of State for Dominion Affairs to the Secretary of State for External Affairs, Canada).

2. Mr. King said that an immediate problem required decision, namely, the request of the Consolidated Mining and Smelting Corporation to be informed whether export permits would be granted for the shipment to Japan, this month, of 4,320 long tons of lead. A further Japanese order for 5,624 long tons was on the company's books and they wished to know whether the government would permit of shipment.

On economic grounds there was no objection to the transaction, as lead stocks were ample, there being a reserve pile of 26,000 tons at Trail, for which there was not much market. Mexico would be able to fill the Japanese order if we refused to sell.

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Shipments of lead to Japan had slackened appreciably this year.

On the other hand, in view of the above communication from the U. K. government suggesting that deliveries to Japan be impeded as much as possible, and furthermore in view of the increasing restiveness of public opinion, a sizeable shipment at the present time might have serious repercussions.

(See Mr. Robertson's memorandum to Dr. Skelton of August 10th, 1940, re export of lead to Japan).

3. The Prime Minister also read to the meeting a communication received from the Canadian Charge d'Affairs at Tokyo stating that he had been asked by the British Ambassador whether the Canadian government would be prepared to waive immigration regulations in the event of evacuation of British subjects from Japan becoming necessary.

(See Cypher telegram No. 69 of August 9th, 1940, from the Canadian Charge d'Affairs in Japan to the Secretary of State for External Affairs, Canada).

4. Following some discussion of the general question of exports to Japan, the specific request for export licenses for lead and the possibility of receiving evacuees from Japan, it was agreed as follows:

(1) that a reply should be sent to the proposals of the U. K. government regarding a common policy with respect to Japan, to the effect that the Canadian government, while willing to co-operate with the United Kingdom in a common policy, was anxious not to be the cause of an incident which might lead to a breach of relations with that country;

(2) that enquiry should be made at Washington as to the view of the U. S. government with respect to lead shipments. Consultation with the American government, in respect of nickle exports, had been much appreciated. If the United States felt there was no objection to the export of lead, a licence for a limited quantity should be issued; and

(3) enquiry should be made of financial and other conditions under which British subjects evacuated from Japan would come to Canada, before any commitment, in this respect, were made. If conditions were satisfactory, the government would be prepared to co-operate. The Minister of Mines and Resources would look into this and communicate with the Under-Secretary of State for External Affairs.

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Relations with the United States - Naval assistance

5. The Prime Minister referred to the communication received from the Canadian Minister to the United States regarding the proposal to make fifty old American destroyers available to Great Britain.

(See minutes of meeting of August 7th, 1940, page 4).

A telegram had subsequently been received from Mr. Christie reporting further development of the proposal and stating that he had been informed that the impression existed that Canada was not particularly interested in the project. It had been suggested that a personal message from Mr. King to Mr. Roosevelt indicating the critical need of destroyers, and Canada's deep interest in their provision, would be helpful.

(See Cypher telegram No. 191 of August 10th, 1940, from the Canadian Minister to the United States to the Secretary of State for External Affairs, Canada).

Mr. King had replied to Mr. Christie's telegram stating that he did not understand how any impression of disappointment could exist over the Canadian attitude to the destroyer proposal, as he had on more than one occasion urged strongly the desirability of making destroyers available. In view of Mr. Christie's observations, however, he had been instructed to communicate personally to the President, and if possible to the Secretary of State, the Prime Minister's view that the destroyers would be of great and possibly decisive importance in the coming struggle in European waters. Mr. Christie had been directed to make it clear that it was understood that the President must be his own judge of what could be done and of the time any action could be taken.

Mr. Christie had been directed to add that the Canadian government hoped that there would also be an opportunity for discussing the most effective means of strengthening naval defences on our side of the North Atlantic. While Canada continued to regard the English Channel as the first line of defence, it was considered desirable to discuss co-operation in the second line of defence, and, in particular, the desirability of obtaining a small number of destroyers for service on the Canadian coasts.

(See Cypher telegram No. 162 of August 12th, 1940, from the Secretary of State for External Affairs, Canada, to the Canadian Minister in the United States, Washington).

6. The Under-Secretary of State for External Affairs stated that Mr. Christie had telephoned, this morning, upon receipt of the telegram mentioned above.

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He had been unable to find any reason for the alleged expression of disappointment regarding the Canadian attitude.

It now appeared that if the plan crystallized, it would be on the first alternative, that is the provision of bases.

Mr. Christie had learned that the British Ambassador had written a personal letter to the Prime Minister on the subject, expressing the view that the time had not come for Canadian intervention in any public way, but Lord Lothian agreed that a private word with the President would be helpful.

The Secretary of State would be away from Washington for one or two weeks but Mr. Christie would get in touch with Mr. Sumner Welles and suggest seeing Mr. Roosevelt with him, or anyone else the President wished to have present.

Mr. Christie had felt that reference to the fact that Canada had already stripped herself of destroyers because of urgent necessity for such aid in British waters, would be a very telling point in supporting our suggestion that the United States should do likewise.

(See Dr. Skelton's memorandum of August 13th, 1940, re Destroyers).

Mr. King remarked that, as had already been reported, a member of the Naval Staff had consulted with U. S. Naval authorities in Washington, and it now remained to await word from the Canadian Minister, after he had interviewed the President.

7. The Minister of National Defence for Naval Services observed that the situation with respect to destroyers was now even more serious than previously. The additional destroyer which it had been hoped to be able to obtain from Great Britain could not now be made available by the Admiralty. Three further destroyers of the Royal Navy had been damaged today.

If the Royal Navy were to obtain fifty destroyers from the United States, Canada would probably be justified in requesting, for Canadian defence, perhaps four of these, and also asking for the return of the three destroyers of the Royal Canadian Navy now operating in British waters. Such a proposal would be justified as H.M.S. "Caradoc" had been sent to the West Indies, and we had agreed to the urgent British request that 9.2 guns destined for coastal defence on the Atlantic be diverted to Freetown, delivery to Canada to be delayed until the beginning of next year.

8. It was agreed that Dr. Skelton should telephone to Mr. Christie so that the latter might expedite his interview with the President.

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Organization and administration
of Canadian Overseas Forces - 7th Corps

9. The Prime Minister read a communication from the Canadian High Commissioner in London describing the course of conversations with the War Office regarding financial responsibility for U. K. units with the 7th Corps. The War Office suggested that if the 7th Corps were to become a Canadian Corps, the Canadian government should, from the end of this year, accept financial liability for such U. K. units as would continue to serve with the Corps.

(See Cypher telegram No. 1338 of August 12th, 1940, from the High Commissioner for Great Britain, in Canada, to the Secretary of State for External Affairs, Canada).

10. The Minister of National Defence said that he was giving consideration to the U. K. suggestion in this respect, which seemed on the whole to be satisfactory.

Passport and Visa Restrictions upon
persons entering Canada from the United States

11. The Prime Minister stated that the Commissioner of the Royal Canadian Mounted Police, continued to be of opinion that it would be desirable for Canada to require passports and visas from all United States visitors entering this country, in order to provide a check upon persons crossing the international boundary. Commissioner Wood felt that such provision would be a valuable assistance in preventing the entry of undesirable elements.

If such action were decided upon it would involve the establishment of a Canadian Consular Service at a number of focal travel points in the United States, for the purpose of providing visas. Before such a system could be put into operation, at least three months notice would be required, and considerable expense involved.

Mr. King inclined to the opinion that instead of making any such provision, representations should at a later date be made to the U. S. government with a view to the removal of American requirements for passports and viaas. Such represention would have a better prospect of success, after the American elections in November.

12. Some discussion of the proposal then took place, the general concensus of opinion being that the imposition of such restrictions as those proposed, would be of doubtful value in providing the desired check upon persons entering from the United States; as well, the setting up of a Consular Service in the United States was a large undertaking, involving substantial expense and no such step should be taken unless it were absolutely necessary.

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13. The Minister of Justice observed that the Commissioner of the R.C.M.P., had been recommending the imposition of passport restrictions for a long time. He would communicate the Committee's views to the Commissioner.

Canadian Overseas Forces
2nd Division, C.A.S.F.

14. The Minister of National Defence reported that all of the 2nd Division, apart from the one infantry brigade, which it had been decided would remain in Canada until September, would, by next week, have left for overseas service.

Eastern Command -
3rd Division, C.A.S.F.

15. Mr. Ralston reported that arrangements had been made for almost the whole of the 3rd Division, C.A.S.F., to be concentrated at Sussex, N.B., and Truro, N.S., by October the 10th. The 7th and 9th Infantry Brigades would be moved to the Truro area, the 8th Infantry Brigade to the Sussex area, Divisional Headquarters would be located at Truro, and other units of the Division - artillery, engineers, machine gun unit, R.C.A.S.C., etc., would be appropriately distributed between the two places.

4th Division, C.A.S.F.

16. Mr. Ralston stated that arrangements had been made for the distribution of units of the 4th Division, for training throughout the winter, at Petawawa, Barriefield, Camp Borden, Valcartier, and British Columbia points.

Canadian Militia Training Centres

17. Mr. Ralston said that provision was being made for 39 militia training centres and that the estimated cost of operating these centres would reach a total of $15,720,326 for the first year of operation. This included construction costs of $7,323,800, and costs of instructional personnel $7,748,526. Training would be carried on by 119 companies made up of 967 officers and 5,881 other ranks, providing for 29,750 men being trained each month. Construction costs would, of course, apply for the first year only.

In addition to the costs noted, 12 or 13 million dollars annually would be required for pay and allowances.

Relations with the United States
Service Attaches

18. Mr. Ralston reported that he had consulted officers of his department regarding an appropriate person to be named as Military Attache

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to the Canadian Legation in Washington. From reports which he had received, he was prepared to recommend Colonel H. Letson, M.C., of Vancouver, as an officer fully qualified by experience and abilities to serve in this capacity.

19. Mr. Macdonald reported that officers of his department had put forward three names as those of officers appropriate and available for appointment as Naval Attache to the Washington Legation. These were Lieutenant Commander Barry German, R.C.N., Commander W. B. Creery, R.C.N., and Commodore Victor G. Brodeur, R.C.N.

20. After some discussion the names of Colonel Letson and Commodore Brodeur as Military and Naval Attaches, respectively, were approved.

Formation of Canadian Armoured Corps.

21. Mr. Ralston reported that, subject to the approval of the Committee he had agreed to the formation of a Canadian Armoured Corps. This move had been highly recommended by the Chief of the General Staff and was supported by Lieut-Gen. McNaughton. It was intended initially that the corps should consist of the two mobilized tank battalions, two mobilized cavalry regiments and four N.P.A.M. tank battalions, also appropriate mechanical transport, artillery, engineers and ancillary units. It was not the intention to announce, at this stage, the formation of the corps but to wait until it were definitely established that the necessary tanks could be obtained in the United States.

22. The Committee approved of the Minister's recommendation in this respect.

Proposed special mission to the United States

23. The Prime Minister stated that the U. K. government had decided to send a special mission to the United States to initiate the exchange of secret technical information between the United States and United Kingdom governments. The mission was to consist of representatives of the Admiralty, War Office, Air Ministry, Ministry of Supply and Ministry of Aircraft Production, and would have full authority to disclose secret information to the United States authorities at their discretion. The government were asked whether they would be prepared to send representatives from the Department of National Defence and the Radio Research Committee to the United States simultaneously.

24. This proposal was approved by the Committee.

The meeting adjourned at 3.30 p.m.

A. D. P. Heeney
Secretary.

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29.

Memorandum re Meeting of

Cabinet War Committee.

August 20th, 1940.

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SECRET August 20th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, at 3.50 p.m., on August the 20th.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Relations with the United States -

Permanent Joint Board on Defence

1. The Prime Minister said that he had called the meeting in order to report upon conversations which he had had with the President of the United States on August the 17th and 18th, regarding mutual problems of defence in relation to the safety of Canada and the United States.

He had gone to Ogdensburg, N.Y., in answer to a personal invitation from Mr. Roosevelt and had spent Saturday night on board the President's train, near the Canadian border. On the following day he had attended a military service with the President and had returned to Ottawa that afternoon.

Mr. Roosevelt had been accompanied by the United States Secretary of War, Mr. Stimson, who had taken part in the conversations.

2. Mr. King described the course of his conversations with Mr. Roosevelt:

(1) The President had given a full account of communications passing between him and the Prime Minister of the United Kingdom regarding destroyers for Great Britain and the provision to the United States of bases in the Western Hemisphere. Of these communications Mr. King had already been advised by Mr. Churchill.

(2) The President hoped to be able to arrange, without Congressional action, to make available, immediately, a number of destroyers for use by the Royal Navy. He had outlined arrangements proposed for their delivery by way of Canada.

(3) The provision of bases on Atlantic

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islands was regarded as important from the point of view of public opinion in the United States, if the President were to be enabled to make the destroyers available to Great Britain.

(4) It was hoped that some twenty motor torpedo boats could also be made available for British use.

(5) Ten flying boats, 250,000 rifles and from 150 to 200 aircraft with engines were also expected to be provided for Great Britain.

(6) Joint action for the defence of Newfoundland by the United Kingdom, the United States and Canada had been discussed.

(7) Agreement had been reached to establish a Permanent Joint Board on Defence, to consist of four or five members from Canada and an equal number from the United States, to commence immediate studies relating to sea, land and air problems of defence. This Board was to consist of senior officers of American and Canadian Defence services with one civil authority on each side.

(8) The President had agreed to let Canada have certain guns and other necessary equipment, including four or five of the destroyers mentioned above.

(9) Mr. King had emphasized the Canadian government's view that the United Kingdom area was the first line of defence of this continent, and that as a result, Canada had parted not only with her own destroyers and aircraft to the extent she had, but was also permitting the United Kingdom government to retain guns ordered for Halifax some time ago.

(10) The President had expressed satisfaction with the statement Mr. Churchill proposed to give him regarding the destination of the British fleet in the event of a German invasion of the United Kingdom proving excessively difficult to meet.

(11) Mr. Roosevelt was having a difficult time with Congress.

(12) Mr. King had urged the utmost expedition regarding the measures of assistance described.

3. Mr. King, immediately upon his return to Ottawa, had communicated to the Prime Minister of the United Kingdom, the substance of these conversations, expressing the view that both the President and Secretary Stimson were anxious to do their utmost to assist Great Britain and Canada.

(See Unnumbered Cypher telegram of August 18th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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4. The following joint statement had, on August the 18th, been released by the Prime Minister and the President, following their conversations at Ogdensburg:

> "The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.
>
> It has been agreed that a Permanent Joint Board on Defence shall be set up at once by the two countries.
>
> This Permanent Joint Board on Defence shall commence immediate studies relating to sea, land and air problems including personnel and material.
>
> It will consider in the broad sense the defence of the north half of the Western Hemisphere.
>
> The Permanent Joint Board on Defence will consist of four or five members from each country, most of them from the services. It will meet shortly."

5. Mr. King said that he and the President had agreed that the Permanent Joint Board on Defence might be composed, in each section, of one officer from each of the three branches of the armed forces and a representative from the State Department and the Department of External Affairs, respectively, who might be joint secretaries. It had also been agreed that the object of the Board would be to familiarize the members with all phases of the defence problem, so that they would be in a position to recommend to their respective governments what would be required in the way of naval, military and air measures.

The duty of the Board would be to study and to recommend. Any action, which might result, would be for decision by the respective governments.

As an example Mr. Roosevelt had mentioned that it should be possible to agree on manoeuvres in the Canadian Maritime Provinces of a force of perhaps 300,000 American troops. Similar arrangements could be made for operations by Canadian forces in the State of Maine.

6. The Minister of Munitions and Supply suggested that it would be helpful if a representative of his department could be named to the Board. One of his principal problems was an adequate supply of machine tools of which the United States was the important source.

The Minister of National Defence agreed with the urgent importance of this matter.

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Relations between the United Kingdom and the United States.

7. Mr. King reviewed at length correspondence which he had had with Mr. Churchill since May the 20th, with particular regard to the disposition of the British Fleet in the event of successful invasion of the United Kingdom.

This problem had caused the gravest concern in the United States. The situation had been aggravated by a public statement of the British Ambassador that the United States could not count upon the British Fleet in the event of a German victory. It had been felt, in some American quarters, that the refusal of the British government, since the collapse of France, to make any specific commitment in this respect had been actuated by the hope that the United States might be persuaded thereby to enter the war. x

The situation, in this respect, however, had now been improved as a result of Mr. Churchill's own private assurances to Mr. Roosevelt.

Relations with the United States -

Munitions and Supply.

8. Mr. King had raised with the President the matter of certain urgent Canadian needs in the way of ammunition, guns and vessels which could be supplied from United States sources. This followed conversations which the Minister of Munitions and Supply and Mr. Purvis had had with the Secretary to the United States Treasury.

Mr. Roosevelt had been handed a statement of these items and had undertaken to go over them with Mr. Stimson and see what could be done.

Relations with the United States -

Naval Assistance

9. The Minister of National Defence for Naval Services, in connection with the proposed transfer of destroyers to Great Britain by way of Halifax, raised the question of financial responsibility for the accommodation and maintenance in Canada of relief crews who, it was proposed, should come from the United Kingdom to convey the destroyers to United Kingdom waters. Some 1,000 men of the Royal Navy would be involved.

10. After some discussion it was agreed that Mr. Macdonald should go into the matter fully with the United Kingdom government, obtain clarification of their proposals and subsequently report. It seemed to the Committee, however, that if Canada provided the necessary naval facilities, responsibility for accommodation and maintenance should be for Admiralty account.

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Third Division, C.A.S.F.

11. The Minister of National Defence reported that on the recommendation of officers of his department, he was arranging to transfer certain senior officers from the 1st Division to the 3rd Division and that similar arrangements would be made with respect to divisional headquarters staff and artillery.

12. The Minister's proposals in this respect were approved, appointments to these positions being left to his recommendations in due course.

Department of National Defence - M. D. 5.

13. Mr. Ralston enquired whether Colonel Vanier, the Canadian Minister to France, would be available to be appointed D.O.C. of M.D. 5. In his view, this would be a valuable appointment.

14. After some discussion it was agreed that Colonel Vanier might be made available temporarily
xx to the Department of National Defence, if not required for diplomatic service.

Munitions and Supply - Rifles for the United Kingdom

15. Mr. Ralston reported that the War Office had made a request for a considerable number of rifles to be supplied from Canada. His department had no surplus rifles, in view of the large numbers of men who would have to undergo training during the coming year.

It might be decided to accede to the United Kingdom request on the understanding that the rifles would be replaced as soon as available or the request might be refused in view of the likelihood of a considerable number of American rifles being made available to Great Britain in the near future.

16. In the circumstances, it was agreed that the British request in this respect should be refused.

Interned Aliens

17. Mr. Ralston reported that a full investigation was being made of recent escapes of two interned prisoners from Gravenhurst and Red Rock respectively. Steps would be taken to prevent a recurrence of such events.

Aruba

18. Mr. Ralston referred to the request of the War Office that three companies of the Winnipeg Grenadiers should proceed from Jamaica to Aruba to relieve British troops in the latter island. It had been ascertained through the Canadian Minister at

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Washington that, although the United States would have preferred to have Canadian troops garrison the island, the State Department would raise no objection to U. K. forces being employed for the purpose if this were desirable for military reasons. In the circumstances he assumed that the United Kingdom would continue to assume responsibility for this duty and that the Winnipeg Grenadiers could be concentrated in Jamaica in accordance with the government's suggestion.

(See correspondence between August the 7th and August the 19th, 1940, in this connection, between the Minister of National Defence and the High Commissioner for the United Kingdom).

Passport and Visa restrictions upon Canadians entering the United States.

19. Mr. King said that he had mentioned to Mr. Roosevelt the difficulties which had resulted from the restrictions which had been put upon Canadians entering the United States in the way of Passport and visa requirements.

The President had been under the impression that these restrictions had been desired by Canada for military or police purposes. He had agreed to take the matter up with the Secretary of State in order that it might receive careful reconsideration.

20. The Minister of Justice remarked that so far as similar restrictions upon Americans entering Canada were concerned, the Commissioner of the Royal Canadian Mounted Police had agreed to defer pressing his recommendation in this respect until the autumn.

The meeting adjourned at 5.10 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

Prime Minister's remarks -

(x) - It might be discussed if any assurance of the kind asked for were given.

(xx) - Mr. King would give up his desire to use his services in the Prime Minister's office.

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Memorandum re Meeting of

Cabinet War Committee.

August 27th, 1940.

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SECRET August 27th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, at 2.30 p.m., on August the 27th.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Relations with the United States

Permanent Joint Board on Defence.

1. The Prime Minister referred to the presence in Ottawa of the members of the Permanent Joint Board on Defence which had been established as a result of the Ogdensburg conversations, reported at the last meeting of the Committee.

The Board had met for the first time yesterday, and were continuing their meetings today. Following the Ottawa meetings, meetings would be held in Washington.

The Board was primarily a technical body for study of joint defence problems. Confidential reports by the two sections of the Board would be made to the two governments for information and decision. The two sections of the Board would not make joint reports, but each would report to their own government. Any action consequent upon such reports would be for determination by governments concerned.

The membership of the Board was as follows:

Canadian Section

Colonel O. M. Biggar, K.C., Chairman,
Brigadier Kenneth Stuart, D.S.O., M.C., Deputy Chief of the General Staff,
Captain L. W. Murray, R.C.N., Deputy Chief of the Naval Staff,
Air Commodore A.A.L. Cuffe, R.C.A.F., Air Member, Air Staff,
H. L. Keenleyside, Esq., Secretary.

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United States Section

Fiorella H. LaGuardia, Mayor of New York, Chairman,
Lieutenant General Embick, U.S.A.,
Captain Harry W. Hill, U.S.N.,
Commander F. P. Sherman, U.S.N.,) Alternates,
Lieutenant Colonel MacNarnay, U.S.A.,)
John D. Hickerson, Esq., Secretary.

Apart from the Chairmen, actual membership of the Board was limited to representatives of the three defence services, the Board being essentially a technical body for defence purposes. However, Mr. Keenleyside of the Department of External Affairs was acting as secretary of the Canadian section; similarly, Mr. Hickerson of the State Department was acting as secretary of the American section.

With regard to publicity on the part of the Board, Mr. LaGuardia had enquired the Canadian government's views. Mr. King had felt that any public statements should be left to the governments themselves, but had agreed that there could be no objection, on the part of Canada, to a public statement along lines indicated by Mr. LaGuardia, as to the Board's purposes and activities.

2. Mr. King reported that he had met the American members of the Board, yesterday.

In view of the duties of the Board, it had been particularly significant that he had been able to read to them messages just received from the Department of National Defence for Naval Services, regarding the sinking by U-Boat action of vessels in convoy in the North Atlantic, at a point considerably farther west than had been the case heretofore. The Admiralty had feared that the enemy submarine in question was headed for the Atlantic Coast.

North Atlantic Defence - Newfoundland

3. Mr. King read a communication from the U. K. High Commissioner respecting proposals put forward by the President of the United States for the establishment of an American base in Newfoundland for naval and air purposes. Mr. Roosevelt's proposals, upon which the Canadian government's views had been urgently requested, were:

(1) the determination, as soon as possible, of naval and air facilities by a joint U.K.-U.S. board;

(2) the reference, in the event of any disagreement within the board, to the joint decision of the British Foreign Secretary and the American Secretary of State; if these could not reach agreement, the matter to be referred to an arbiter of their choosing;

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(3) the definition now in outline of the kind of facilities to be granted.

The President's suggestions were that the United States obtain the lease of an area in Newfoundland for naval purposes with the right to construct a channel entry and necessary buildings and artillery posts which need not be within the leased area, that the leased area should be under American jurisdiction and that the United States should acquire the right to build an aerodrome in or near the leased territory.

The U. K. government had been anxious to give an affirmative reply subject to some modification in so far as jurisdiction within the leased area was concerned and, in the circumstances, Mr. King had had no hesitation in expressing at once the Canadian government's general concurrence in granting to the United States the facilities in Newfoundland which the President had proposed.

(See secret letter of August the 26th, 1940, from the U. K. High Commissioner, to the Prime Minister).

4. The Minister of National Defence stated that Canada had already taken action in three ways with regard to the defence of Newfoundland:

(1) measures for the protection of Botwood;

(2) measures for the protection of the Airport;

(3) preliminary steps with a view to the establishment of a naval base.

5. The Minister of National Defence for Naval Services suggested that the location of an American naval base in Newfoundland might relieve the Canadian government of the necessity of proceeding further in this respect.

6. The effect of acceptance of the American proposals upon measures already undertaken or proposed by Canada in respect of Newfoundland was the subject of discussion.

The Defence Ministers had been negotiating with Newfoundland authorities who presumably were acting with the consent of the United Kingdom government. So far, the Canadian government, in this respect, had proceeded on an emergency basis. No consideration had yet been given to more permanent arrangements.

In view of the nature of the American proposals and the fact that Canada was now involved in substantial expenditure in Newfoundland (amounting to one and a half million dollars for work on the air base and for accommodation for troops), it was agreed that careful consideration should now be given

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to the definition of Canadian rights which might or should result from the obligations undertaken by Canada.

7. It was agreed that requirements for the defence of Newfoundland should appropriately be the subject of study by the Permanent Joint Board on Defence.

It was also agreed that, while the United States proposals for the establishment of naval and air facilities were properly the subject of agreement between the governments of the United Kingdom and the United States, steps should be taken to co-ordinate defence activities resulting from such agreement, with Canadian measures already undertaken in Newfoundland.

Relations with the United States

Naval assistance

8. Mr. King referred to his conversations with the President at Ogdensburg and the communications which had passed between Mr. Roosevelt and Mr. Churchill with regard to the proposal to make certain old American destroyers available to Great Britain, and also with regard to provision by the United Kingdom of naval and air bases to the United States, in the Western Hemisphere. Mr. King's conversations with Mr. Roosevelt and the substance of the correspondence referred to on this subject had been reported to the Committee at the last meeting of the Committee.

Mr. King had since received word by telephone from Mr. Roosevelt that it was felt that the legal difficulties with regard to the destroyer proposal had been overcome, and it was hoped that these could be made available very shortly.

9. Mr. King, in this connection, read a personal message which he had received from the British Prime Minister, and the text of a telegram, on the subject, which Mr. Churchill had sent to the President. In his telegram to Mr. Roosevelt, Mr. Churchill had expressed the view of the U. K. government that there should be nothing in the nature of a bargain, sale or contract, in any arrangement which might be made, on the one hand to provide destroyers, and, on the other, to make bases available to the United States. The U. K. government were prepared to make the bases available independently of what might be done in the way of destroyers.

(See secret and personal letter of August the 22nd, 1940, and enclosures from the U. K. High Commissioner, to the Prime Minister).

Mr. King shared Mr. Churchill's view that it would be wise to avoid the appearance of bargaining bases for destroyers, which might create an atmosphere of haggling and provoke invidious comparison between what was to be given and received. The Committee's

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attention was, however, directed to the final sentences of Mr. Churchill's personal message to Mr. King, in which Mr. Churchill, referring to the proposals with respect to destroyers and bases, and also to arrangements being made "for Canada and America's mutual defence", had observed that, if the conflict lessened, and Hitler's attempt at invasion failed, judgment of these transactions would be made in a different mood than that prevailing while the issue still hung in the balance.

With these final observations Mr. King was in strong disagreement. His whole purpose in conversations and negotiations with the United States had been to draw that country into closer relationship with Canada and the United Kingdom, not only for any immediate gain but for the more permanent advantage which would result for all.

After some discussion it was agreed that a reply should be sent to Mr. Churchill expressing the view of the Canadian government that judgment of any arrangement made between Great Britain, Canada and the United States should be made in the light of the circumstances which now existed. The Canadian government regarded the United Kingdom as the front line. The Canadian government's object in these negotiations was to enable Canada to contribute her utmost and to continue to contribute her utmost to the common cause. The Canadian government did not agree with the U. K. Prime Minister's view that a different judgment of such mutual arrangements would result from a lessening of the immediate danger.

Relations with the United States

Munitions and Supplies

10. Mr. King referred to the statement of urgent Canadian requirements which he had handed to the President during the Ogdensburg conversations. This statement had been prepared following conversations with the Secretary to the U. S. Treasury.

Mr. King had seen Mr. Morgenthau in Ottawa a few days ago, and the latter had said that in accordance with the President's expressed desire, he was doing and would continue to do, everything possible to meet the requirements of Canada and the United Kingdom.

Mr. Morgenthau had said that he felt that the best results could be obtained through Mr. Purvis and the Canadian Munitions and Supply Department, rather than through representatives of the Services. All were agreed that Mr. Purvis was doing admirable work in Washington.

11. After some discussion it was agreed that the matter of requests and requisitions for the purchase of munitions and supplies in the United States should be made through the Minister of Munitions and Supply, acting with Mr. Purvis, and not through the Service Departments.

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It was hoped that the result of studies by the Permanent Joint Board on Defence would help to change the attitude of the United States Service authorities who had been reluctant to part with material which might be used by American forces.

12. In answer to an enquiry by the Prime Minister, the Under-Secretary of State for External Affairs stated that the British Ambassador in Washington had been fully advised of the presence of Canadian Service representatives in Washington from time to time.

Relations with the United States

European blockade

13. Mr. King said that Mr. Morgenthau had expressed the view that as the British blockade in Europe became more effective, American public opinion would incline to be aroused upon sympathetic and humanitarian grounds. The United States Administration felt that they must back up the British blockade, but this would prove exceedingly difficult. Especially was he concerned because large European credits were remaining frozen in the United States as a result of government action. He anticipated a rising demand that these should be released for the purchase of supplies urgently needed. It would be hard to resist the demand, but the American government were determined that they would give no help to Hitler.

Relations with France

14. Mr. King referred to the suggestion which had been made that Colonel Vanier should be released for service in the Department of National Defence. He had come to the conclusion that for the present, at all events, Colonel Vanier should be kept in the diplomatic field. An unpleasant breach with the French government was feared. Colonel Vanier, himself, now in London, felt that there was important work to be done in France, and the United Kingdom government had urged us to continue diplomatic relations with the French government.

There was danger of serious division of opinion in Canada. Extreme statements on both sides had recently been made. Mr. Justice Surveyer, in Montreal, had spoken in strong sympathy with the Petain government and Orange antagonism had resulted.

These matters had been brought to the attention of the French Minister who had said that he would give no countenance to extreme expressions of view likely to result in opposition in certain quarters.

15. The Minister of Justice referred to an extreme public statement which had been made by Rev. Dr. Shields, a Baptist Church minister, as an

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example of the division of opinion which might be caused with regard to our relations with France.

16. After some discussion, it was agreed that no final decision should now be taken as to the continuation of Canadian diplomatic relations with France, and that Colonel Vanier should be recalled from London to report on the situation.

Department of National Defence

17. The Minister of National Defence recommended that authority be given for the expenditure of $1,039,000 required for indoor training buildings at camps at Camp Borden, Petawawa, Barriefield, Valcartier, Aldershot, Three Rivers, and Nanaimo.

This expenditure was approved by the Committee.

18. Mr. Ralston also asked authority for the expenditure of $125,000 for the construction of an artillery range at Tracadie, N.B. This additional artillery range was considered necessary for training purposes.

This expenditure was approved.

Organization and Administration of Canadian Overseas Forces - 7th Corps.

19. Mr. Ralston referred to the proposal of the War Office that the Canadian government should accept financial responsibility from December 31st for United Kingdom units as would serve with the Corps. This proposal had been given consideration by his Department and it was felt that the proposal should not be accepted. General McNaughton and Mr. Massey were both opposed to acceptance.

It was agreed that the U. K. government's proposal in this respect should be refused. A draft communication to the Canadian High Commissioner in London, in this connection, was read and approved by the Committee.

(See Cypher telegram No. 1335 of August the 27th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada, London).

War Donations - Income Tax

20. The Minister of Finance raised the question of Dominion income tax upon sums donated to the government for war purposes. At present, the law was not altogether clear. The Commissioner of Income Tax was of opinion that contributions to the Dominion government for war purposes, up to 10%, could be regarded as charitable donations for income tax purposes. He was in doubt as to whether this was an accurate interpretation of existing law. Deductions up to 50% were permitted in respect of donations to the five recognized national war

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charities. Special provision had been made in at least one case of a donation to the U. K. government for war purposes. The question was whether an allowance should be made or not, and if so, whether it should be to 10% or to 50% of taxable income.

21. After some discussion, it was agreed that for the present the government should proceed on the basis of Mr. Fraser Elliott's ruling and permit deductions in respect of Dominion income tax up to 10% upon donations to the Federal government of sums of money from income, for war purposes.

Dominion War Loan

22. Mr. Ilsley enquired whether the suggestion of the War Loan Committee that a message from General McNaughton in connection with the proposed loan should be permitted.

After some discussion it was agreed that it would be inappropriate to have General McNaughton involved in the loan campaign. The lead should be taken by the Minister of Finance himself. There would be no objection, however, to a message from General McNaughton on the general topic of the Canadian forces in Great Britain.

Refugees

23. The Minister of Mines and Resources reported that authority had already been given for the payment of transportation of child refugees, under the assisted scheme, from ports of landing to points of destination in Canada.

The National Committee which had been set up to have supervision of child refugees in Canada, in co-operation with provincial agencies, would incur certain administrative and secretarial expenses, and authority was now requested for expenditure in this connection up to $20,000 for the first year.

After some discussion the authority requested was approved by the Committee.

24. Mr. Crerar reported that some 500 women who had accompanied child refugees to Canada in response to invitations of friends and relatives, and in some cases without arrangements being made in advance, were stranded in this country, without financial provision for their maintenance. Arrangements had been made for about 400 of these women through private agencies, but it had not been found possible to make provision for the remaining 100. The U. K. government would not release sterling funds for this purpose. He enquired whether the government would wish to make provision for these persons.

After some discussion, it was agreed that the Canadian government had no responsibility for these persons and that in the circumstances no provision for their maintenance could be made.

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French Gold and United States
Funds with the Bank of Canada

25. Mr. King read a long telegram which he had received from the Prime Minister of the United Kingdom with regard to French gold belonging to France, now in the custody of the Bank of Canada, and also with regard to deposits which had been made by the U. K. government as a result of the assignment of certain French contracts in the United States.

(See Cypher telegram No. 120 of August the 25th, 1940, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Canada).

26. After some discussion it was agreed that the British proposals for dealing with French gold and United States dollar deposits with the Bank of Canada should be referred to the Minister of Justice, the Minister of Finance, and the Minister of National Defence, for consideration and report as to the legality and propriety of complying now, or at a later date, with the proposals of the U. K. government.

In the meantime an acknowledgement should be sent to Mr. Churchill's telegram, stating that in view of the seriousness of the questions involved, further study would be required.

Relations with Japan

27. Mr. King read a draft communication to the U. K. government setting out the government's policy with respect to export permits for shipments of raw materials to Japan. This statement had been prepared in reply to a request for the government's views upon proposals made by the U. K. government.

(See Minutes of meeting of August the 13th, 1940, page 1, paragraph 1).

The draft telegram was approved by the Committee.

(See Cypher telegram No. 155 of August the 30th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

28. Mr. King read a second draft telegram which had been prepared to the U. K. government with regard to proposed action in retaliation for arrests of British subjects in Japan.

This draft telegram was also approved by the Committee.

(See Cypher telegram No. 156 of August the 30th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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29. Mr. King referred to the recall of the present Japanese Minister to Canada. He had received Baron Tomii and his successor's name had been submitted to the King for approval.

European situation

30. Mr. King read a communication which he had received from the U. K. government, through their High Commissioner in Canada, expressing a general appreciation of the strategic situation based upon the advice of their military advisers.

Passport and Visa Restrictions upon Canadians entering the United States.

31. Mr. King referred to his conversations with the President regarding the restrictions which had been placed upon Canadians entering the United States.

It now appeared that the real trouble had been with regard to Mexico rather than Canada. United States immigration officers had visited Ottawa within the last few days and had discussions with the object of reducing the required formalities so far as Canadians were concerned. The new proposals were somewhat simplified and it was anticipated that no visas would now be required and that (modified) finger-printing requirements would be substituted.

The meeting adjourned at 5.45 p.m.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

September 5th, 1940.

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SECRET September 5th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, at 2.30 p.m., on September the 5th, 1940.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Recruiting of Canadian nationals and British subjects domiciled in Canada, by agencies of allied governments.

1. The Prime Minister raised the questions of recruiting activities in Canada on the part of allied governments.

2. The Under-Secretary of State for External Affairs observed that Canada had already agreed to permit recruiting by the Netherlands, Norwegian and Polish governments of their own nationals resident in this country, or coming to Canada for enlistment.

3. After some discussion it was agreed that it would be undesirable to permit recruiting in Canada of Canadians, or British subjects of Canadian domicile, by racial groups or under foreign auspices, it being in every way preferable to enlist such persons in Canadian units, irrespective of their racial origin.

The Committee accordingly decided as follows:

(1) that foreign agencies should not be allowed to recruit in Canada, Canadians or British subjects of their own or other racial origin.

(2) that this decision should apply to the Norwegian air training organization, though exceptional permission might be granted, in individual cases, for the enlistment of Canadians of Norwegian origin who were not required in the Canadian forces.

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Polish recruiting in Canada

4. Mr. King referred to a specific request made through the Polish Consul General for permission to recruit Polish nationals in Canada and establish a camp here for military training. It now appeared that this request involved also a loan by Canada to meet the expenditures involved. This proposal should be considered in the light of a further request recently received from the Polish government that Canada should permit the release of French gold held by the Bank of Canada, in consideration of certain claims which the Polish government alleged against France.

After some discussion it was decided that this matter should be referred to the special committee consisting of Messrs. Lapointe, Ilsley and Ralston, appointed at the last meeting, to give consideration to the whole question of French gold and balances in U. S. funds with the Bank of Canada.

Relations with the United States

Naval Assistance

5. The Minister of National Defence for Naval Services, with reference to the American decision to transfer fifty destroyers to Great Britain, referred to the hope that certain of these destroyers could be made available for service in the Royal Canadian Navy.

It had been proposed to the Admiralty that six of the destroyers should be operated as part of the Royal Canadian Navy, four of them to serve in active co-operation with the Royal Navy in European waters, thus bringing the Canadian destroyer contribution there to a flotilla of eight. No reply has as yet been received to this proposal.

(See Naval Message No. 693 of September the 2nd, 1940, from the Chief of the Naval Staff to the First Sea Lord).

6. Mr. King said that the hope had been expressed to the U. K. Prime Minister that four to six of the destroyers could be retained by Canada. In his view this was a reasonable proposal in that it combined substantial contribution to the protection of Great Britain with reasonable addition to urgently required Atlantic defences.

7. It was agreed that the proposal put forward by Mr. Macdonald should stand.

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Relations with the United States

Munitions and Supplies

8. Mr. King referred to the suggestion of the U. S. Secretary to the Treasury that negotiations for the purchase of munitions and supplies in the United States should be conducted through the Department of Munitions and Supply and the British Purchasing Commission in the United States, rather than through Service representatives.

9. The Minister of National Defence for Air said that Air Commodore Cuffe had reported to him that the Chairman of the American section of the Permanent Joint Board on Defence had asked that in negotiating for aircraft and supplies, requests should be made through him (Mr. LaGuardia). Mr. LaGuardia had felt that he would be able to expedite the obtaining of materials required and available. Furthermore, the Board had decided that Canadian Service members should deal with their opposite numbers in the United States, so far as Canadian requirements were concerned. Incidentally, the American Services were requiring an undertaking that material purchased by Canada would be used for the defence of North America.

It was important that the procedure to be followed should be settled.

10. The Prime Minister said that he felt, in view of his conversations with Mr. Morgenthau who was working under direct instructions from the President, it would be well to proceed by co-operation between Mr. Howe and Mr. Purvis. No doubt the meetings of the Permanent Joint Board would help to soften U. S. Service opposition to the release of material for Canadian purposes.

11. Mr. King said that Mr. Morgenthau had warned against Canada relying too heavily upon the United States as a source of supply. He had mentioned specifically aeroplane engines, in respect of which he had felt that it would be wise for Canadian plants to be equipped for production.

Members of the Committee referred to consideration which had been given soon after the outbreak of war to the production in Canada of aircraft engines. The then Chairman of the War Supply Board (Mr. Campbell) had not been in favour of such an undertaking. It would require at least eighteen months, Mr. Campbell had said, before such a plant could begin to produce. Members of the U. K. Air Mission had also discouraged the idea. It now appeared, however, that such a step might have been a sound insurance against the possibility of being unable to obtain adequate supplies of engines from British and American sources.

Mr. King favoured beginning production of engines in Canada at once.

12. Mr. King read to the meeting a communication received from the Canadian High Commissioner in London, putting forward certain suggestions on the

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part of the U. K. government regarding the purchase of supplies in the United States.

The U. K. government proposed that the requirements of the Commonwealth governments, which it was sought to obtain in the United States, should be co-ordinated, presented as a whole and dealt with through the British Purchasing Commission. This would involve a pooling of purchases and the settlement of priorities and allocation in London, as part of general war strategy, and through some form of joint Commonwealth consultation.

(See Cypher telegram No. 1484 of September the 2nd, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Canada).

13. It was pointed out that the Minister of Munitions and Supply was already co-operating closely with Mr. Purvis, the head of the British Purchasing Commission in New York, in respect of Canadian purchases. To accede to the U. K. request, unconditionally, would dislocate arrangements which were now operating satisfactorily. Furthermore it would involve an undesirable surrender of Canadian authority and responsibility.

14. It was agreed that the U. K. government's suggestions, described in Mr. Massey's telegram of September the 2nd, should be referred to the three Defence Ministers and the Minister of Munitions and Supply, for reply along the following lines:

(a) the government had given careful consideration to the suggestions in this connection of the U. K. government;

(b) the government appreciated the desirability of close co-operation between the Commonwealth governments, with regard to North American purchases, and were ready to give the fullest consideration to the requirements of the United Kingdom;

(c) Canada had now established direct relationship with the United States, in this respect, and the Minister of Munitions and Supply had been working closely with the head of the British Purchasing Commission, in a mutually satisfactory way;

(d) the government, in the circumstances, felt that, so far as Canada was concerned, the present system was working adequately and should be continued, rather than changed for a procedure which would be centralized and operated from London;

(e) the government would be prepared to see that the needs of the other parts of the Empire were taken into consideration in the placing of Canadian orders.

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Relations with France

15. The Prime Minister reported the receipt of a communication from Colonel Vanier expressing the view that there were grounds for believing that in the near future a French government might be set up in Africa. In the circumstances, he had felt that he should possibly remain longer in Europe to await developments.

Mr. King said that there was, however, some doubt as to whether Canada should have any diplomatic representation with any rival French government which might be set up. The British Foreign Secretary had now reversed his opinion as to the desirability of Canada and South Africa having representation at Vichy. It was not improbable that the relations between France and the United Kingdom would, in the near future, further deteriorate.

16. In the circumstances, it was agreed that Colonel Vanier should be recalled, for report.

French gold and U. S. dollar balances with the Bank of Canada.

17. The Prime Minister mentioned the reference to the special committee, consisting of Messrs. Lapointe, Ilsley and Ralston, of the recent representations received from the U. K. Prime Minister, regarding French gold and U. S. dollar balances with the Bank of Canada. The question had come up in another form as a result of the request of the Polish government, mentioned earlier in the meeting.

18. The Minister of Justice stated that he had received an opinion from the Law Officers upon the legal aspects of the question.

Mr. Lapointe read to the meeting the report of the Deputy Minister of Justice, the conclusion of which was that, in his opinion, there was no legal or moral objection to the gold being dealt with as suggested by Mr. Churchill, if deemed expedient by the government for the purposes of the war.

(See secret memorandum of September the 3rd, 1940, signed W.S.E., for the Minister of Justice, and documents attached).

19. Mr. King observed that since the suggestion that the gold and dollars should be made available to the U. K. government had first been made by Sir Frederick Phillips, circumstances had altered substantially. At the time of the interviews with Sir Frederick Phillips, Canada was being asked by the U. K. government not to regard France as an enemy but to do all possible to maintain her friendship and goodwill. Until the last few days the U. K. Foreign Secretary had hoped that Canada and South Africa would send Ministers back to France.

The proposal should now be considered in the light of these changed circumstances, and in the light of the opinion which Mr. Lapointe had just read. The government would await the report of the special committee, before making any decision. Meantime Mr. Churchill's communication had been acknowledged.

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(See Cypher telegram No. 158 of September the 3rd, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

20. The Minister of Finance referred to the fact that by Order-in-Council of July the 31st last (P.C. 1515) The Regulations respecting Trading with the Enemy, (1939), had been extended to French territory and, in consequence, all French property rights and interests in Canada had thereby come under the control of the Custodian. In view of the position regarding the gold and dollar balances with the Bank of Canada, provision had been made by the Order-in-Council for the Minister of Finance to exempt property from the effect of the Regulations. It was, however, felt that provision for such exceptional treatment should now be repealed and that the Custodian should assume control of the gold and dollar balances with the Bank in the same manner as he had done with other property of French nationals.

21. After some discussion, it was agreed that the advisability of amending the Order-in-Council in question should be referred, for report at a later meeting, to the special committee giving consideration to the general question of French gold and balances with the Bank of Canada.

Relations with Japan

22. Mr. King reported to the meeting the substance of conversations between the Under-Secretary of State for External Affairs and the Japanese Minister who had called to advise upon his coming departure from Canada.

Baron Tomii had indicated his desire to complete the Foreign Exchange Agreement, to have some clarification of Canadian policy with regard to the export of metals, and to bring the government's attention to what he regarded as unfriendly treatment of persons of Japanese race in British Columbia.

Dr. Skelton had indicated the Canadian government's view on these matters.

(See memorandum of August the 28th).

Greenland

23. The Prime Minister communicated to the Committee a report received from the British Admiralty that an expedition was known to have set out from Norway for the purpose of establishing a meteorological station and preparing a landing ground on the East coast of Greenland. The expedition had been fitted out with a machine gun and large stores of petrol and had sailed on the sealer "Furenak" under the Norwegian flag. The United States had been informed.

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24. Dr. Skelton observed that under an old convention Greenland stations continued to send meteorological information to Copenhagen. The Governor had been sympathetic to the discontinuance of this service. The U. K. government were anxious that they should have exclusive reports, and representations were being made to this end.

25. After some discussion it was agreed that although Canada could alone take no military action with regard to the expedition in question, in view of our understanding with the United States, x the matter should be referred to the Permanent Joint Board on Defence, and enquiry should be made of what action, if any, was contemplated by the United Kingdom.

Atlantic Defence -
Newfoundland

26. The Prime Minister read to the meeting a report prepared by the Associate Minister of National Defence following his visit to Newfoundland.

(See Minutes of meeting of the Associate Minister of National Defence and Canadian officers, with representatives of Newfoundland, held at St. John's, Newfoundland, on August the 20th, 1940).

27. Commenting on his report, Mr. Power stated that Canadian troops were now in possession of the air base at Gander Lake, and in occupation at Botwood. Action taken by Canada, so far, for the defence of Newfoundland had been on an emergency basis, and no attempt had been made to make arrangements with the Newfoundland government for the determination of Canadian rights by lease or otherwise. This matter, however, should now receive consideration. Newfoundland could not be expected to make any substantial financial contribution to defence expenditures. Its contribution would rather be in the way of materials and services.

28. Mr. King stated that in view of our present and probable future commitments in the island, it had been agreed at the last meeting that serious consideration should be given to the settlement of mutual rights and obligations. The United States were proposing a definite lease of territory with certain jurisdictional rights. Canada should arrange to secure terms which would be of permanent value for strategical purposes in the future. The defence of Newfoundland would always be a primary Canadian interest.

29. Mr. King reported that following our communication to the U. K. government regarding the desirability of co-ordinating discussions and measures regarding the defence of Newfoundland, he had received a reply through the U. K. High Commissioner describing the general plan of procedure upon which the U. K. government were working. It had been indicated that full information would be given to the Canadian and

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and Newfoundland governments of provisional conclusions reached between the U. K. and U. S. governments and it was proposed that expert discussions should, thereafter, be held in London, at which the Canadian government should be represented.

(See secret letter of September the 4th, 1940, from the High Commissioner for the United Kingdom, to the Under-Secretary of State for External Affairs).

Munitions and Supply
U. K. Mission to the United States.

30. The Prime Minister reported to the meeting that he had received word from the U. K. government that a small mission, headed by Sir Walter Layton, Director General of Programmes in the Ministry of Supply, would shortly leave England for the United States in order to put before the U. S. administration the U. K. position, and negotiate with them for the production of types and quantities of weapons and other munitions of war required from the United States.

It was proposed that Sir Walter Layton should subsequently visit Canada to talk the situation over with the Minister of Munitions and Supply.

(See secret letter from W. C. Hankinson of the U. K. High Commissioner's Office, to the Under-Secretary of State for External Affairs).

Relations between the United Kingdom and the United States.

31. The Prime Minister referred to the exchange of correspondence which had been made public on September the 3rd between the British Ambassador in the United States and the Secretary of State regarding the disposition of the British fleet, in the event of the waters surrounding the British Isles becoming untenable for British ships of war.

(See Montreal Gazette of Wednesday, September the 4th, 1940).

The categorical statement contained in Lord Lothian's reply to Mr. Hull's aide-memoire that the settled policy of the U. K. government was never to surrender or sink the British fleet had been written in response to the President's desire for a clear undertaking in that respect, in view of the apprehension existing in certain American quarters.

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Relations with the United States

Permanent Joint Board on Defence

32. The Prime Minister read to the meeting the "Journal of Discussions and Decisions" of the first and second meetings of the Permanent Joint Board on Defence, held at Ottawa on August the 26th and August the 27th.

After discussion, the following recommendations contained in the Journal of Discussions and Decisions of the Board, were approved by the Committee, subject to subsequent concurrence by the Ministers of the departments concerned, after opportunity for consultation with their departmental officers:

Exchange of information

"It was agreed that there should be a full and complete exchange of military, air and naval information between the two sections of the Board, with the understanding that each section would be free to convey to its government any information they received."

Defence of Newfoundland

"A. The island of Newfoundland occupies a commanding position at the entrance to the St. Lawrence - Great Lakes waterway and on the flank of the sea route between the Atlantic seaboard of North America and Northern Europe. It is on the direct air route between the East Coast of the United States and Northern Europe. It is the point in North America, nearest to Europe, from which, if occupied by an enemy, further operations against the North American Continent might be effectively initiated. As such it should be adequately defended.

B. The forces in Newfoundland now consist of one battalion of infantry for the defence of Botwood and the Newfoundland airport, a battery of two 4.7-inch guns now being installed at Bell Island, and a flight of five Digby (Douglas) landplanes operating from Newfoundland airport. These forces are considered inadequate for the defence of the island at the present time and the security of Canada and the United States is thereby endangered.

C. The Board considers that the defence of Newfoundland should be materially strengthened by:

(a) Increasing the strength of the Canadian defensive garrisons immediately;

(b) Establishing as soon as practicable, and not later than the spring of 1941, a force of aircraft of suitable types adequate for patrolling the seaward approaches to Newfoundland

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and Canada and for the local defence of the Botwood area;

(c) Selecting and preparing, as soon as practicable, bases permitting the operation of United States aircraft, when and if circumstances require, in numbers as follows:

(1) A minimum of four squadrons of patrol planes (48 planes);

(2) A minimum of one composite group of land planes (73 planes);

(d) Completing, as early as practicable, and not later than the spring of 1941, the installation of appropriate defences for the port of St. John's, Newfoundland, for Botwood, and for other points as required.

(e) Taking such additional measures as further examination of the defence problem and local reconnaissance show to be necessary."

Defence of the Maritime Provinces

"A. The strategic importance of the Maritime Provinces is similar to that of Newfoundland. However, in addition to providing bases for the operation of aircraft and light patrol craft, the Maritime Provinces must provide secure bases from which major naval operations can be projected.

B. This will require harbours secure from underwater attack, with docking, repair and supply facilities capable of accommodating the major portion of the United States or British fleets; operating facilities for military and naval air forces; and harbour defences supported by the necessary troop concentrations.

C. The Board finds that some of these requirements have already been met and that steps have been initiated for the accomplishment of others.

D. It is apparent that the following should be undertaken by the Canadian Government:

(a) Early completion of the present projects for underwater defences at Halifax, Sydney, Gaspe and Shelburne.

(b) Early completion of harbour defences at these bases.

(c) Early expansion of aircraft operating facilities to include provision for four squadrons of patrol planes (48 planes) and one composite wing of approximately 200 planes.

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(d) Such additional measures as further examination of the defence problem and local reconnaissance show to be necessary.

E. The Board also recommends the preparation in Canada and the United States of adequate strategic reserves of men and materials for timely concentration in the Maritime Provinces if, and when, the need arises."

Provision of required material

"It was agreed that arrangements concerted between the United States and Canadian representatives of each Service with regard to this material should be passed through the proper channels in order that the proper allocation of the material should be promptly made. It was further agreed that material provided to implement the recommendations of the Board shall not be used for any other purposes. As at present advised, the Board regarded the following classes of material as of special importance, their relative importance being in the order indicated for each Service:

Ground Forces

(a) A. A. Armament and ammunition.
(b) Harbour defence armament and ammunition.
(c) General equipment of mobile defence.

Air Forces

(a) Patrol planes,
(b) Fighter or pursuit planes with, in each case, armament, ammunition and radio equipment.

As at the Naval Forces the position as reported was that there have already been discussions which have led to arrangements under which it is expected that all present requirements are to be satisfied. These arrangements relate to:

(a) 4" guns.
(b) .5 machine guns.
(c) Destroyers.

The Board approved of the carrying out of these arrangements for the purpose of the attainment of the objects covered on the Board's previous decisions."

Subjects requiring examination

"That the subject of communications between Newfoundland, the Maritime Provinces, Eastern Canada and the United States, if of high importance, the following subjects requiring to be examined:

(a) Railway facilities.
(b) Water transport.
(c) Roads.
(d) Air transport and communications.

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That the establishment of additional commercial airways, complete with landing facilities and aids to air navigation, between these important areas, would be essential to the defence plan."

Exchange of information on production

"That the Service Members undertake to assemble information on the production in each country of particular items of military equipment in their respective countries, not readily available in the other country, and to exchange information on this subject as data became available."

Joint defence plan

"That the Service Members of the Board should proceed at once with the preparation of a detailed plan for the joint defence of Canada and the United States and keep the Board informed of the progress of the work."

The meeting adjourned at 6.30 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

(x) "See personal and private undertaking given Mr. King by President Roosevelt, in conversation at Washington".

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Memorandum re Meeting of

Cabinet War Committee

September 17th, 1940.

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SECRET

Ottawa, September 17th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Tuesday, September the 17th, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr.Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

European situation

1. The Prime Minister reviewed the situation as it had developed since the last meeting of the Committee, in the light of despatches received from the United Kingdom, a number of which were read to the meeting.

While intensified air raids had undoubtedly caused considerable damage, particularly in and about London, the defensive measures which had been taken had, so far, prevented critical damage to military and industrial objectives. On the other hand consistent offensive action taken by the R.A.F. had undoubtedly interfered with German plans for invasion. The probability of an attempt upon the British Isles continued to be the cause of anxiety.

Relations with Switzerland were causing concern. The U. K. government were determined to press the blockade of Europe and not permit imports which might reach enemy destinations. Flights by British aircraft across Switzerland were regarded as necessary for strategic reasons. Despite these two points of friction the United Kingdom were anxious to retain the goodwill of Switzerland so long as possible.

Near and Middle East

2. Mr. King observed that the U. K. government regarded the strategic situation in the Near and Middle East as increasingly critical. A large scale Italian invasion was anticipated. It had been

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necessary to send large reinforcements of men and materials to the Egyptian Sudan areas.

The attitude of the French Colonies in North Africa was not encouraging.

Japan

3. The Prime Minister reviewed the serious situation in the Far East as described in various communications recently received.

It appeared probable that Japan would seek to attain her objectives in the South Pacific area when the situation in Europe and North Africa was requiring concentration of British effort. The Prime Minister of New Zealand had urged the immediate undertaking with the Netherlands authorities of joint measures to prepare to resist any Japanese aggression in the East Indies. This was at variance with the policy favoured by Australia which had recently appointed a Minister to Tokio and hoped for the maintenance of good relations with the Japanese.

4. Mr. King referred to the bombing by a Japanese plane of the Canadian steamship "Empress of Asia". Reports from the Canadian Charge d'Affairs at Tokio made it clear that the bombing had not been a mistake in so far as the individual plane was concerned. The Japanese government had apologized for the incident. It was proposed to press for compensation for the personal injuries and damage to property which had resulted.

Peace Proposals

5. The Prime Minister read to the meeting a secret communication which he had received from the U. K. government, describing certain unofficial non-committal peace proposals which had been suggested through a neutral source, and the reply which had been communicated through the same source.

(See Cypher telegram M. 61, of September the 12th, 1940, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs, Canada).

Relations with France

6. The Prime Minister said that messages received within the last few days, by the Naval Service, indicated that the Admiralty had in immediate contemplation operations which, it was felt, might result in an open breach with the Vichy government. It had been indicated that these operations would be in the West African theatre. No word had been received from the U. K. government as to the nature of the operations under consideration.

(See Naval Message of 15.9.40 from the Admiralty, and of the same date from the C. in C. A. & W.I.)

In Mr. King's view enquiry should be made at once of the U. K. government, for further particulars. A declaration of war against France would be serious from the Canadian point of view.

7. The Minister of Justice agreed that a declaration of war against France would have serious repercussions in Canada. The Vichy government was still the government

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of France. As yet General deGaulle had no great prestige in this country.

8. The Minister of National Defence for Air agreed; the maintenance of good relations with France was important so far as Canada was concerned.

9. After further discussion it was agreed that a telegram should immediately be despatched to the U. K. government pointing out Canada's deep concern in any contemplated action which might involve further deterioration in relations with France. Particulars of the action contemplated by the Admiralty should be requested.

10. Mr. King read to the meeting a letter which he had received from the Leader of the Opposition regarding Canada's relations with the Vichy government.

Mr. Hanson was under a misconception as to the status of our relations with France. Our diplomatic connection subsisted despite the change in government. Due precautions had been taken to meet the situation. The correspondence of the French Minister in Canada had been subjected to examination, but there had been no occasion for asking him to leave the country. The fact was that M. Ristelhueber had acted in a perfectly honourable and straightforward manner throughout.

11. Mr. King reviewed the course of relations between the U. K. government and the government of France, and reminded the meeting that, until recently, the U. K. government took the view that everything should be done to prevent further deterioration of relations. In fact the continuance of Canadian and South African representation at Vichy had been urged.

12. Mr. King read to the meeting a draft reply which had been prepared to Mr. Hanson's letter, which, with minor changes, was approved by the meeting.

Relations with the United States

Addition to Membership of the Permanent Joint Board on Defence

13. The Prime Minister reported that at Mr. Power's suggestion, representations had been made to the United States regarding the addition to the Canadian section of a French-Canadian member. The President of the United States had readily agreed to the suggestion. The result would be that both Canadian and American sections of the Board would be increased by one member.

14. It was agreed that Colonel Vanier would be an appropriate Canadian appointment, but that no final decision should be made on this question, for the present. Colonel Vanier was at present returning from the United Kingdom to report.

Procedure regarding reports of the Permanent Joint Board on Defence.

15. The Minister of National Defence for Air requested clarification of the procedure to be followed with regard to the submission of reports by

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the Board. The Chief of the Air Staff had urged that Service members of the Board should be free to report immediately to their Chiefs of Staff.

16. The Minister of National Defence said that this matter had been discussed yesterday at a meeting of the Defence Council. It had been his view that reports should, in the first instance, go to the Prime Minister, as Chairman of the Cabinet War Committee, rather than to the Defence Council or to the Chiefs of Staff.

17. Mr. King felt that, although as a matter of procedure the formal reports of the Board should be directed to the War Committee, there was no reason why the Service members of the Board should not immediately report verbally to their respective Ministers and Chiefs of Staff, matters discussed by the Board. In fact such a practice would be altogether desirable as it would permit immediate study and review of the Board's recommendations as they affected the service departments.

18. After further discussion it was agreed:

(1) that reports of the Joint Board on Defence should be directed to the Prime Minister, as Chairman of the Cabinet War Committee;

(2) that, at the same time, one copy of each report should be sent to each of the three Defence Ministers and, where matters relating to munitions and supplies were involved, to the Minister of Munitions and Supply;

(3) that the Defence Ministers would be free to discuss immediately with their respective Chiefs of Staff, matters contained in the reports of the Board;

(4) that Service members of the Board would be free to make immediate verbal reports to their respective Ministers and Chiefs of Staff concerning matters discussed by the Board.

19. It was also agreed that it was desirable that the Board should submit their written reports as soon as possible after the Board's meetings.

Functions of Permanent Joint Board on Defence

20. The Minister of National Defence for Air referred to questions of some delicacy, such as that of command of joint forces which would come before the Board for consideration.

It was pointed out that the duties of the Board were those of study and report, not decision and execution. Any executive action which might result from the Board's recommendations was specifically reserved to the two governments. It was essential to retain the principle of government and Parliamentary control.

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The Secretary was directed to remind the Canadian section of the Board, of the importance which the government attached to this distinction of function.

Approval of Recommendations of the Permanent Joint Board on Defence

21. The Secretary referred to the conditional approval which had been given to the Board's recommendations reported at the last meeting. He had requested the Defence Ministers to inform him when they concurred in these recommendations.

The Minister of National Defence for Air had reported the concurrence of his department, with certain minor qualifications. Mr. Power had written as follows:

"After consultation with the Chief of the Air Staff I have to report as follows:

Exchange of Information. Concurred in.

Defence of Newfoundland. Paragraphs A, B, and C. Concurred in.

C. (c). Concurred in provided Canada Bay, Lewisport and Newfoundland Airport are reserved or leased as Canadian bases. United States to have such use of these sites as strategical situation dictates and provided they are willing to accord similar facilities to our Service at United States bases. Further that United States bases should not be established in the Avalon Peninsula or around Conception Bay.

The remainder of Paragraph 32 (of the Minutes of the Committee's meeting of September the 5th) is concurred in insofar as it relates to the Air Force."

No reply had as yet been received from the Minister of National Defence, or the Minister of National Defence for Naval Services.

Atlantic Defence - Newfoundland

22. The Prime Minister referred to proposals which had been submitted to the Governor of Newfoundland, with regard to the control of the Newfoundland airport, administration of the existing airport staff, and financial responsibility for maintenance. No reply to these proposals had yet been received.

(See letter from the Under-Secretary of State for External Affairs, to the Governor of Newfoundland, dated September the 13th, 1940.)

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23. The Minister of National Defence stated that he proposed the exchange with the Newfoundland Commission of Government, of memoranda which would contain respectively Canadian and Newfoundland suggestions as to heads of agreement. This could be followed by a conference when each party had had an opportunity of examining the other's proposals.

It was agreed that Mr. Ralston should draft an appropriate communication to Mr. Emmerson, setting out Canadian proposals as to heads of agreement.

24. Mr. King referred to the negotiations between the U. K. and the U. S., as to the provision for U. S. bases. The observations of the Canadian government had been requested.

(See letter of September the 7th from the U. K. High Commissioner, to the Under-Secretary of State for External Affairs).

The Defence Ministers stated that the U. K. proposals were being studied by the Chiefs of Staff who would shortly be in a position to report. The Air Staff had already given consideration to the British proposals and their comments were in part included in reservations cited above in the Minister's concurrence in the Committee's approval of the Board's recommendations in this respect.

(See paragraph 21 above).

25. Mr. Ralston said that he had it in mind to suggest that Canada should obtain leases of areas already occupied by Canadian forces, and surface rights in such localities as might be needed; the question of contribution by Newfoundland could be settled by subsequent negotiation and agreement.

26. Mr. King observed that in considering steps which should be taken by Canada, the probability of Canada's having eventually to take over Newfoundland and possibly Labrador should constantly be borne in mind. In the course of negotiations leading to the solution of the immediate problem, it was important that full regard should be had to such probable future circumstances. Newfoundland and Labrador would always continue to be essential Canadian interests.

27. The Under-Secretary of State for External Affairs referred to the Canadian request to be informed of the progress of negotiations between the United Kingdom and the United States, and the suggestion that discussions and measures to be adopted should be co-ordinated with similar Canadian activities. The U. K. government had now suggested that they be informed of the Joint Board discussions between Canada and the United States.

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Sinking of vessels in convoy from Canada

28. The Prime Minister referred to word which had been received of the sinking, by submarine, of H.M.S. "Penzance" and a considerable number of vessels in convoy out of Canadian ports.

The Minister of National Defence for Naval Services pointed out that there had been recently some twelve sinkings of merchant vessels in convoy. Until these had occurred, only six vessels in convoy out of Canadian ports had been sunk. Even having regard to these additional sinkings, the total number was small in comparison with the large number of vessels which had left Canada in convoy, since the outbreak of the war.

Relations with the United States

Naval Assistance

29. The Prime Minister reported that the U. K. government had accepted the Canadian proposal that six of the United States destroyers should be commissioned for service in the R.C.N. Arrangements were now under way to take over, man and operate these vessels as Canadian units.

30. Mr. Macdonald stated that it had been decided that the new Canadian destroyers should be named after rivers common to Canada and the United States.

31. Mr. Macdonald reported that all of the vessels which had so far been turned over were in first rate condition. They had included full equipment, accessories, and supplies; even the mess silver and miscellaneous items required had been included. The actions of the U. S. Navy, in this respect, had been most generous.

Consideration might be given to the presentation to the U. S. officers and crews, of some souvenir of the occasion, possibly in the form of a medallion. This suggestion was favourably received.

Mr. King also agreed that it would be appropriate for him to write a personal letter to Mr. Roosevelt expressing the Canadian government's appreciation of the excellent condition in which the destroyers were handed over to British and Canadian authorities.

Replacement of H.M.C.S. "Fraser"

32. The Minister of National Defence for Naval Services expressed anxiety as to the safety of the destroyer "Margaree" which had been taken over from the Admiralty to replace H.M.C.S. "Fraser". The "Margaree" was at present refitting at London, and in daily likelihood of being damaged by enemy

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air action. Her machinery had not yet been installed and it would be difficult and risky to move her. However, he had instructed Commander Roy, who was in the United Kingdom to take over the vessel, that everything possible should be done to remove the "Margaree" to a safer locality.

Exports of farm products to the United Kingdom

33. The Prime Minister referred to the serious situation to be faced as a result of recent decisions by the U. K. government to reduce drastically imports from Canada of a number of Canadian agricultural products.

This problem had been receiving careful consideration by the Minister of Agriculture and officers of his department. It was Mr. Gardiner's opinion that the situation had such serious possibilities for the Canadian economy, that personal conversations should be conducted in London, with the U. K. government, by a suitable Minister and appropriate technical officers.

34. The Minister of Agriculture said that he had already mentioned the problem briefly in the Cabinet. The situation was grave. The Bacon Agreement was to have been reconsidered in August, but little headway had been made. The Cheese Agreement was due for reconsideration in November. The United Kingdom had informed us that they could take no tobacco, and no apples from this year's crop. Arrangements would require to be made for the disposal of fibre flax and flaxseed. Wheat was, of course, of paramount importance.

Upon all of these questions there should be definite understandings with the U. K. government, if possible before Parliament assembled. Full consideration had been given them by the Department of Agriculture, but in his view, there was only one way to reach a satisfactory conclusion, namely, by appointing and sending to England a Minister or Ministers with appropriate technical advisers, for direct conversations with the U. K. authorities.

35. After further discussion it was agreed, that Mr. Gardiner should proceed to the United Kingdom in the near future; that the advisability of his being accompanied by the Minister of Trade and Commerce would be further considered; and that the personnel of the delegation should be the subject of subsequent recommendation.

Public Information

36. The Minister of National War Services reported that consideration had been given by his department to the improvement of the public information service. A review of the existing facilities had recently been made by Mr. D. B. Rogers. Mr. Rogers had recommended that the three Defence Ministers, the Minister of Munitions and Supply,

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and the Minister of National War Services should agree to hold weekly press conferences on fixed days and at fixed times. Each Minister should be free to attend the conference of any other Minister, when he had something which he particularly desired to put before the public. The press had been consulted and an arrangement of this kind would be welcomed.

37. After some discussion it was agreed that the Ministers in question should fix times and dates for weekly press conferences, the schedule to be settled by agreement between them.

38. Mr. Ralston referred to a forthcoming visit to Canada of a group of prominent American publishers and press men. The group were coming to this country at the invitation of Canadian publishers and newspaper men and he recommended that the government agree to entertain them at a dinner when they were in Ottawa (on September the 24th). He outlined the programme which had been prepared to permit of the visitors seeing something of Canada's war effort, in the service and industrial spheres.

Mr. Ralston's recommendation that the government agree to entertain the visitors at dinner, and that $15,000 be authorized towards the expenses of the tour, was approved.

39. Mr. Ralston suggested that the American group be permitted to visit one of the camps in which prisoners of war were confined.

Doubt was expressed as to the wisdom of this being done and it was agreed that enquiry should be made through the Canadian High Commissioner in London as to what practice was observed in this respect in Great Britain.

Control of imports and exports

40. The Minister of Finance referred to an order which had been issued by the Fuel Controller restricting imports of fuel oil. The Economic Advisory Committee in a report upon the general question of import and export control, had recommended that no such step should be taken without careful consideration from the point of view of general policy.

Mr. Ilsley intended, at an early opportunity, to submit the full report of the Economic Advisory Committee in this respect, to Council. Meantime he expressed the view that particular and uncoordinated action, in this respect, was inadvisable, though he had no objection to the fuel order.

41. After some discussion it was agreed that any measures contemplated for the restriction or control of imports or exports should be referred to the Economic Advisory Committee for their observations, before being put into effect.

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French gold and U. S. Dollar balances

42. The Prime Minister enquired whether the special committee were yet in a position to report upon the U. K. government's request in respect of gold and American dollars with the Bank of Canada. Dr. Skelton replied that it was not possible to reach a conclusion in the matter until further information had been received from the head of the British Purchasing Commission in the United States. This was expected shortly.

St. Lawrence Waterways

43. The Under-Secretary of State for External Affairs stated that in view of press reports that President Roosevelt had stated that early action was contemplated with respect to joint power development of the St. Lawrence, the Ontario government were most anxious to know the nature of any proposals which had been made.

44. The Prime Minister read telegrams received from the Canadian Minister in Washington, in which the U. S. proposals for an immediate joint power programme were described.

45. After some discussion, in which it was pointed out that no payment would be required on the part of Canada until after the war, under the present proposals, and that the provision of more power was important from the point of view of our rapid industrial expansion, it was agreed that the Ontario government should be informed of the general nature of the U. S. proposals and that further details would be supplied them when more precise information as to the nature of the instruments, which it was proposed should be signed, was known.

War Finance - 2nd War Loan

46. The Minister of Finance said that he felt it his duty to draw the attention of his colleagues to the implications of the large expenditures which were being undertaken for war purposes.

Experience in the present campaign to raise $300,000,000 by way of a second War Loan had been already unsatisfactory. It had been expected that the whole amount would be subscribed and over-subscribed in a few days. This had not been the case and to date only in the neighbourhood of $265,000,000 had been raised. It was possible that the books would have to be closed without $300,000,000 being obtained from the public.

If the people of Canada would not lend the money, then it would have to be raised by increased

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taxation.

47. It was the view of the Committee that the number of appeals to the public for charitable organizations connected with the war should be restricted.

The meeting adjourned at 6.30 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

September 26th, 1940.

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SECRET

Ottawa, September 26th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, September the 26th, at 3.20 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Relations with France

1. The Prime Minister read a reply from the Leader of the Opposition, to his letter regarding the status of Canada's relations with the French government.

In his letter Mr. Hanson had referred to extreme views held in Canada on the part of those who favoured, respectively, the Vichy government, and General deGaulle's "Free French Movement". He did not intend to raise the issue publicly, so long as relations remained as they were.

2. Mr. King referred to the operations undertaken by General deGaulle with the support of British forces, off Dakar. It had now been announced that these operations had been discontinued and the Free French and British forces had been withdrawn.

Following the decision of the Committee, at its last meeting, a telegram had been sent to the U. K. government expressing Canada's deep concern at the prospect of a rupture with France, and requesting information as to operations contemplated.

(See Cypher telegram No. 167 of September the 18th, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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Mr. Churchill's reply had been received on September the 21st, after the operations in question had, in fact, been initiated. A subsequent communication had outlined the policy of the U. K. government in respect of the deGaulle movement, particularly as regards the nature and extent of support to be accorded the movement in the French Colonies.

It appeared that the President of the United States had been informed in advance of the action at Dakar, and had expressed himself emphatically as favouring its undertaking.

The reasons which had been given for the decision to withdraw from Dakar, were the desire of General deGaulle to avoid further hostilities between Frenchmen, and the unexpected strength of the defence.

3. Mr. King remarked that the outcome of the whole undertaking was most unfortunate, both from the military point of view and because of the loss of prestige which would result. Apparently too great credence had been given to reports of General deGaulle regarding the situation in West Africa. The status accorded his Free French Movement had been greater than circumstances had warranted.

4. The Minister of Justice described the view widely held in Quebec since the capitulation of France. In that province General deGaulle had no prestige. His broadcast appeal to French Canadians had been regarded as an insult. On the other hand, Marshal Petain and General Weygand stood high. They were known and respected by French Canadians, as men of courage and integrity. The fall of France had been deplored, and looked upon as a tragedy. There had been no disposition to criticize Great Britain at that time, but the violent attacks which had been made upon Petain and Weygand, since the capitulation, had been bitterly resented.

Mr. Lapointe illustrated his meaning by reading an extract from L'Action Catholique commenting bitterly upon the change in name of a railway station from "Petain" to "Odlum".

5. The Minister of National Defence for Naval Services enquired whether it might not be suggested to the U. K. government that Canada should be consulted before operations of interest and concern to Canada were undertaken. In the present instance Canada had been concerned, not only because of the natural interest of French Canada, but also because of the substantial danger involved, which, in fact, had resulted in serious loss of ships and personnel.

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It was known that the forces commanded by General deGaulle were small and it was now apparent that the information upon which the U. K. government had acted, as to the extent of support for the Free French Movement in West Africa, had been inaccurate.

Relations with Japan

6. The Prime Minister read a telegram from the Canadian Charge d'Affairs in Tokio, reporting the invasion of Indo-China by Japanese troops.

The U. K. government had requested the views of the Dominions with regard to Far Eastern policy, and particularly upon the advisability of renewing, with Japan, the agreement to keep the Burma Road closed.

The Premier of South Africa had replied criticizing the agreement and commending a policy of close co-operation with the United States in the Far East.

The Commonwealth government were deeply concerned as to possible developments in the South Pacific. Their communication to the United Kingdom had expressed their reluctance to undertake binding commitments to intervene in the event of further Japanese aggression in that area.

The government of New Zealand were averse to a policy of making concessions to Japan. In their view the continued resistance of China constituted a major safeguard to remaining British interests. A display of firmness at this juncture would further good relations with the United States and might prove to be a course of much greater practical worth than the continuation of a policy of appeasement.

7. Consideration was then given to a draft reply which had been prepared on the part of Canada expressing in general the view that the Burma Road agreement should not be continued.

It was agreed that Canada's interest in the decision was not so close as that of Great Britain, Australia and New Zealand, upon which the consequences of British policy would fall directly. Nevertheless, the general tenor of the draft reply was approved, ~~it being agreed that a paragraph should be added,~~ pointing out Canada's comparatively detached position.

Request of the Luxembourg government

8. The Prime Minister submitted to the Committee a request for permission to establish the government of Luxembourg in Canada.

The Grand Duchess of Luxembourg and certain

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other exiles from the Duchy were being permitted to enter Canada. Permission was now requested for the setting up, as well, of the Luxembourg government. The establishment of a precedent in this respect might be undesirable and it had been thought advisable to obtain the views of the United States.

Word had now been received from the Canadian Minister in Washington that, while the Secretary of State recognized that the matter was one solely for the Canadian government to decide, he was frankly reluctant to see refugee governments established in North America. Difficulties connected with propaganda and recruiting might be involved.

9. The Under-Secretary of State for External Affairs, observed that the government of Norway had made a similar request to be permitted to move to Canada, in the event of their being unable to remain in the United Kingdom, as a result of hostilities.

10. The Luxembourg request was discussed at some length. On the one hand it was argued that the presence of refugee governments might complicate the situation, might be an added inducement to enemy attack, would be regarded unfavourably by the United States, and was, perhaps, rather ludicrous. On the other hand, it was urged that Canada should welcome the distressed, that we were now totally involved in European affairs as a result of the war, and compliance with the request would mean no further entanglement; the establishment of refugee governments would be good for the tourist industry.

11. It was agreed that, all things being considered, the request to establish the Luxembourg government in Canada should be granted.

Public information

12. The Prime Minister submitted the request of the producers of the film "49th Parallel" for financial assistance to the extent of 20 to 30 thousand dollars from the Canadian government.

The film was being produced in Canada by a British company, with the assistance of the U. K. Ministry of Information. Difficulty was being experienced in obtaining sufficient funds to complete the picture, and it was proposed that the Canadian government should make the necessary advance, to be recovered from box office receipts from North American showings of the film.

13. After some discussion it was agreed that the request should be referred to the Director of Public Information and the Dominion Film Board, for investigation and report.

14. Mr. King referred to a request received for assistance by the Canadian Broadcasting Corporation for the North American services of the B.B.C.

It was agreed that this request should be left to the Canadian Broadcasting Corporation for decision.

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Exports of farm products to the United Kingdom - Visit of Minister of Agriculture, to Great Britain.

15. The Prime Minister referred to discussions in the Cabinet regarding the proposed visit to the United Kingdom of the Minister of Agriculture and the Minister of Trade and Commerce, to discuss directly with the U. K. government questions of imports of Canadian agricultural products.

He doubted frankly the wisdom of such a mission, in present circumstances. It was unlikely to achieve any useful results. It has been definitely decided that Mr. MacKinnon would not go, as he had felt, as did the Chairman of the Wheat Board, that no fruitful discussions of the wheat problem could be anticipated under present circumstances.

16. The Minister of Agriculture stated emphatically his view of the importance of the proposed mission at the present time. Agreements with regard to several important products were running out within a short period and would have to be renewed. Experience in respect of bacon led to the belief that the U. K. government would welcome revised arrangements. They were concerned as to the whole question of food supplies. Direct conversations were the best means of affecting settlements. We should inform the U. K. authorities what we have and what we are able and willing to supply of their present and future needs. Communications received from the United Kingdom supported his view that a mission of this kind would be welcomed.

17. After further discussion it was agreed that Mr. Gardiner, accompanied by a number of experts, should proceed to Great Britain and that in making his visit known, it should be emphasized that the object was to help the United Kingdom in solving their problems of food supply.

Military training of Japanese and Chinese in British Columbia

18. The Prime Minister read a letter from the Premier of British Columbia, urging strongly that Canadians of Japanese and Chinese racial origin should not be called out for military training under the present training scheme, and expressing grave concern as to the consequences if this were done.

(See letter of September the 28rd, from the Premier of British Columbia, to the Prime Minister).

19. The representations of Mr. Pattullo were discussed by the Committee. It was pointed out that it was difficult to discriminate in favour of or against racial groups who possessed Canadian citizenship. At present there were no exceptions, apart from the

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Mennonites and Doukhobours, whose special position had been recognized since the last century. The Japanese involved were all Canadian citizens, mostly Canadian-born and educated, and possibly not amounting to more than a couple of thousand. It would be difficult to exclude them from the same treatment as that accorded other Canadians.

xxx On the other hand it was argued that regard must be had to the danger of the whole Oriental problem in British Columbia. The wishes of the Provincial government and their judgment of the danger of the situation should receive the fullest consideration.

20. It was agreed:

(a) as an immediate measure, to omit Japanese and Chinese, in British Columbia, from the first call for military training, and

(b) to direct Mr. Justice Davis to discuss the problem with the Attorney General of British Columbia.

Munitions and Supplies - Inter-Government Inspection Board

21. The Minister of National Defence explained a draft Order-in-Council which had been prepared upon his recommendation, providing for the combination of inspection services, under an Inter-Government Inspection Board, to be constituted by the government, and the U. K. government. It was felt that this move would make for greater efficiency and saving and help to conserve essential technical services so urgently needed.

After some discussion the draft Order-in-Council was approved, in principle, and referred to the Minister of Finance for further consideration and report.

Department of National Defence

22. Mr. Ralston submitted, for approval, the following proposals involving financial commitments:

(a) the establishment of eight provost companies for military police duty in Canada	$683,461
(b) the undertaking of necessary additions for winter accommodation at Camp Borden	902,910
(c) the extension of the Canadian Records Office in the U. K.	114,754
(d) an increase in the home war establishment of the Royal Canadian Engineers, M.D. 2	27,450

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(e) the provision for a Canadian Chemical Warfare Defence Laboratory overseas $10,000 to $15,000.

After explanation by Mr. Ralston, all of the above items were approved by the Committee.

Royal Canadian Navy - Future Policy

23. The Minister of National Defence for Naval Services said that at some early opportunity he wished to have the Committee discuss general questions of future Canadian naval policy. For example, he strongly favoured the re-establishment of a Royal Canadian Naval College, to undertake training for the Royal Canadian Navy and the Canadian Mercantile Marine. The policy of 1910, in his opinion, remained a sound one, and consideration should be given to Canadian Naval policy after the war.

24. The desirability of common services wherever possible, between Militia, Naval Services and Air Force, was emphasized in the discussion which followed.

Defence Programme

25. The Prime Minister requested that the staffs of the three services should prepare and present to the War Committee their recommendations for the defence programme for the following year. These reports should be available to be presented by the Defence Ministers at as early a date as possible.

Permanent Joint Board on Defence.

26. The Prime Minister referred to the meetings of the Board held at Washington on September 9th, 10th and 11th. Copies of the Journal of Proceedings of these meetings had, in accordance with the decision of the Committee, already been sent to the three Defence Ministers and to the Minister of Munitions and Supply.

The next meeting of the Committee would be asked to consider the Board's recommendations at these last meetings.

27. The Secretary reported that the Minister of National Defence for Naval Services had communicated to him the concurrence of his department in the approval given to earlier recommendations of the Board, as set out in the minutes of the meeting of the Committee held on September the 5th.

Mr. Macdonald had written as follows:

"I am returning herewith the Minutes of the Cabinet War Committee meeting held on the 5th of September."

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I note your suggestion that for purposes of record you wish a reply specifically on the question of this Department's agreement or otherwise with the recommendations of the Joint Defence Board. I have discussed this matter with my staff, and we wish to express general agreement with the recommendations. We believe that in discussions with the Newfoundland Government as to the leasing of territory by Canada in that Colony, and as to discussions in London, representatives of the Canadian services should be present.

With regard to the matter of Munitions and Supply, which is dealt with in paragraphs 8 to 14 of the Minutes, my Chief of Staff advises me that his opinion is that negotiations for the purchase of munitions and supplies in the United States should be conducted through the Department of Munitions and Supply and the British Purchasing Commission in the United States, rather than through Service representatives. He goes on to recommend that some general form of liaison should be established in the United States, possibly through the Canadian Naval Attache (in so far as the Canadian Naval Service is concerned)."

The views of the General staff upon these first recommendations of the Board has not yet been received from the Minister of National Defence.

The meeting adjourned at 7.30 p.m.

A. D. P. Heeney
Secretary.

Note -

(x) - This was the position taken by the Prime Minister and others.

(xx) - This position was taken by the Minister of National Defence and others.

(xxx) - by the Prime Minister.

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Memorandum re Meeting of

Cabinet War Committee

October 1st, 1940.

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SECRET

Ottawa, October 1st, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Tuesday, October the 1st, at 12 o'clock, noon.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

The Canadian Army - Programme for 1941 - Home and Overseas.

1. The Minister of National Defence reported that the General Staff had been giving detailed consideration to the whole problem of army organization and development, in the light of their appreciation of the general strategic situation and requirements for the defence of Canada, and overseas operations in co-operation with the United Kingdom.

Copies of three memoranda prepared by the Chief of the General Staff, setting out Major-General Crerar's views as to an appropriate military programme for Canada for 1941 were distributed to members of the Committee, for their consideration.

(See Memorandum for the Minister of National Defence - "The Canadian Army", September 3rd, 1940, Memorandum - "Canadian Army Programme for 1941", September 24th, 1940, and "Appreciation - What should be the nature of Canada's military effort during the next year", September 25th, 1940.)

2. Mr. Ralston commented, at some length, upon the proposals outlined in General Crerar's memoranda, observing that they had been prepared as a basis for discussion and to facilitate consideration by the Committee, of the programme for the coming year. When members of the Committee had had an opportunity of examining the documents which

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had been distributed, all three Chiefs of Staff might meet with the Committee to consider policies to be adopted for 1941. The Naval and Air staffs might prepare statements of their proposals similar to that of General Crerar so that the programme for all three Services could be considered as a whole.

It was agreed that this course should be followed and the Chiefs of Staff should be directed accordingly.

3. The Minister of National Defence for Naval Services observed that the essential problem for decision was whether Canada should proceed with a heavily increased army programme, as suggested by the Chief of the General Staff, or whether, on the other hand, the increased emphasis should not be placed upon Canada's effort in the naval and air spheres. This problem would require most careful consideration in the light of the nature and development of the war so far. It was possible that too much stress might be placed upon increased contributions of infantry.

4. The Prime Minister agreed with Mr. Macdonald that the fullest consideration would require to be given to the relative importance of the national effort on land, on sea, and in the air. At the outset it had been agreed, and the U. K. government had themselves emphasized, that the development of air power was of paramount importance. Consequently Canada's effort had, from the first, been concentrated on the training of air crews and the development of the Joint Air Training Plan. Emphasis should continue to be given to our effort in the air, and we should do everything possible to provide maximum assistance with airmen and aircraft.

Before it were decided to despatch expeditionary land forces to the Middle East or to other theatres of war, apart from the United Kingdom, the most careful consideration should be given to the effects of such a course. The Canadian public would not be inclined to accept with enthusiasm the sending of Canadian soldiers to new and distant scenes of operations. The British Isles were, of course, in a different category. Public reaction to increased naval and air assistance overseas would be quite different, for these constituted Canada's most appropriate and natural contributions to the common cause.

The government would require to decide where our maximum effort could be put forward with the greatest effect, and the proposals of the General Staff might require to be modified in the light of our possible increased contributions in the naval and air spheres. The proposals of the Air and Naval staffs should be put fully before the Committee.

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Munitions and Supply -
Labour problem

5. The Minister of National Defence referred to the study which was being made by a Special Cabinet Committee, convened by the Minister of Labour, of measures to conserve and develop adequate labour supply to deal with the largely increasing needs of war industry.

When the compulsory programme for military training had been adopted, a policy of no personal exemptions had been regarded as essential and had been put into effect. Industry was now complaining that the result of refusing exemptions for skilled workers would be serious and would limit productive capacity. It had been thought that by permitting the postponement of the training period, upon cause being shown, this difficulty would have been avoided.

So far as the Department of National Defence was concerned, the importance of industrial man-power was recognized as equal to that of military man-power for the conduct of modern war. There was no disposition on the part of the department to avoid this fact.

6. The Minister of Munitions and Supply said that of the industries affected by the compulsory training programme the aircraft industry where the workers, to a greater extent, fell within the classes first to be called for training would be affected most. In the first year the result might be an appreciable reduction of productive capacity. Other war industries would be less seriously affected.

7. The meeting discussed, briefly, the General Staff's proposal to change over from compulsory training of one month's duration, to training for a period of four months. While it was acknowledged that, from the technical point of view, the longer period for fewer men would be the more effective, it was pointed out that in fixing the thirty day period, the government had had in mind the general educative effect of large scale training, and the desirability of acquainting comparatively large numbers with the elements of military life and discipline.

8. Mr. Howe stated that a lengthening of the period of training would be of assistance to industry. If, on the other hand, the army needed the larger numbers of men, then other expedients would have to be adopted. It was estimated that between now and next September approximately 95,000 additional employees would be required in war industries.

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National Defence for Naval Services

Naval co-operation - Mine-sweepers

9. The Minister of National Defence for Naval Services submitted a request of the U. K. government for the release, for operation in U. K. waters of twelve mine-sweepers, now in course of construction. The Naval Staff were rather reluctant to let these craft go, but he felt that we should do so, the need in Canadian waters not being comparable to that in and about the United Kingdom. As yet not a single enemy mine had been sewn in Canadian waters.

10. Upon Mr. Macdonald's recommendation it was agreed that the first twelve mine-sweepers completed should be released for service in U. K. home waters.

Construction of destroyers

11. Mr. Macdonald referred to the inevitable delays in the building in the British Isles of two destroyers now under construction for the Royal Canadian Navy. Serious consideration should be given to undertaking, in future, the building of Canadian destroyers in Canada. This might be arranged by obtaining key personnel from Great Britain, or, alternatively, having Canadian personnel trained there. Canadian construction of Canadian naval vessels would be favourably received by the public and evoke a greater interest in Canadian naval development.

12. After some discussion it was agreed that construction of destroyers in Canada for the R.C.N. would be most desirable and that full consideration should be given to the possibility of so doing.

Former U. S. destroyers in R.C.N.

13. The Prime Minister referred to the request of the Admiralty that all six of the U. S. destroyers being commissioned as units of the R.C.N. be made available for service in European waters.

14. Mr. Macdonald felt that, in existing circumstances, it was not possible to refuse the Admiralty's request. The need for destroyers in and about the British Isles was urgent. To release the six former U. S. vessels would leave Canada with three destroyers on the Atlantic Coast. He recommended that the request be granted.

15. Approval was accordingly given to acceding to the Admiralty's request that all six of the U. S. destroyers commissioned in the R.C.N. be made available for service in European waters.

At 1 p.m. the meeting adjourned and reassembled at 2.30 p.m.

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Relations with Japan

16. The Prime Minister read communications from the U. K. government regarding the Japanese situation, with particular respect to operations in French Indo-China, and conversations regarding the Burma Road agreement. The Japanese had complained of British encouragement to local French officials to resist Japanese demands.

It would be recalled that the government had replied to the U. K. request for views upon the re-opening of the Burma Road.

It was observed that within the past few days an open military agreement between Germany, Italy and Japan had been made public.

Exports to Japan

17. The Prime Minister observed that in view of the increasing difficulties in relations with Japan, it would be well to review the present situation regarding exports to that country of materials capable of military uses.

So far as scrap iron was concerned, the present position was satisfactory, as no scrap iron had, in fact, been shipped since 1939. No nickle was being shipped to Japan, and lead and copper were being allowed to go only in limited quantities.

18. The Under-Secretary of State for External Affairs said that so far as copper was concerned, the difficulty was one of finding an alternative market for low grade copper, produced in British Columbia. So far no other country had prohibited the export of copper, of which there was a surplus. A British Columbia company was presently working under contract for shipment to Japan.

In general, Canada had gone farther toward imposing economic sanctions in this respect than any other country.

19. After further discussion in which reference was made to the danger of employing embargo procedure, the opinion of the U. K. government against such tactics and the comparatively small amount of copper involved, it was agreed that no embargo should be placed upon shipments of copper for the present. The views of the U. S. government, with regard to exports of lead and copper, should be awaited before any final decision was taken.

Near East

20. The Prime Minister read communications from the U. K. government regarding developments in this area, with particular reference to relations between Italy and Greece, and between the Axis Powers and Turkey.

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British War Relief

21. The Prime Minister referred to an enquiry which had been received from the Canadian High Commissioner in London, as to what steps, if any, the government contemplated taking with regard to the collection of funds in Canada toward the relief of victims of air raids in the United Kingdom.

22. After some discussion it was agreed that the government should not take any initiative in this respect.

Czecho-Slovak Military Mission

23. The Prime Minister submitted a request from the Czecho-Slovak government, in London, that Canada agree to receive a Czecho-Slovak Military Mission for propagandist purposes and to recruit for the armed forces persons of Czecho-Slovak origin.

After some discussion it was agreed that a reply should be sent through Mr. Massey, stating that the government could not welcome the idea of foreign missions conducting propaganda in Canada, that it was preferred that Canadians of Czecho-Slovak origin who wished to volunteer, should enlist in the Canadian forces; if, notwithstanding these views, it were still desired to send the mission, the government would permit recruiting of Czecho-Slovaks on the same conditions as governed recruiting for Norwegian and Polish forces.

Luxembourg -
Transfer of government to Canada

24. The Prime Minister referred to the decision made in this connection at the last meeting. The government of Luxembourg, however, had now decided to remain in London for the present.

Reported arrest of Canadian in Rumania

25. The Prime Minister referred to the arrest of a number of British subjects in Rumania. The U. K. government had sent a strong communication to the Rumanian government in this connection.

26. It was agreed that enquiry should be made as to whether a Canadian was amongst those arrested and, if so, Canada should associate herself with the protests being made by the United Kingdom.

Japanese and Chinese in British Columbia

27. The Committee discussed further the question of military training for persons of Japanese and Chinese racial origin in British Columbia.

It was suggested that the situation with respect to orientals in British Columbia should be thoroughly investigated before any final decision were made in this respect.

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28. It was agreed that a Special Committee consisting of a representative of the Department of National Defence and a representative of the Department of External Affairs, and a representative of the R.C.M. Police, should look into the situation fully and report to the Committee, and that in the meantime no persons of Japanese or Chinese racial origin in British Columbia should be called for military training.

Relations with France -

"Free French Movement"

29. The Prime Minister submitted a number of problems which required decision, arising from the existence of the deGaulle movement. These involved principally the proposal to train French airmen in Canada, the status of St. Pierre and Miquelon, and the collection of funds.

30. After some discussion it was agreed:

(1) that, if the U. K. government were prepared to sponsor the partially trained French airmen whom General deGaulle wished to send to Canada, and were prepared to incorporate them in the R.A.F., the government would raise no objection to their training here. An enquiry which had been addressed to the U. K. government in this connection was, as yet, unanswered.

(2) that the government should not attempt to bring pressure to bear on St. Pierre and Miquelon for the purpose of forcing that colony to declare itself for General deGaulle.

(It was pointed out that the terms of the Declaration of Havana were involved and that, in the circumstances, Canada should take no part in supporting the Free French Movement in the American Hemisphere).

(3) that the government should neither assist nor interfere with any proposed collections of funds in Canada for General deGaulle's movement.

(4) that the Canadian deGaulle Committee should be regarded as in precisely the same position as other organizations; no special regulation should, at present, be made with respect to it.

(5) that the government should take no initiative to instruct the Foreign Exchange Control Board to permit the purchase of sterling with funds collected by a Canadian deGaulle Committee, or otherwise.

(See Mr. Keenleyside's memorandum to Dr. Skelton of September the 21st, 1940)...

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Newfoundland

31. The Prime Minister submitted to the meeting a draft reply to a telegram of September the 17th from the Governor of Newfoundland, in which the Governor had complained that the Permanent Joint Board on Defence and the Canadian and U.S. governments had gone ahead with proposals for the defence of the island without reference to the views of the Newfoundland government.

32. Colonel Ralston suggested that consideration might be given to the desirability of having Newfoundland represented in Ottawa, during the war. It was, however, pointed out that the U. K. government were responsible and that communications could readily be made through the U. K. High Commissioner in Ottawa.

33. The draft reply was discussed, and with a minor change approved for despatch.

The Committee felt that there was no objection to a representative of Newfoundland being present at discussions of the Joint Board where matters involving the defence of Newfoundland were being considered. Furthermore, it was pointed out that the plan of the Board, to which reference had been made by the Governor of Newfoundland, was a draft plan only, for submission to the governments concerned.

34. At the request, and upon the recommendation of the Minister of National Defence, the following steps for Canadian participation in Newfoundland defence were approved:

(1) the despatch, as soon as possible, of another infantry battalion for service in Newfoundland (at St. John's) and the construction of necessary hutments therefor.

(2) the installation of two 4.7 inch coast defence guns at St. John's, with necessary searchlights and other equipment.

(3) the installation, at once, of two 4.7 inch coast defence guns at Botwood, with necessary searchlights and other equipment.

Imperial War Conference

35. The Prime Minister referred to proposals which had on several occasions been made that a conference of Prime Ministers of the Commonwealth or other Dominions representatives should be held in London, or in Canada.

He had himself always been opposed to any such conference, feeling strongly that a Prime Minister should remain at the seat of government where he could be prepared to deal with emergent situations as they arose, in collaboration with his colleagues.

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He mentioned the matter now in order that the Minister of National Defence, who intended shortly to proceed to the United Kingdom, might be fully aware of his views in the matter, and the stand which he had taken on previous occasions.

Permanent Joint Board on Defence

36. The Prime Minister read to the meeting extracts from the Journal of Discussions and Decisions of the Permanent Joint Board on Defence, covering the principal topics dealt with at the Board's meetings at Washington, on September 9th, 10th and 11th, 1940.

In accordance with the Committee's decision at the meeting held on September the 17th, copies of the Board's Journal for the meetings in question had previously been sent to the Prime Minister, to the three Defence Ministers, and, where matters related to munitions and supplies were involved, to the Minister of Munitions and Supply.

37. It was agreed that, in future, the procedure to be followed with respect to reports of the Board, should be as follows:

(1) Copies of reports of the Board would continue to be distributed in the manner described in paragraph 18 of the Minutes of the Committee's meeting of September the 17th;

(2) At the meeting of the Committee next following the submission of a report by the Board, the Prime Minister would inform the Committee of its receipt. The report would then be regarded as referred to the Ministers concerned, for recommendation as to the appropriate action to be taken.

This would mean that responsibility for initiating action upon recommendations of the Board would lie with the three Ministers of National Defence and the Minister of Munitions and Supply. Approval, modification, or rejection of the Board's recommendations would be effected, therefore, only at the instance of the Ministers immediately concerned.

38. Accordingly, the Journal of Discussions and Decisions of the Permanent Joint Board on Defence for meetings of the Board held at Washington on September 9th, 10th and 11th, was regarded as having been referred for report and recommendation to the Ministers concerned.

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Munitions and Supplies

39. The Minister of Munitions and Supply mentioned that several matters relating to munitions and supplies, to which reference had been made in the Joint Board's Journal, had received his attention on his recent trip to the United States. He was able to report progress in dealing with many of the specific problems involved.

40. Mr. Howe reported that, while in Washington, the Secretary to the U. S. Treasury had told him that General Strong, U. S. Military Observer, recently returned from the United Kingdom, had reported that there was a serious shortage of pilots and that the Joint Training Plan had been a failure. Upon enquiry he had found that this report had emanated from Lord Beaverbrook.

He had stated to Mr. Morgenthau that far from being a failure, the Joint Training Plan was proceeding at an accelerated pace and that the outturn of pilots in the near future would be substantial. At the request of Mr. Morgenthau, he had subsequently met representatives of the press, and in a public statement, had attempted to correct any wrong impression which might have existed, in this respect.

St. Lawrence Waterways

41. Mr. Howe reported that he had as yet not succeeded in attempts to interview, with Mr. Cardin, members of the Quebec government. He would, at an early opportunity, proceed to Quebec for this purpose.

Diplomatic representation in South America

42. The Prime Minister remarked that on many previous occasions the government had given consideration to the establishment in South American countries of diplomatic representatives. The developments of the past year gave greatly added importance to such representation at an early date. Problems of markets for Canadian products, Pan-American developments in the economic and political spheres, and the added emphasis which both Great Britain and the United States were according to South American countries, made early action on Canada's part the more desirable.

43. After some discussion it was agreed that Canada should proceed forthwith to establish at least two legations in South American countries and that these should be opened as soon as practicable, in Buenos Aires and Rio de Janeiro.

The meeting adjourned at 5.15 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

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SECRET

Ottawa, October 3rd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Thursday, October the 3rd, at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Compulsory Military Training -

Policy regarding postponements and exemptions of key personnel in war industries.

1. The Acting Minister of National War Services (Mr. Macdonald) raised, as a matter of urgency, the policy to be adopted regarding the granting of postponements or exemptions to key personnel employed in war industries. This matter had been under consideration by a Special Cabinet Committee who had conferred with the Chairman of the National Labour Supply Council and officers of departments immediately involved.

The effect of the compulsory thirty day training programme upon industries engaged in war production was causing grave concern. It was proposed as an immediate measure that a circular letter of instruction should be addressed to boards of review, directing them to grant postponements to key men in industries directly involved in war work. The circular would be supplemented by instructions to be sent immediately by wire.

Mr. Macdonald read a draft circular which had been prepared, in this connection, for consideration by the Committee.

2. The Minister of National Defence said that his department were strongly of the opinion that priority should be given to all real war industries. Means should be adopted to prevent any decrease in production which might result from the drawing off of key men for military training. The policy of permitting no exemptions from the training programme had first been adopted as it had been feared that, if exceptions were made, the way would be opened to charges of undue influence and partisanship.

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3. The Prime Minister stated that, in any event priority must be given to the paramount need for the maximum production of necessary equipment and supplies. It was absolutely essential that every concentration should be brought to bear upon the problem of supply. It should be made clear that the industrial worker was as vital to the effective prosecution of the war as the soldier, sailor or airman. There should be some means, perhaps by a button, of his being identified. More and more Canada would be restricted to her own resources. As he had observed on a previous occasion, Canada could not rely too heavily upon U. S. sources of supply.

The National War Services Department should survey the situation and decide the requirements of industrial as well as military manpower, to be measured in terms of war service.

4. Mr. Macdonald said that it had been estimated that if workers engaged in war industries were included in the present age groups of 21 to 24, the level of production might be reduced as much as 10% to 12%. The question for decision was to what degree local boards should be directed to omit key men from calls for training. The present circular contemplated directions to permit postponements for a maximum of eleven months.

5. The Minister of Munitions and Supply observed that it should be possible for his department to draw up a list of the industries directly involved in war work. Only some 150 firms would be affected.

The problem of shifting labour was a serious one. The government would have to take steps to prevent employers bidding against one another for skilled workmen, and to avoid the latter "shopping about" between plants for higher wages. This was a much more serious problem than the postponement of training periods. A definite system of priorities for labour should be established.

6. Mr. Ralston said that it appeared that although industries had been given the opportunity of making representations to local boards to support applications for postponements, on the whole they had failed to do so. Apparently employers were relying upon the National Labour Supply Council bringing about changes in the regulations to permit of a general system of exemptions. A definite understanding with regard to postponements should be the first step. A decision could be made later on as to whether a system of exemptions would be necessary.

7. After further discussion it was agreed that the draft communication to the local boards, as amended in certain particulars, should be sent forthwith.

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Military, Naval and Air Programmes 1941.

8. The Minister of National Defence said that the staffs of the three Services would be ready to make a full report at next Tuesday's meeting. By that time they would have had an opportunity of completing a joint study of the army programme which had been prepared by Major-General Crerar and submitted to members of the Committee at the last meeting. Meantime they had agreed upon General Crerar's general appreciation of the strategic situation and representatives of the three staffs were available now to meet the Committee, if it were so desired, to discuss, in general terms, aspects of the programme for 1941.

Representatives of the staffs of the three Services, namely:

The Chief of the Naval Staff (Rear Admiral Nelles),
The Chief of the General Staff (Major-General Crerar), and
Air Commodore G. O. Johnson, representing the Chief of the Air Staff,

then entered the meeting.

9. The Prime Minister expressed the desire of the Committee to have before them the full proposals of the Naval and Air Staffs, before giving detailed consideration to the army programme which General Crerar had prepared. There had been general agreement on General Crerar's appreciation of the probable course of the war, and it might be useful now to discuss, in general terms, some of the principal problems involved.

Two matters were of vital importance:

1st, the maximum production of equipment and supplies, and, consequently, the maintenance and development of adequate personnel in war industries, and

2nd, the relative importance of the national effort on land, sea and in the air, and, consequently, the determination of the degree of emphasis to be placed upon the army, navy and air programmes, respectively, so as to produce the greatest total effect.

10. The Chief of the General Staff said that the Chiefs of Staff Committee had expressed their common recognition of the importance of the first matter mentioned by the Prime Minister, namely, the production of equipment. He had gone to the extent of recommending release from the C.A.S.F. of key personnel who would be helpful in the equipment programme. It would be better to take them out of the army if they could be of more use elsewhere. If this step were to be taken, arrangements would, of course, require to be made for the large proportion of skilled trades needed in a modern army on active service.

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As to the second matter mentioned by Mr. King, namely, the relative emphasis to be given to the three arms, his proposed programme might require to be reduced for financial reasons, though from the military point of view, it represented his opinion of what would be required for Home defence and overseas. In any event Canada should proceed to complete a corps of three divisions overseas, and a reserve army.

11. Major-General Crerar said that, as recommended in his report, he felt strongly that the present was an appropriate time to change the name of the Canadian Militia to that of the "Canadian Army".

The Committee agreed that this change should be made.

12. The Chief of the Naval Staff reported that the naval proposals would be ready for consideration at the next meeting. The position now with regard to destroyers was that we had agreed to send overseas all destroyers, except the three maintained on the Atlantic Coast. He hoped that these would soon be supplemented by the "Margaree", which was now expected to be able to leave London on October the 9th. This would mean a destroyer strength of four in home waters.

The six U. S. destroyers commissioned in the R.C.N., would proceed to Europe when their crews had had an opportunity of becoming reasonably familiar with the vessels.

Though such a large proportion of our destroyer strength had been sent to European waters, he felt that the decision in this respect, had, in existing circumstances, been sound.

13. Mr. Ralston pointed out that the air programme was pretty well mapped out already. It would be discussed with the Minister and the Chief of the Air Staff, upon their return to Ottawa.

14. Air Commodore Johnson said that the Air Staff were not at present contemplating a programme of increasing R.C.A.F. squadrons overseas. They were proceeding on the understanding that the programme developed at the time of the Joint Air Training Plan negotiations would be followed throughout. At present there were three R.C.A.F. squadrons in the United Kingdom, one fighter squadron, one army co-operation squadron, and a pool squadron for replacements.

15. The Prime Minister mentioned the problem of the production of equipment, particularly aircraft engines and naval vessels. He had always felt that Canada should adopt a policy of self sufficiency in this respect. Events of the past year had shown that we could not rely on outside sources.

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16. The Minister of Munitions and Supply stated that Canada was now proceeding on this basis. It had been decided to take steps to produce aircraft engines in this country. We had now been told that we could not rely upon U. S. sources, as we had earlier been informed that we could not rely upon the United Kingdom.

17. Rear Admiral Nelles favoured the further development of facilities for the construction of naval craft in Canada. He would propose that upon the completion of destroyers now building for the R.C.N., in the United Kingdom, we should begin to build destroyers in this country.

18. Mr. Ralston pointed out the substantial scale of the naval, military and air establishments being considered by the Permanent Joint Board on Defence. On this basis we would require three and possibly four divisions for duty in Canada and Newfoundland.

The meeting adjourned at 12.45 p.m., to resume at 2.30 p.m.

The Minister of Justice(Mr. Lapointe) was present when the Committee (without the representatives of the Services), resumed its session.

Japanese and Chinese in British Columbia

19. The Secretary enquired as to the terms of reference for the Special Committee which had been appointed at the last meeting to consider matters relating to persons of Japanese and Chinese racial origin in British Columbia.

It was agreed that the Committee's function should include that of examination and report upon the general problem of Japanese and Chinese in British Columbia, from the point of view of internal security, and with particular reference to the question of military training.

Africa and the Middle East

20. The Prime Minister read a communication from the Prime Minister of South Africa, to the Prime Minister of the United Kingdom, urging the continuation of attention to Dakar, in view of its vital strategic importance, constituting, as it does, in hostile hands, a threat to Equatorial Africa, the Cameroons, and the Atlantic communications of the Empire.

Mr. King also read other despatches from the United Kingdom in which the Dakar incident was further explained, and the present policy of avoiding, so far as possible, clashes with the French in North Africa.

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Naval co-operation -
Proposed removal of R. N. training establishments.

21. The Prime Minister referred to a request from the U. K. government that Canada should make preparations to receive certain naval training establishments, involving some 2,500 R. N. personnel. Removal of these establishments from their present locations might be necessary, as a result of enemy action.

22. The Minister of National Defence for Naval Services reported that consideration was already being given to a site for a Canadian Naval College. The possibility of having to accommodate a Royal Naval establishment as well would recieve consideration at the same time. Whether such a Canadian or joint establishment should be on the Pacific or Atlantic Coast, was the subject of some discussion.

Enquiry re Norwegian Minister to Canada

23. The Prime Minister said that an enquiry had been received through the Norwegian Consul General in Montreal, as to whether Canada would be prepared to receive a Norwegian Minister if the Norwegian government were transferred to this country, and further, where the Norwegian government should be located, in this event.

After some discussion it was agreed that there would be no reason why, in such circumstances, a Norwegian Minister should not be received; as to the seat of such government, this would be a matter for their own decision.

Middle and Far East

24. The Prime Minister then read to the meeting a number of Dominion Office despatches regarding developments in the course of the war, particularly with regard to the Middle and Far East.

Public Information

25. The Under-Secretary of State for External Affairs reported that he had further details regarding the production of the film "49th Parallel", by Ortus Films Limited. The film was sponsored by the U. K. Ministry of Information, which had extended substantial financial assistance. Difficulty had been experienced in having the Foreign Exchange Board release pounds to be converted into dollars. Any advance made by the Canadian government could be given priority in respect of box office receipts in North America.

26. The meeting decided to refer the request of the producers of "49th Parallel" for financial assistance, to the National Film Board for full investigation and report.

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Entry into Canada of a member of the staff of the French Embassy in the U. S.

27. The Committee considered the request of Count Serge Fleury for a visa for entry into Canada. After some discussion it was agreed that, in the circumstances, members of the French Embassy staff in the United States should be discouraged from entering Canada.

The meeting adjourned at 3.30 p.m.

A. D. P. Heeney
Secretary.

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SECRET

Ottawa, October 8th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Tuesday, October the 8th, at 11 a.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Department of National Defence

Staff appointments

1. The Minister of National Defence reported that it was necessary to appoint, at an early date, a General Officer Commanding the 3rd Division, C.A.S.F. Careful consideration had been given to officers available for this Command, and the recommendations of the Chief of the General Staff and Lieutenant-General McNaughton, had been obtained.

Mr. Ralston mentioned the names of a number of officers who were being considered.

2. The Committee discussed the relative qualifications of the various officers whose names had been put forward, it being then decided to leave the matter to the Minister of National Defence for final review and recommendation to Council.

3. Mr. Ralston also reported the importance of making early appointment of District Officers Commanding Military Districts Nos. 4 and 5. He reviewed the names of those thought most suitable.

After some discussion it was agreed that the Committee would approve the appointment of Brigadier-General Edouard deB. Panet, and Colonel Hercule Lefievre, whom Mr. Ralston now felt inclined to recommend to Council.

4. Consideration was also given to names of officers regarded as suitable for appointment as District Officer Commanding at Regina, recommendation for appointment being left to the Minister's decision.

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Pacific Coast Defence

5. The Minister of National Defence reported that the Chief of the General Staff had in mind the creation, on the West Coast, of a "Pacific Command" similar to that which had been established in the Maritime Provinces, but including, as well, the administration of the Military District with headquarters in British Columbia.

In view of the internal situation in the Province and the fear of Japanese and anti-Japanese activity there, it was felt that such a step, coupled with the appointment of a Commanding Officer of reputation and ability, would help to establish local confidence and stability.

Japanese and Chinese in British Columbia

6. The Prime Minister referred to the changed position as regards the Pacific Coast, resulting from the deterioration in relations with Japan. Evidence of anti-Japanese agitation had increased in British Columbia and the organization of local groups such as the so-called "Flying Column", which threatened to take direct action, showed that the local internal danger was greater than any immediate threat of attack from without.

7. The Minister of National Defence for Air reported that during his recent tour of inspection, he had visited the Pacific Coast and found that anti-Japanese feeling was running high. The danger of anti-Japanese outbreaks was serious. Many people in British Columbia had a "Japanese complex" and spoke of mass internment and deportation of all Japanese in the province. They had, however, no practical suggestions as to how the situation should be met. Intelligence reports upon alleged Japanese activities in sparsely populated areas (the Queen Charlotte Islands) had tended to show that there had been great exaggeration of any possible menace which might exist in the way of assistance to the enemy by local Japanese.

Mr. Power felt that the appointment of an officer of standing, to the proposed Pacific Command would do a good deal to allay local feeling in the matter of internal security.

8. With reference to the Special Committee which had been appointed at the meeting of October the 1st, to investigate the Japanese and Chinese situation in British Columbia, Mr. Ralston suggested that either the National Defence representative or the representative of the R. C. M. Police, whichever was the senior, should be convener. This was agreed.

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Exports of copper to Japan

9. The Prime Minister referred to the strong popular feeling in favour of stopping exports of copper to Japan. At present a vessel was loading a cargo in a B. C. port, and threats had been received of force being employed to prevent further shipments. These had been reported to the Police.

10. The Under-Secretary of State for External Affairs reported that no word had yet been received from Washington regarding our enquiry as to whether the U. S. government contemplated an embargo upon shipments of copper and lead. A proposal had been made to the United States for some form of pooling arrangement which might enable B. C. copper to find an alternative market in the United States. It should be remembered that the result of a sudden decision to cut off exports of copper to Japan, without notice of any kind, and without providing an alternative outlet, would have serious effects upon local communities in British Columbia, dependent upon the operation of copper plants.

11. After some discussion it was agreed that action should be taken to prevent further exports of copper to Japan, and a draft statement for publication, submitted by Dr. Skelton, with a number of amendments and additions, was approved for immediate release.

(See newspaper clipping, Montreal Gazette, October the 9th, 1940).

12. It was agreed that the Attorney General of British Columbia, the R.C.M. Police and Military District headquarters in the Province should be informed, at once, of the government's decision not to issue further export licenses.

Far East
Evacuation of Canadian citizens

13. The Under-Secretary of State for External Affairs reported that an enquiry had been received from the Board of Foreign Missions of the United Church of Canada, as to whether preparatory steps should be taken for the evacuation of Canadians from the Far East.

A draft communication had been prepared, in reply, suggesting that so far as possible measures should be adopted quietly to arrange for the early repatriation of women and children involved.

The draft communication was approved by the Committee.

(See copy of message telephoned to Dr. J. H. Arnup by Mr. Keenleyside, dated October 8th, 1940).

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Joint Air Training Plan

14. The Minister of National Defence for Air referred to the reference made in the Minutes of the Committee's meeting of October the 1st, to the impression in U. S. official circles that the Joint Air Training Plan had been a failure, a statement to that effect being attributed to Lord Beaverbrook.

(See paragraph 40, page 10, of the Minutes of the meeting of the Cabinet War Committee, October 1st, 1940).

Mr. Power stated that Air Marshal Bishop, who had just returned from the United Kingdom, had made a similar report to him. Air Marshal Bishop had stated that Lord Beaverbrook was saying openly that the United Kingdom would not send further planes to Canada, and that the Plan had been a failure.

In Mr. Power's view this was an extremely serious matter and endangered the whole Joint Air Training Plan which, it would be remembered, had originiated with the U. K. government themselves.

Mr. Power read a personal and confidential letter, dated October the 7th, which he had addressed to the Prime Minister, recommending that the government make immediate representations to the Prime Minister of the United Kingdom, on this subject, enquiring whether the U. K. government were satisfied with the progress of the Plan.

(See personal and confidential letter of October the 7th, 1940, from the Minister of National Defence for Air, to the Prime Minister.)

15. Mr. Power referred to the proposal which was now being put forward by the U. K. government for the training of some 4,000 British civilian pilots in the United States. If this proposal were carried into effect, the result would be a further reflection upon the efficacy of the Joint Air Training Plan. It would also result inevitably in the diverting of much needed planes, which would otherwise be available for use in connection with the Plan in Canada. A study of this latest proposal was being made by the Air Staff, and Mr. Power would inform the Secretary of the conclusions.

Mr. Power felt that the government should know where the U. K. government stood with regard to the Plan. If they were not satisfied with it, we were quite prepared to turn out substantially increased numbers of pilots for active service in the very near future. The U. K. representatives on the Supervisory Board continued to express themselves as entirely satisfied with the progress of the Plan. They had consistently refused to agree to any major modification of the Plan's long term objectives, in favour of any more immediate results.

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16. The Minister of Munitions and Supply remarked that the relations of his department with the U. K. Ministry of Supply were now excellent. Direct communication with that department was producing entirely satisfactory results. With the U. K. Ministry of Aircraft Production, however, it had not been possible to establish a direct relationship. As a result, we were facing U. K. competition in the United States, with regard to the supply of aircraft engines. This was exceedingly serious, in view of the now proven vulnerability of the U. K. aircraft industry and the resultant increased demand in Great Britain for U. S. engines.

17. After further discussion it was agreed that representations on the subject should immediately be made to the U. K. government, by means of a personal telegram from the Prime Minister, to the Prime Minister of the United Kingdom. The communication should make reference to the proposal that the United States agree to receive large numbers of British trainees, the reports of dissatisfaction in the United Kingdom with the Joint Air Training Plan's progress, and should draw attention to the fact that the Plan was the conception of the U. K. government. It should emphasize the Canadian government's concern at reports of its failure, and a specific statement of the U. K. government's views as to the Plan's progress, should be requested.

The meeting adjourned at 1 p.m., to resume again at 3 p.m.

Far East

Relations with Japan

18. The Prime Minister read a communication from the U. K. government reporting conversations with the United States with regard to the situation in the Far East. The U. K. government had agreed to a proposal of the U. S. Secretary of State that staff talks between the United Kingdom and Dominion governments concerned, the United States and the Dutch East Indies, should be initiated. The U. K. government were following a policy of close collaboration with the United States in view of possible further Japanese aggression. It had been suggested that the United Kingdom, Australia and New Zealand should combine with the United States in a guarantee of the integrity of the Dutch East Indies.

19. Mr. King read a second communication from the U. K. government stating that they had come to the conclusion that in the event of the United States being involved in war with Japan, the United Kingdom would itself declare war upon Japan. Enquiry was made whether it could be assumed that the reaction of Canada, in such circumstances, would be the same.

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The Committee then discussed Canada's position in the event of war breaking out between the United States (and the United Kingdom) and Japan, and it was agreed that in such circumstances Canada would not stand aside.

Mr. Power and others felt that a declaration of war by Canada upon Japan would have sufficient basis if founded upon our recent defence agreements with the United States. We were committed to war, in the circumstances contemplated by the actions of the Permanent Joint Board on Defence, and we should inform Washington, at once, that in the contingency envisaged Canada would immediately declare war upon Japan.

The Prime Minister on the other hand, the Minister of Justice and others, felt that, if and when it were necessary for Canada to declare war upon Japan, our declaration should be based primarily upon our relationship with the British Commonwealth. We would go to war because the Berlin Pact between Germany, Italy and Japan was aimed at the prevention of help to Great Britain. To base our declaration solely upon North American considerations would create a major political division in Canada and the government would be criticized for throwing in our lot with our new friends and foreswearing our old. A declaration of war should be based upon our relations with the Commonwealth, and, in the special circumstances contemplated, might be linked as well with our relationship to the United States. Parliament would be summoned and a declaration of war would result from the action of Parliament. In the meantime all necessary emergency steps would be taken in contemplation of such action. This would be the same procedure as had been followed in September of last year, and also in regard to Italy.

20. It was agreed that a reply should be sent to the U. K. government stating that in the circumstances contemplated, Canada would not stand aside and that she would declare war upon Japan, basing her declaration upon her connection with the British Commonwealth and the avowed design of the German-Italian-Japanese alliance to deter the United States from affording aid in the effort to resist aggression and to preserve freedom.

The Under-Secretary of State for External Affairs was directed to prepare a draft telegram to this effect, for consideration at the next meeting of the Committee.

(See Cypher telegram No. 179 of October the 11th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

21. The Prime Minister read naval messages which had been received regarding the disposition of shipping in the Pacific, in the event of war with Japan. He also read messages which had been intercepted from the new Japanese Minister to Canada, regarding Canadian reactions to the Berlin Agreement, and the Minister's activities in Canada.

Spain

22. The Prime Minister read communications from the U. K. government regarding the development of relations with Spain.

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Sale of wheat to the U.S.S.R.

23. The Prime Minister referred to a message which had been sent to the U. K. government regarding the proposal that Canada should agree to sell to the U.S.S.R., a substantial amount of wheat. No reply to this message had as yet been received.

Permanent Joint Board on Defence -

Proposed internment of German aviators in Newfoundland

24. The Prime Minister read to the meeting a a communication which he had received from the Chairman of the Canadian Section of the Permanent Joint Board on Defence regarding a proposal that some 1,000 German aviator prisoners should be sent to Newfoundland for internment in a camp near the shores of Conception Bay. Newfoundland had agreed to accept these prisoners at the request of the U. K. government. Work had already been started on the internment camp, and prisoners were expected to arrive in November.

The Board had taken a serious view of the danger which the presence of these prisoners would constitute in a sparsely inhabitated and weakly defended area of this nature, and had urged the Canadian government to take immediate steps to explain to the government of the United Kingdom the danger inherent in the proposed scheme. The Board submitted a resolution to this effect, constituting its "9th recommendation".

(See letter from the Chairman of the Canadian Section of the Permanent Joint Board on Defence, and attached resolution, dated October the 7th, 1940, to the Prime Minister).

25. After some discussion it was agreed that a communication should, at once, be sent to the United Kingdom stating the facts drawn to the government's attention by the Permanent Joint Board on Defence, and the government's agreement with the Board's view of the dangerous situation which would result, if the proposal were carried out.

(See Cypher telegram No. 177 of October the 9th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

The meeting adjourned at 4.45 p.m.

A. D. P. Heeney
Secretary.

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SECRET

Ottawa, October 9th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, October the 9th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Department of National Defence

Staff appointments

1. The Minister of National Defence reported steps which he had taken to fill certain staff appointments, which had been discussed at the previous meeting.

Compulsory Military Training
Postponements and exemptions
for key personnel in war industry.

2. The Minister of National Defence for Air referred to the discussion at the Committee's meeting of October the 3rd regarding the granting of postponements or exemptions to key personnel in war industries. It was still Mr. Power's view that there should be no exemptions, at least for the first few training periods; otherwise the programme would encounter serious difficulties in the Province of Quebec. Later on it might be necessary to grant exemptions upon applications by industries regarded as essential. Even at a later stage, however, there should be no exemptions granted upon individual applications. The reservation and control of the supply of skilled labour required should be essentially a civilian undertaking by civilian departments.

Mr. Power was not himself altogether satisfied of the seriousness of the alleged labour shortage; in any event he did not think that the thirty day training period should present any difficulty in this respect.

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3. The Minister of Munitions and Supply said that he had never felt that the thirty day training period presented an insuperable problem. The real problem was the general shortage of skilled labour and the lack of any control over its distribution. A system of preferred industries should be worked out with provision for the drafting of skilled labour to essential industries. This should be the work of the National War Services Department who were charged with the duty of mobilizing human resources under the National Resources Mobilization Act.

Exemptions should be confined to a very few essential war industries. For the present, postponements were quite sufficient to meet the problem raised by the compulsory military training programme.

Mr. Howe intended to present a recommendation, in this respect, to Council.

4. The Minister of National Defence felt that there had been a good deal of confusion regarding the whole problem. Responsibility was divided between a number of different agencies and departments. It should be dealt with by the Department of Labour.

The Special Cabinet Committee appointed to study the problem as a result of the report submitted by the Economic Advisory Committee, and to advise measures to be adopted by the government to provide an adequate supply of labour for war industriss, had gone into the matter at some length with those directly involved.

5. Mr. Power agreed with Mr. Howe that control of labour supply for war industries should be with the National War Services Department. It had been stated in Parliament that one of the principal objects of this department was the mobilization of human resources, not only for military duty, but also for civilian war work.

After further discussion it was agreed that the policy of the government with regard to industrial personnel, in relation to the compulsory military training programme, should be:

(a) that for the present no exemptions should be given, but postponements of the training period, should be permitted where, upon application, it was shown that key employees in essential industries were involved, and

(b) that applications for postponements should be received, not from individuals, but from the industries affected.

Military, Naval and Air Programmes 1941

6. The Secretary reported that there had now been distributed to members of the Committee, in addition to the memoranda prepared by the Chief of the General Staff, memoranda from the Naval and Air Staffs dealing with their proposed programmes for the coming fiscal year.

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(See R.C.A.F. Programme for 1941; Appreciation - Canada's Air Force Effort during 1941; Appreciation - Canada's Naval War Effort during 1941; Estimates 1940-41, Naval Service War Appropriations).

Estimates for the Department of National Defence (Militia) for 1941-42, and explanatory material had also been distributed to members of the Committee and it was expected that officers of the two other Defence Departments would be in a position to explain to the Committee their proposed expenditures for the next fiscal year.

Representatives of the staffs of the three Services, namely:

The Chief of the General Staff (Major-General Crerar),
The Special Assistant to the Chief of the General Staff (Colonel E. L. M. Burns),
The Deputy Chief of the Naval Staff (Captain Murray),
The Chief of the Air Staff (Air Vice Marshal Breadner) and
Air Commodore G. O. Johnson

then entered the meeting.

Army

7. The Chief of the General Staff, at the Prime Minister's request, explained to members of the Committee, the Army estimates for 1941-42.

Inevitably the basis of calculation could not be exact, but the figures had been prepared on the assumption that the mobilization of a 5th and 6th Division would be necessary, for service either at home or abroad. Provision had also been made for two armoured divisions. The Army estimates provided for putting into effect the programme already outlined by General Crerar.

The effect of recommendations of the Permanent Joint Board on Defence would increase, rather than reduce army requirements.

8. The Minister of National Defence stated that the Army, Navy and Air Staffs had met jointly to examine the possibility of effecting savings in their respective programmes, by avoiding possible duplication. On the basis of their appreciation of the course of the war, they had agreed that nothing contained in the Naval and Air programmes would make possible any reduction in the Army estimates which had been presented.

Colonel Burns, in answer to enquiries, said that the high figures for wastage would be substantially reduced if the personnel involved were not engaged in active operations. Figures had been given at the official British rate and at one-quarter of that rate for purposes of comparison.

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Navy

9. The Deputy Chief of the Naval Staff explained the Naval programme for 1941.

The Naval Staff's proposals included the provision of bases, emergency oil supplies, a substantial ship-building programme, and the establishment of a Naval college, in addition to the operation of units of the Royal Canadian Navy in home and European waters.

Captain Murray, in answer to enquiries, said that the policy of the Naval Staff was to regard Europe as the front line, and to continue to send all possible craft for service abroad, unless and until the war "came to us". The aim for a post-war navy would be two flotillas of destroyers, one for each coast, and four cruisers. In his opinion, too, consideration should be given to accepting responsibility after the war, for at least one of the Royal Naval stations abroad, such as that of America and West Indies squadron.

A policy of building destroyers in Canada as soon as possible was favoured by the Naval Staff.

10. Captain Murray submitted and explained to the meeting figures for the proposed Naval estimates for 1941-42.

Air Force

11. The Chief of the Air Staff explained his departmental estimates for 1941-42, copies of which were distributed to members of the Committee.

The estimates were based on the continued development of the Commonwealth Air Training Plan, requirements for home defence, and the operation overseas of the three R.C.A.F. squadrons now on active service in the United Kingdom. Home defence plans, included the provision of further squadrons on the east and west coasts, and the development of aerodrome facilities for possible future accommodation of U. S. formations.

12. The Minister of National Defence for Air pointed out that Canadian air crews passing out from the Plan would serve with the R.A.F., subject to paragraph 15 of the Agreement with regard to identification.

13. The Minister of Finance requested that he be given an opportunity of considering, with the officers of his department, the estimates which had been presented by the three Defence departments. It was agreed, accordingly, that any decision with respect thereto should be deferred until Mr. Ilsley had had an opportunity of so doing.

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Mr. Ilsley observed that the total of estimates presented by the three Services, amounted to approximately $1,300,000,000. He had grave doubts whether it would be possible, in the next fiscal year, to attain the scale of production which would be required to permit of the expenditure of such a huge sum. If that were the case, it might be preferable to reduce the total sum to a figure which would correspond more closely to our ability to spend. This, in his view, was the essence of the matter. The mere compilation of huge figures without relation to our ability to produce, was of little real value.

14. The Minister of Munitions and Supply said that Canada's production of war material in the coming fiscal year would be at a much increased rate. It was hoped that industries would be in a position to make deliveries required by the Defence departments. The Department of Munitions and Supply would undertake a study of the production capacity of Canadian industry in relation to the requirements of the three Services, for 1941-42.

15. The Prime Minister enquired whether consideration had been given to the balance of expenditures as between the three Services.

16. The Minister of National Defence for Air pointed out that the figures presented to the meeting had been compiled without relation to the proportions of any total which might be spent by each Service. Each Defence department, in preparing its estimates, had included all that it thought necessary for its own Service. The figures bore no relation to any maximum combined total. When such a total were set, then only would the question be raised of relative emphasis to be given each arm.

The representatives of the three Services then withdrew.

Joint Air Training Plan

17. The Minister of National Defence for Air requested that consideration be given to the replacement of the present Financial Adviser to the Plan. Mr. Roberts had requested that he be relieved of his duties and be permitted to return to the National Harbours Board.

It was agreed that opportunity should be given to the Minister of Finance to see Mr. Roberts and give consideration to his replacement as Financial Adviser.

18. Mr. Power referred to an important matter mentioned earlier in the meeting, namely, the identification of Canadian pupils graduating from the Plan, when proceeding overseas for active service. The Air Staff had been going on the assumption that Canadian pilots and air crews would be incorporated into the R.A.F., and that R.C.A.F. squadrons, overseas, would be limited probably to the three squadrons now in the United Kingdom.

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This question related directly to a recommendation of the Air Staff that the R.C.A.F. headquarters in the United Kingdom be abolished and a simple liaison office be substituted. This was proposed by the Air Staff on the understanding that Canadians from the Plan would be absorbed into the R.A.F., and that administration, Command and promotions would be matters solely for the R.A.F.

19. The Prime Minister said that the question of identification of Canadians graduating from the Plan had been regarded as of the highest importance from the Canadian point of view. This had been fully discussed in the negotiations leading to the signature, on December the 17th, 1939, of the Agreement between the U. K. and Canadian governments.

The understanding which had been reached as to the proper interpretation of Paragraph 15 of the Agreement, had, because of the importance with which it was regarded, been the subject of an exchange of letters between the late Mr. Rogers, then Minister of National Defence, and Lord Riverdale, Chairman of the U. K. Mission.

Mr. King referred to Lord Riverdale's letter of December the 16th, 1939, in which, replying to Mr. Rogers' letter of December the 8th, Lord Riverdale had written:

> ....."On the understanding that the numbers to be incorporated or organized at any time will be the subject of discussion between the two governments, the United Kingdom Government accepts in principle, as being consonant with the intention of Paragraph 15 of the Memorandum of Agreement, that the United Kingdom Government, on the request of the Canadian Government, would arrange that Canadian pupils, when passing out from the training scheme, will be incorporated in or organized as units and formations of the Royal Canadian Air Force in the field. The detailed methods by which this can be done would be arranged by an intergovernmental committee for this purpose under Paragraph 15."

20. Mr. Ralston, who had taken an intimate part in the negotiations leading to the Agreement, agreed with the Prime Minister that it had been settled as an important point of principle, that Canadian pupils would be incorporated in or organized as units and formations of the R.C.A.F. in the field. The view apparently taken now by the Air Staff was quite inconsistent with the understanding which had been reached with the U. K. representatives.

21. After further discussion it was agreed that the recommendation of the Air Staff that the R.C.A.F. headquarters in the United Kingdom be replaced by a liaison office, should not be approved.

It was also agreed that the Minister of National Defence, during his forthcoming visit to the United Kingdom, should take up with the U. K. authorities

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the settlement of detailed methods by which Canadian pupils passing out from the Plan would be incorporated in or organized as units and formations of the R.C.A.F. in the field, in accordance with the understanding reached at the time of the negotiation of the Air Training Agreement.

22. Mr. Power emphasized the importance of an early settlement of this question as Canadian air crews would soon begin to pass out from the Plan, in large numbers.

Far East

Relations with Japan

23. The Under-Secretary of State for External Affairs submitted a draft telegram which he had prepared in reply to the enquiry of the U. K. government as to the attitude of Canada in the event of the United States becoming involved in war with Japan

(See Minutes of meeting of October the 8th, 1940, paragraphs 19 and 20).

After some discussion Dr. Skelton was requested to amend the draft submitted in order to emphasize to a greater degree the importance which Canada attached to her association with the United Kingdom in the event of war breaking out in the Orient.

St. Lawrence Waterways

24. The Minister of Munitions and Supply reported that he had, as requested, conferred with the Premier and other members of the government of Quebec with regard to the proposals which had been put forward by the U. S. government for immediate agreement upon power development on the St. Lawrence.

Mr. Godbout and his colleagues had expressed themselves as satisfied with the present U. S. proposals, though they had stipulated that their consent thereto should not be regarded as being agreement to the larger question of the seaway.

25. The Prime Minister said that he was concerned as to this qualification in Quebec's consent. He did not wish to be in the position of agreeing to the present limited proposals and having the United States assume that Canada's full consent would follow for the whole waterways development.

26. Mr. Howe stated that he did not regard the condition imposed by Mr. Godbout as affecting the Prime Minister's freedom to agree to the present proposals. Before committing themselves, the Quebec government merely wanted to have full opportunity for consideration of the whole question. There would be no difficulty, in principle, as regards Quebec - the

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only question between Quebec and the Dominion was one of compensation.

27. The Under-Secretary of State for External Affairs read a draft despatch which he had prepared to the Canadian Minister in Washington, instructing Mr. Christie to agree to the U. S. proposals.

28. The Minister of Justice said that in his view Canada was already committed, in principle, to the St. Lawrence Waterways development. As regards Quebec it would, however, be better to proceed step by step and not press the Quebec government now to full agreement to the Waterways treaty.

29. After further discussion the Prime Minister agreed that he would be prepared to sign the draft despatch to Mr. Christie, as amended, on the distinct understanding that the members of the War Committee had committed themselves, in principle, to the larger question of approval of the St. Lawrence Waterways Treaty.

The meeting adjourned at 6.30 p.m.

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

October 10th, 1940.

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SECRET

Ottawa, October 10th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, October the 10th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Establishment of reserve short-wave radio station in Canada.

1. The Minister of Munitions and Supply submitted a proposal received through the U. K. High Commissioner, for the establishment in Canada of a reserve high power short-wave radio station, to provide a world-wide service in the event of it being impossible, as a result of enemy action, to continue efficient operation of U. K. stations.

The proposal contemplated joint establishment of the station by the two governments, and joint operation of programmes by the B.B.C., and the C.B.C. It was suggested that Canada might finance the capital cost and co-operate in paying the costs of operation.

2. Mr. Howe was not himself in favour of agreeing to the proposal, and the concensus of opinion, developed during its discussion, made it clear that members of the Committee did not regard it favourably.

Far East

3. The Prime Minister read a number of despatches received from the U. K. government through their High Commissioner, and by telegram from the Dominions Office, dealing with recent developments in the international situation, particularly in the Far East.

Relations with Japan

4. A message received from the U. K. government reported that consideration was being given to measures to increase economic pressure upon Japan.

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Particular reference was made to the possibility of imposing unilateral restrictions upon sterling payments.

5. A message received from the Dominions Office reported that Japan was demanding vastly increased oil supplies from the Dutch East Indies, and expressed the view that these demands had greatly increased the tension. These demands were a more likely cause of a breach of relations than the opening of the Burma Road. It appeared that the moment had come when the United States would require to make a decision as to whether or not they would encourage the Dutch East Indies to resist Japanese aggression.

6. The Prime Minister read a communication from the U. K. High Commissioner reporting the affirmative reply which had been given to an enquiry by the United States whether Singapore would be available to the United States in the event of the Japanese threat to the Dutch East Indies becoming imminent.

7. A further message received through Sir Gerald Campbell referred to proposed conversations with the United States regarding common problems, particularly in the Far East.

It also reported the convening, in the near future, by the U. K. Commander-in-Chief in the Orient, of a conference at Singapore, to be attended by representatives of other Empire Governments concerned. It was intended that the U. S. and Netherlands governments should be invited to the Singapore conference, which, if they attended, would deal with the whole defence problem in the Far East, including the Dutch East Indies and the Philippines. Canada was invited to be represented at the Singapore conference.

8. The Prime Minister observed that while the tendency had been for Canada not to participate in conferences dealing with the Far East, on the ground that she had no major direct interest in the Orient, it might be that, in the present circumstances, our Naval Services should be represented.

Relations between the United Kingdom and the United States.

9. The Prime Minister read a communication received from the U. K. government regarding the recent visit to the British Isles of a group of U. S. observers from the Services. The Americans had been warmly received by the U. K. authorities, given a full opportunity of first-hand examination of U. K. defences military, naval, air and industrial, and informed frankly of the strategical situation and the policy contemplated for the future conduct of the war.

The U. S. representatives had been observers only, and as a result their discussions with U. K.

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authorities had been limited to an exchange of information. The Americans had been informed that the continued active economic and industrial co-operation of the United States was fundamental to British strategy.

10. Mr. King, commenting upon the report referred to in the preceding paragraph, noted the frank expression on behalf of the U. K. government of their urgent need of equipment of all kinds, particularly planes and light naval craft which they hoped to obtain in increased volume from the United States.

This emphasized, once more, the danger of Canada relying too heavily upon U. S. sources of supply. As he had stressed on previous occasions, Canada should follow a policy of producing, in this country, everything possible in the way of war supplies and equipment.

Canadian firemen for the United Kingdom

11. The Prime Minister referred to communications which had been exchanged with the U. K. government regarding a proposal that a number of Canadian firemen should be offered to the United Kingdom to assist in the heavy additional work put upon U. K. fire fighting personnel as a result of intensified air raids. This suggestion had originated with the Winnipeg Firemen's Association, and a similar suggestion had been made from Vancouver.

The Canadian High Commissioner had been asked to enquire whether this form of assistance would be considered of value. He had now replied that the U. K. government would welcome help of this kind, and that he was taking up the matter further with the Home Office.

The Minister of National War Services had also sent a telegram enquiring whether the government would approve an offer of this kind being made.

12. The Minister of National Defence for Air said that if it were decided to make such an arrangement, it should be undertaken by the Department of National War Services.

It might be possible to recruit volunteer firemen from the United States as well as Canada, for service in the United Kingdom. Air raid precaution work in Canada was, however, the responsibility of the Department of Pensions and National Health.

13. The Minister of Finance expressed the view that the despatches read showed that there was no immediate shortage of firemen in the United Kingdom and no immediate urgency about making an offer of this kind. In his view it was very doubtful that we should launch into further financial commitments for such a purpose.

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Canada was anxious to do everything possible in the common cause, but we could not do everything. Already a Budget of almost $2,000,000,000 was in sight for the coming fiscal year. While his financial advisers were prepared to agree that the only financial limit to Canada's contribution was the physical limit upon our capacity to produce, the latter constituted a limitation with which we were bound to reckon. Within that limitation we should make sure that our contributions were in the realms in which they could be most effective.

14. It was agreed that the proposal that Canada should offer to provide the services of a number of firemen to the U. K. government should be referred, for study and report, to a Committee consisting of the Minister of Pensions and National Health, the Minister of National Defence for Air, the Associate Deputy Minister of National War Services (Mr. Justice Davis) and a representative of the Department of Finance.

Public Information

15. The Prime Minister referred to a proposal which had been made by the Associate Deputy Minister of National War Services (Mr. Justice Davis) to have Mr. Gardiner, while in England, select a number of speakers who would be willing to come to Canada to address Canadian Clubs throughout the country, on matters relating to the war. The suggestion was that a number of outstanding labour representatives and a number of members of the forces who had participated in operations, for example, at Dunkirk and Narvik, might be available for this purpose.

16. After some discussion it was agreed that it would be inadvisable to undertake such a project at the present time. The Prime Minister would inform Mr. Justice Davis of the Committee's view in this respect.

Permanent Joint Board on Defence

17. The Prime Minister read to the meeting a letter which He had received from the Chairman of the Canadian Section of the Permanent Joint Board on Defence, submitting the Board's "First Report". In his letter, dated October the 7th, Colonel Biggar had stated that the Report was being presented concurrently to the President of the United States by the Chairman of the U. S. Section of the Board. Colonel Biggar expressed the Board's hope that the governments would find it possible to approve and implement its recommendations in order that the defensive dispositions which were there set forth might be effected at the earliest practicable moment.

18. Mr. King then read the First Report of the Permanent Joint Board on Defence. The recommendations there described being discussed one by one by the Committee.

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19. The Committee discussed the procedure to be adopted in taking action upon the Board's Report, and;

It was agreed that the Committee should approve, forthwith, the recommendations of the First Report of the Permanent Joint Board on Defence, with the exception of the proposal that Canada should complete the highway from Terrace to Prince Rupert, B.C., subject to the concurrence of the Ministers of National Defence.

The recommendation with regard to the highway from Terrace to Prince Rupert was reserved for further study and report by the Minister of Mines and Resources.

It was requested that the Defence Ministers, in reporting to the Committee, should indicate to what extent provision for Canadian participation in the projects recommended in the Board's Report, had been included in their respective Departmental estimates for 1941-42.

20. The Secretary remarked that the Chairman of the U. S. Section of the Board proposed that if the Canadian and U. S. governments should decide to approve the First Report of the Board, announcement to that effect should be made simultaneously in Ottawa and Washington. It was understood, of course, that no details would be included in the proposed announcement.

21. The Minister of National Defence for Air pointed out that the Board had made no recommendation for the command of joint forces, though their Report contemplated a great many instances in which U. S. and Canadian forces would operate together.

22. The Prime Minister reported that it was his intention to recommend to Council, today, the appointment of the Canadian Minister to France (Colonel Vanier) as a member of the Canadian Section of the Joint Defence Board. The Committee expressed their approval of the appointment being made and announced immediately.

Compulsory Military Training - Postponements and exemptions for key personnel in war industry.

23. The Prime Minister read a letter which he had received from the President of the Canadian Manufacturers' Association, setting out a recommendation of the Executive Council of the Association with regard to employees in war industry essential to efficient war production. The letter expressed the view that postponements for such personnel were essential to achieve maximum efficiency.

24. The Secretary was directed to prepare, for the Prime Minister, a reply to Mr. Crabtree's letter, stating the policy upon which the government had decided to deal with this matter.

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Joint Air Training Plan

25. The Minister of National Defence for Air submitted to the meeting the question of whether persons from India should be admitted to Canada to train in establishments of the Joint Air Training Plan. It would, he felt, be difficult to refuse them admission and he was not satisfied that their admission would cause any considerable opposition. On the other hand, it was possible that certain prejudices might be aroused.

The concensus of opinion in the Committee, after some discussions pro and con, was that it would hardly be possible to refuse admission to such persons.

Army Programme 1941

26. The Minister of National Defence said that he was anxious to obtain the Committee's approval to the programme which had been put before them for the army for the coming year. He was also anxious to have a decision upon the General Staff's recommendation that the period of military training be lengthened from one to four months. It was important that these questions be decided, without delay, as his department would require to set to work, at once, in order to put their plans into effect in time.

27. Mr. Ralston's desires, in this respect, were noted, but it was agreed that action upon these recommendations should be deferred until the Minister of Finance and his advisers had had an opportunity of going over the estimates which had been presented to the Committee at the previous meeting.

The meeting adjourned at 5.15 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Memorandum re Meeting of

Cabinet War Committee

October 14th, 1940.

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SECRET

Ottawa, October 14th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Monday, October the 14th, at 3.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Joint Air Training Plan

1. The Prime Minister read to the meeting a personal telegram which he had received from the Prime Minister of the United Kingdom. Mr. Churchill's message stated that Lord Beaverbrook denied having had conversations such as had been attributed to him regarding the Air Training Plan. The U. K. government valued the Air Training Plan and intended to push it with their "utmost strength".

(See Secret and Personal telegram, unnumbered, of October 11th, 1940, from the Prime Minister of the United Kingdom, to the Prime Minister).

2. Mr. King also read a message which he had received through the U. K. High Commissioner, from Lord Beaverbrook describing the difficulties which the Ministry of Aircraft Production had to face in order to sustain and increase production in the face of hostile action.

(See Secret memorandum attached to letter of October 13th, 1940, from the U. K. High Commissioner, to the Prime Minister).

3. The Prime Minister indicated the lines upon which he wished to reply to Mr. Churchill's telegram, and the Secretary was directed to prepare a draft cable for despatch.

(See Cypher telegram No. 180 of October 16th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

St. Lawrence Waterways

4. The Committee approved a draft press release regarding the immediate undertaking by Canada and the United States of preliminary investigations with a view to power development in the International Rapids section

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of the St. Lawrence River. The press release announced that the United States had agreed to the immediate utilization, by Ontario, of additional water at Niagara for power purposes equivalent to the diversion to be undertaken from the Albany River Basin.

(See press release as published in papers of October 15th, 1940).

Permanent Joint Board on Defence

5. The Minister of National Defence reported that the officers of his department had studied the First Report of the Permanent Joint Board on Defence, approved by the Committee at its meeting of October the 10th, subject to the concurrence of the Defence Ministers.

The Chief of the General Staff, in reporting to the Minister, had written as follows:

"1. I have studied the first report of the Permanent Joint Board on Defence (Copy No. 2) which you handed to me last evening. The recommendations it contains impress me as being sound and should be implemented without delay by the Governments of the two countries. I should add in respect to the responsibilities placed on the Canadian Army both on the East Coast and on the West Coast, that in the majority of cases measures have already been completed or action to this end has been undertaken.

2. I would make one reservation as to the military value of the recommendation (p) on Page 6, which comes under the heading "West Coast Operations". There is no military reason which would make it advantageous for Canada to concentrate land forces in British Columbia for the initial support of U. S. garrisons in Alaska. It is obvious that, if they are to be moved by sea, such reinforcements can be as conveniently based on Seattle as on Vancouver. On the other hand, if movement of Canadian reinforcements by air transport is to be considered, then units in Alberta might be more conveniently utilized than those located in British Columbia.

3. I have discussed this particular recommendation with Brigadier Stuart who agrees with me in respect to my criticism. Brigadier Stuart states, however, that from the point of view of the U. S. representatives of the Board, the inclusion of this sub-para. was desirable mainly from the political angle and in order to provide an apparent balance to the agreement entered into on the part of the U. S. in respect to the considerable U. S. Army forces which were to be made available for the defence of Canada, if required, both in the Maritime Provinces and in British Columbia.

4. I suggest, therefore, that the Report of the Board should be accepted by the Canadian

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government although it would be desirable that the term "Western Canada" should be substituted for "British Columbia" in the recommendation (p) on page 6."

5. Mr. Ralston, in accordance with the above report of Major-General Crerar, expressed concurrence in the approval given the First Report of the Board, with the recommendation that the term "Western Canada" be substituted for "British Columbia".

6. The Secretary reported that the Minister of National Defence for Air had, on October the 12th, written him regarding his concurrence in the approval given to the Report of the Board. Mr. Power had written as follows:

"After consultation with the officers of my Department, I have the following to report to the War Committee:

Steps to be taken by the Government of Canada:

EAST COAST

(A) (i) This would involve provision of two Seaplane Bases, one at Botwood, the other at Canada Bay:

(ii) Some additional accommodation may be required at Newfoundland Airport:

(B) Agreed.

(C) Agreed.

(F) This involves construction of three aerodromes, one at Shelburne, one somewhere near the Strait of Canso, and one in the North Western section of Nova Scotia in the vicinity of Yarmouth-Digby. It also involves the extension of runways on a number of Joint Air Training Plan aerodromes now constructed, or in process of being constructed.

WEST COAST

(K) Involves the construction of single strip runways in certain places not as yet selected. No buildings are in contemplation.

(N) Agreed.

GENERAL

Broadly speaking, most of these projects have been in contemplation by the Royal Canadian Air Force for some time, and some are actually being carried out. The full implementation will, of course, depend on -

(a) trained personnel for operation squadrons.

(b) equipment (Aircraft).

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(c) The finance.

(d) With respect to operations, both on the East and West Coasts, the Service Officers of this Department are in agreement with the recommendations of the Joint Board, subject always to the limitations mentioned herein with respect to personnel, equipment and finance.

It is proposed, when the matter has been more fully explored, to submit a supplementary estimate covering the cost of the projects referred to."

7. The Secretary reported that no advice had yet been received from the Department of National Defence for Naval Services, as to concurrence or otherwise in the Report of the Board.

Far East

Singapore Conference

8. The Prime Minister reported that it had been found that there would not be time for a Canadian Naval representative to arrive at Singapore for the conference which was to be held there.

(See Minutes of meeting of October 10th, 1940, paragraph 8.)

The meeting adjourned at 4.15 p.m.

A. D. P. Heeney
Secretary.

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CABINET WAR COMMITTEE - VOL. II

Date of meeting	
July 17/40	Telegram No. 1118 from HC London to EA re 7th Corps.
July 26/40	Memorandum, July 23/40, from CGS to Minister of National Defence on Staff relations with U.S. and U.K.
July 31/40	Telegram No. 1244, July 29, from HC London to EA re relations with France.
August 7/40	Most secret and personal letter, August 6/40 from HC London to EA re proposals for peace negotiations.
	Telegram Circular D402 and D403, August 5/40 from Dominions Office to EA re peace negotiations.
	Telegram No. 412, August 7/40 from PM Australia to Mr. King, peace negotiations.
	Telegram from PM New Zealand to Mr. King, peace negotiations.
	Telegram No. 3 from PM South Africa to Mr. King, peace negotiations.
	Telegram No. 144, Aug. 7/40 from EA to DO, peace negotiations.
	Telegram No. 184 of August 3/40 from Legation, Washington to EA re naval assistance.
August 13/40	Circular telegram M44, August 3/40 from DO to EA re export of metals to Japan.
	Telegram No. 162, August 12/40, from EA to Legation, Washington re U.S. naval assistance.
	Memorandum, Dr. Skelton, August 13/40, re destroyers.
	Telegram No. 1338, August 12/40, from HC London to EA re 7th Corps.
August 20/40	Telegram, August 18/40, EA to DO re U.S. assistance.
	Correspondence between August 7 and August 19 between Minister of National Defence and High Commissioner for U.K. re Canadian troops in West Indies.

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August 27/40	Letter, August 26/40, from U.K. High Commissioner to PM re Newfoundland.
	Letter, August 22/40, from U.K. High Commissioner to PM re U.S. naval assistance.
	Telegram 1335, August 27/40, from EA to HC London re 7th Corps.
	Telegram No. 120, August 25/40, from DO to EA re French and U.S. funds.
	Telegram No. 155, August 30/40, from EA to DO re relations with Japan.
	Telegram No. 156, August 30/40, from EA to DO, re relations with Japan.
September 5/40	Naval Message No. 693, September 2/40, CNS to First Sea Lord re U.S. Naval assistance.
	Telegram No. 1484, September 2/40, from HC London to External Affairs re munitions.
	Memorandum from Dr. Skelton, August 28/40, re relations with Japan.
	Letter, September 4/40, from U.K. High Commissioner to EA re Newfoundland.
	Letter from U.K. High Commissioner's Office to EA re U.K. Mission to U.S.
	P.J.B.D. Journal, August 26 and 27/40.
September 17/40	Naval Message, Sept.15)40 from Admiralty re relations with France.
	Letter, September 13/40, from EA to Governor of Newfoundland.
	Letter, September 7/40, from U.K. High Commissioner to EA re Newfoundland.
September 26/40	Telegram No. 167, September 17/40 from EA to DO re relations with France.
	Telegram from Legation, Tokyo to EA re invasion of Indo-China by Chinese troops.
	Letter, September 23/40, from Premier, B.C. to PM re training of Japanese and Chinese.
	P.J.B.D. Journal, meetings September 9, 10, 11, 1940.

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October 1/40	Memorandum from Minister of National Defence, "The Canadian Army", September 23/40.
	Memorandum from Minister of National Defence "Canadian Army Programme for 1941", September 24/40.
	Memorandum for Minister of National Defence "Appreciation - nature of military effort in next year", September 25/40.
	Memorandum from Mr. Keenleyside for Dr. Skelton, Spetember 21/40, re Free French Movement.
(See above)	P.J.B.D. Journal, meetings September 9, 10, 11/40.
October 8/40	Letter, October 7/40, from Minister of National Defence for Air to PM re Joint Air Training Plan.
	Letter from Canadian Chairman PJBD to PM, October 7/40, re internment of POW.
	Telegram No. 177, October 9/40 from EA to DO re internment of POW.
October 10/40	Letter of October 7/40 from Canadian Chairman, P.J.B.D. re first report of PJBD.
October 14/40	Secret and personal telegram from Mr. Churchill to Mr. King, Oct. 11/40, re Joint Air Training Plan.
	Letter, October 13/40, from U.K. High Commissioner to PM re aircraft.
	Telegram No. 180, October 16/40 from EA to DO re Joint Air Training Plan.

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CABINET WAR COMMITTEE - VOL. 11

PAPERS NOT IN PRIVY COUNCIL RECORDS

Date of Meeting	External Affairs Telegrams
September 26/40	Telegram from Legation, Tokyo to EA re invasion of Indo-China by Chinese troops
	Correspondence
August 20/40	Correspondence between Aug. 7 and Aug. 19 between Minister of National Defence and High Commissioner for UK re Canadian troops in West Indies
	Memorandum
September 5/40	Memorandum from Dr. Skelton, August 28/40, re relations with Japan

NOTE:
Complete set of P.J.B.D. Journals is filed in black binders in Room 122.

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A-19-1-(C)
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM NO. 180

MOST SECRET

Ottawa, October 16th, 1940.

CYPHER

Important.

Following from Prime Minister to your Prime Minister:

Secret and Personal. Begins,

1. I have not seen Bishop since his return, and have had no conversation with the High Commissioner for the United Kingdom regarding any statements attributed to Bishop, nor am I aware of the terms of the message on the subject sent by the High Commissioner. I should be obliged if you would so inform Lord Beaverbrook.

2. I doubt if my colleagues and I could be more appreciative than we are of the difficulty and urgency of the problems with which the Ministry of Aircraft Production and the Air Ministry in the United Kingdom are faced, and the courage and resourcefulness with which those problems are being met. Our one aim is to have Canada's assistance in the air, as in all else, so related to the plans of the government of the United Kingdom as to secure the maximum effectiveness of our common effort.

3. The Canadian Government have continued to attach paramount importance to the development of the Air Training Plan which was conceived by the United Kingdom government as a means of creating that superiority in air strength which was deemed to be essential to victory. You will recall that Canada's participation in the Plan was regarded by the United Kingdom Government as the most effective assistance which Canada would give. Convinced of this, our energies have been directed toward the accomplishment of this aim.

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4. Despite the difficulties which resulted from the necessary decision of the United Kingdom Government to cut down drastically their supply of training aircraft undertaken in the Agreement, my colleagues and I are satisfied that the Plan has made, and is making, good progress at a rate substantially faster than that originally contemplated.

5. Unfortunately an impression seems to have been created in certain quarters both here and in the United States that the United Kingdom Government consider the Air Training Plan has not progressed satisfactorily and, as a result, have found it necessary to seek opportunity for training large numbers of pilots in the United States. Your statement that the air training plan is valued by the United Kingdom Government and that it will be pushed forward with the utmost strength is therefore most reassuring.

6. We fully understand that, apart entirely from the Air Training Plan, it may be desirable for the United Kingdom Government to make every effort to have additional pilots trained as rapidly as possible, in the United States as well as in Canada. So long as this is done in a manner which could not be made to reflect upon what is being accomplished under the Air Training Plan, or prevent the delivery of training planes required for it, and after the fullest consideration of the extent to which the need might be met by adaptations of the Plan, no possible exception could be taken by anyone.

7. You will, however, understand our concern lest it should be made to appear that the Air Training Plan is falling short of expectations. Like you, I am fully aware of the inevitable conflict between the short term and the long term view, and my colleagues, I believe, are equally conscious of what is to be said in support of each view.

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If anything, we ourselves, from the very beginning, have been more impressed with the importance of expedition than some of those whose counsel we have accepted in the Plan's development. If at any time the United Kingdom Government consider that the present plan should be modified or supplemented to adapt it to changing circumstances, we shall be glad to give any suggestions to this end our immediate attention.

8. We are more than appreciative of the great strain upon yourself and colleagues and indeed upon all in the United Kingdom. Our one aim is so to cooperate in everything as to be of the greatest possible assistance.

9. My kindest personal regards to yourself and Beaverbrook. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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D-19-1-(9)
1940

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
Earnscliffe,
Ottawa.

IMMEDIATE

13th October, 1940

MOST SECRET AND PERSONAL

My dear Prime Minister,

The enclosed memorandum contains a message which I have been asked in a telegram from the Minister of Aircraft Production to convey to you from him.

Yours sincerely,

GERALD CAMPBELL

The Right Honourable W.L.Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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MEMORANDUM

MOST SECRET

1. I am grateful for your consideration to me in the past and take the liberty of explaining my present position. The task of producing aircraft in Britain involves me in many difficulties. Indeed, we might rightly be described as a group of manufacturers turning out our products "on the run".

2. A week ago nine principal aircraft factories were bombed and last week three have sustained attack. These disturbances drive us into dispersals of a widespread nature which not only limit output but increase our difficulties immensely.

3. The losses of aircraft on the ground ran as high as one hundred weekly a short time ago. This difficulty has been overcome by a system of dispersal and concealment under my direction, reducing destruction to a minimum.

4. Bristol Engine works has been bombed and output curtailed for a time. But, under our well-matured plans for dispersal, much of the output has been recovered.

5. We have no expectation of relief from enemy attack in future and our operations must be continued on a basis of constant interference, with most trying labour difficulties due to the nervous tension of men who are always "on the target".

6. Now in these conditions we were able last week and almost every week to produce more aircraft of the fighting and bombing types than the destruction in battle, on the ground or by accidents. In spite of all the troubles we have sustained and all the calamities we have endured, our production for the week ending yesterday in every category, including new aircraft, new engines, repaired aircraft, repaired engines and balloons, actually exceeds that of the preceding week and of every week since September 21st, when the bombings first began to have effect.

7. We have shipped out of the country since the Churchill Government was formed 1050 aircraft and 1550 engines.

8. None the less, we now have many hundreds of fighting and bombing airplanes in excess of our total resources last mid-May. The engine stock that we have built up is sufficient in all important types to fulfil our needs for several weeks to come even though production fails us altogether. Our stock of airplanes in the reservoir, all engined and ready for battle, will also meet our losses at the present rate for some little while. Further details will be given to Massey.

9. As you know, American airplanes have not come forward in any great number so far and only a very few engines have been received but in this direction there will be an immense improvement before long.

10. Many persons believe that the danger of invasion is now over. I do not share that view and, on that account, I continue to advocate retaining on this battlefront all the material and equipment that can be mobilised.

11. With kind regards and grateful thanks for any confidence you may give me,

I am,
Yours sincerely,

13th October, 1940

BEAVERBROOK

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET & PERSONAL

CYPHER

LONDON. October 11th, 1940.

Secret and Personal. Following from the Prime Minister for your Prime Minister, Begins:

Lord Beaverbrook informs me that no such conversation with Bishop, as has been attributed to him, ever took place. Mr. Bickell, who was present on only occasion when they met, confirms this statement in writing. Even if anything like it had taken place, it ought not to have been repeated out of its setting and out of its context. It is quite true, however, that Lord Beaverbrook is greatly distressed about the sending away of any fighting aeroplanes from this country at the present time. We are fighting for our lives here, and he is feeding the fighting line from day to day in a truly marvellous manner. Factories are bombed almost nightly, and continuous readjustments and dispersions have to be made. One heavy blow is received after another. The repeated air raid warnings coming upon workmen who perhaps in the same factory have seen a score of their comrades killed the week before, inevitably lead to shorter hours being worked and injuring output. Nevertheless, in spite of all, we are more than holding our own, largely thanks to the genius of this man. While I am sure he never said anything like what is so wrongly attributed to him, one must understand his point of view. Do not on any account, my friend, suppose we do not value the great Empire Training Scheme, or that we are not going to push it with our utmost strength. But there is the inevitable conflict

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

between the short-term and long-term view. I hope we shall solve this problem satisfactorily, and pray cable to me if any difficulty arises in which I can be of assistance. Do not underrate the gravity of the pressure to which we are subjected here. Kindest regards. Winston Churchill. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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Canada | United States of America

PERMANENT JOINT BOARD ON DEFENCE

Canadian Section

D-19-2
1940

Office of the Secretary
East Block, Parliament Buildings
Ottawa

7th October, 1940.

Sir:

I have the honour to submit the First Report of the Permanent Joint Board on Defence. This Report is being concurrently presented to the President of the United States by the Chairman of the United States Section of the Board.

In presenting this Report it is the hope of the Board that the Governments will find it possible to approve and implement its recommendations in order that the defensive dispositions which are there set forth may be effected at the earliest practicable moment.

I have the honour to be,

Sir,

Your obedient servant,

O. M. Biggar

Chairman, Canadian Section,
Permanent Joint Board on Defence.

The Rt. Hon. W. L. Mackenzie King, C.M.G.,
Prime Minister of Canada,
OTTAWA.

for original see
Prime Minister's office

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

SECRET

CYPHER

No. 177

OTTAWA, 9th October, 1940.

1. At its recent meetings in Halifax the Canada-United States Permanent Joint Board on Defence was informed by representatives of Newfoundland that the Government of the United Kingdom is now arranging to send approximately 1000 captured German airmen to Newfoundland for imprisonment and that construction is beginning on barracks for this purpose about five miles inland from the shore of Conception Bay. The Board felt strongly that the incarceration of German prisoners in Newfoundland would present a serious military hazard which might jeopardize the defence of Newfoundland. The possibility of a German raider reaching this area and freeing the prisoners was one of the more important factors in influencing the views of the Board.

2. The Board has earnestly recommended to the Canadian Government that discussions be initiated with the United Kingdom and Newfoundland with a view to bringing about an alteration in this plan, by diverting these German prisoners to some less dangerous destination.

3. The Canadian Government agrees with the views expressed by the Defence Board and is apprehensive of serious dangers arising should the present plan be carried out. It is hoped that the Government of the United Kingdom will reconsider the decision to send these prisoners to Newfoundland.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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HLK/
DF

Ottawa, 7th October, 1940.

My dear Prime Minister:

At the meeting of the Defence Board, which was attended by representatives of Newfoundland, we learned with great suprise that the Government of the United Kingdom have proposed and the Government of Newfoundland have accepted an agreement to intern 1000 German aviator prisoners in a camp near the shores of Conception Bay.

It was at once pointed out to the Board by its Service members that it would be quite feasible for a German raider to effect a surprise landing and release these prisoners without any certainty that the raider would be intercepted before it could effect its escape. It was also apparent that there would be an additional danger

/from

The Rt. Hon. W.L. Mackenzie King, C.M.G.,
Prime Minister of Canada,
OTTAWA.

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from the presence of a large body of the most intrepid and venturesome of young Germans in a sparcely inhabited and weakly defended area of this nature. This danger would be particularly marked because of the limited military resources of the Newfoundland Government.

The Board having reviewed these considerations unanimously passed the Resolution which is set forth on the attached page. The representatives of Newfoundland pointed out that in agreeing to accept these prisoners they had done so purely out of a desire to assist the United Kingdom Government. They now recognize the danger and hope that some other arrangement might be made.

As work has now started on the internment camp and as the prisoners are expected to arrive in November, the Board hopes that the Canadian Government will take immediate steps to explain to the Government of the United Kingdom the dangers inherent in the proposed scheme.

Yours sincerely,

O M BIGGAR

Chairman, Canadian Section,
Permanent Joint Board on Defence.

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THE NINTH RECOMMENDATION OF THE BOARD

The Board learned from Messrs. Emerson and Penson that the Government of the United Kingdom is now arranging to send approximately one thousand captured German airmen to Newfoundland for imprisonment there and that the Newfoundland Government is now beginning the construction of barracks for this purpose about five miles inland from the shore of Conception Bay.

The Board feels strongly that the incarceration of German prisoners in Newfoundland would present a serious military hazard which might jeopardize the Defence Scheme for Newfoundland which the Board is now preparing and thus menace the safety of Canada and the United States.

In these circumstances, the Board earnestly recommends to the Canadian Government that discussions be initiated with the Governments of Newfoundland and the United Kingdom with a view to bringing about an alteration in this plan by the diversion of these German prisoners to some less dangerous destination.

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1940

CANADA

MINISTER OF NATIONAL DEFENCE FOR AIR

OTTAWA , October 7th, 1940.

Personal and Confidential

Right Honourable W. L. Mackenzie King, P.C., M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister,-

On perusing the Minutes of the Cabinet War Committee Meeting held on October 1st, I note the following on page 10 -

" 40. Mr. Howe reported that, while in Washington, the Secretary to the U. S. Treasury had told him that General Strong, U.S. Military Observer, recently returned from the United Kingdom, had reported that there was a serious shortage of pilots and that the Joint Training Plan had been a failure. Upon enquiry he had found that this report had emanated from Lord Beaverbrook. "

May I suggest that this is an extremely serious matter, first because if Beaverbrook represents the views of the British Government we should be advised at once because the Joint Air Training Plan is essentially the conception of that Government, and all along it has insisted that we carry out the Plan as originally laid down. Any acceleration made to it has been largely due to our initiative. We have on several occasions intimated that if they no longer desire to proceed with the Plan we would be prepared to modify it. We have a perfect right to express to them our grave resentment of any criticism directed against our efforts by one of the most prominent Members of their Government.

This may be somewhat less important, but should certainly receive our consideration. I am convinced that the views of Beaverbook will soon become known in Canada via Bennett to Hanson, to Parliament and to the Press, with the consequence that the whole Plan may become a political issue,and still further with the more calamitous result that the people of the Country will lose confidence in the effectiveness of the

Plan . . . . . .

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Right Honourable W.L.Mackenzie King, P.C., M.P.

Plan and wonder why enormous sums of money have been spent on it.

I would urge upon you that the Canadian Government, as such, should make representations to the Prime Minister of Great Britain, or at least request of him that he ask the competent authority there, namely the Air Minister, whether or not they are satisfied with the progress of the Empire Training Plan today and, if they state that they are, have him see that Beaverbrook is muzzled, at least insofar as Canadian matters are concerned.

There is another alternative which I would much prefer, and that is to let me call Beaverbrook on long distance telephone and tell him what I think of him.

Yours very sincerely,

Charles G. Power

1-1

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HLK/DF

21st September, 1940.

MEMORANDUM for Dr. Skelton

CANADA AND GENERAL de GAULLE

The problems arising from the existence of the de Gaulle movement which are currently before the Canadian Government can be summarized under three headings.

1) The proposal to train French airmen in Canada.

2) The status of St. Pierre and Miquelon.

3) The collection of funds for General de Gaulle's movement.

1. The proposal to train French airmen in Canada.

On the 8th of July, the suggestion was received through Mr. Massey that 150 partially trained French airmen should be provided with training facilities in the Province of Quebec. It was also suggested that Captain Herve de Kerillis might be used to assist in the training. In reply, the Canadian Government suggested that these French trainees might be absorbed in one of the schools to be transferred to Canada by the Royal Air Force. It was agreed, however, that if Captain de Kerillis would come to Canada he could be appointed as an instructor in the Joint Air Training Plan. According to a telegram from Mr. Massey dated the 30th of August, Captain de Kerillis accepted this proposal but he has not yet arrived in Canada. On the 8th of August, General de Gaulle repeated his request for permission to train his student airmen in Canada. On the 9th of September, in a letter to the Canadian High Commissioner in London, General de Gaulle described certain

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arrangements which had been made in the United Kingdom but made it very clear that he still thought that the best solution would be for his students to be admitted to and trained in Canada. No reply was ever made to the suggestion that these students should be absorbed in one or more of the schools which the Royal Air Force proposed to transfer to Canada.

2. <u>The status of St. Pierre and Miquelon</u>.

On the 11th of September, the Secretary of State for Dominion Affairs telegraphed to the Governor of Newfoundland (repeated to the United Kingdom High Commissioner in Ottawa for transmission to the Canadian Government) suggesting that consideration might be given to the possibility of St. Pierre and Miquelon joining the de Gaulle movement. Lord Caldecote stated that he had "little or no information as to the position in the Islands". He added that the general policy of the Government of the United Kingdom was to meet requests for financial and other facilities from pro-de Gaulle movements in French colonies. He further added that the British Government did not, however, take any "direct part in operations until and unless invited to do so by de Gaulle". Lord Caldecote's telegram continued "it has also been part of our policy hitherto to extend economic pressure on all French colonies now operating ~~for~~ against de Gaulle while, at the same time, offers of assistance ..... are being held out as an inducement to join the Free French Movement". The Canadian Government has made no comment on this telegram.

Later info. re Correspondence with Newfoundland (infer. of intervention)
Wanderers influential element pro Vichy
de Gaulle mvt.
Ville d'Ys. not sent off as promised

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3. The collection of funds for General de Gaulle's movement.

Various proposals for the collection of funds to assist General de Gaulle have been reported from different parts of Canada. We have recently been informed that at the suggestion of General de Gaulle himself, a Central Committee is being formed in Montreal to organize and direct all such collections throughout Canada. It is intended to devote the money thus collected ($200,000 is said to be the objective) to the purchase of tanks. One of the organizers of the Committee in Montreal wrote asking whether it would be necessary for his Committee to be registered with the Secretary of State or the Department of National War Services before it could undertake a campaign for funds. Mr. Read is of the opinion it is not at present necessary for the Committee to be registered. The permission of the Foreign Exchange Control Board, however, will be required before any money can be sent abroad.

. . . . . .

A related aspect of this general subject might be referred to here. Reports have been published and broadcast to the effect that French nationals who enlist in the Canadian or British Armed Forces will be subject to the death penalty in France. On the 2nd of August, we asked the French Minister in Ottawa whether he could substantiate or deny these reports. In his reply dated the 6th of August, Mr. Ristelheuber stated that he could not give a definite answer but would endeavour to obtain the necessary information from his Government immediately.

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The points that would seem to need decision are as follows:

1) Willthe Canadian Government admit the 150 partially trained French airmen whom General de Gaulle wishes to send to Canada?

2) If the answer to the first question is in the affirmative, will General de Gaulle be informed that this is not to be considered as a precedent, or will we leave the way open for subsequent requests of a similar character?

3) Should the Canadian Government follow the British policy by bringing financial pressure to bear on St. Pierre and Miquelon to the purpose of forcing that colony to declare itself for General de Gaulle? No

4) Will the Canadian Government assist or interfere with the proposed collection of funds in Canada for General de Gaulle's movement?

5) If the Montreal Committee is to be allowed to collect funds, should the law be amended to require its registration?

6) If funds are collected for General de Gaulle, should the Foreign Exchange Control Board be instructed to permit the purchase of sterling exchange with the money thus collected?

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A. D. P. Heeney Oct. 1. 1940. D-14-1 1940

COPY NO. 12

SECRET

A P P R E C I A T I O N

What should be the Nature of Canada's Military Effort during the next year?

1. Canada's war effort, as an integral part of the war effort of the Empire, must be determined from a study of strategical conceptions that affect the Empire as a whole. It follows, therefore, that our planning for the next year requires to be based generally on the views of the Chiefs of Staff Committee on the United Kingdom as to the operations that the Empire forces will take part in, the C.A.S.F. included. In doing so, however, we must continue to bear well in mind problems of the direct defence of North America even though these problems are of secondary importance so long as the battle front can be maintained in Europe and Africa.

2. In this paper we shall examine the possible trend of events in several theatres where operations may take place and consider how Canadian Forces might be employed in those operations. We shall also deduce what additional forces we ought to send to join the C.A.S.F. overseas; what further forces should be organized for the defence of Canada in Canada; and from the above, the policy with regard to the organization, equipment, and training of the Canadian Army to enable us to meet the contingencies foreseen.

3. The proximate course of the war as visualized by Canadian Military Headquarters in consultation with the War Office has been indicated in Canmilitry telegram G.S. 1044, dated 5th September, 1940.

4. The conclusions reached therein are stated as follows:

> "The general conclusion is that our strategy in 1941 must be one of attrition. We must secure our possessions in overseas theatres of war and retrieve any that may have been lost owing to our temporary weakness. We must intensify the economic blockade, sustain our air offensive, and generally wear down the enemy's resistance with our minor amphibious operations. If possible, we should undertake decisive action against Italy herself and invasion of her African colonies.
>
> "Throughout 1941 we must accelerate to the utmost the building of our resources. But the general aim which should govern our strategy and determine the scope and rate of development of our expansion programmes should be to pass to the general offensive in all spheres and all theatres with the utmost possible strength in the spring of 1942."

5. These conclusions are accepted; the argument leading up to them will however be re-considered to the extent necessary for development of the picture of Canada's complementary part in the events foreseen.

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6. German-Europe is dependent on outside sources of supply for oil only and a serious shortage of that commodity is expected to occur by June 1941. It follows, therefore, that some action to relieve the shortage may be expected before that time.

7. Oil in what might prove to be sufficient quantity is available in Roumania and in the Russian fields on the Black Sea. The enemy's difficulty is to find transportation facilities, since it is believed that the number of tank cars available, considered in conjunction with the capacity of the Roumanian railroads, plus the tanker barge fleets of the Danube, are insufficient for the carriage of the amounts required. In peace, much of Germany's oil was carried in ships from both these fields to Trieste and to North German ports.

8. It would seem, therefore, that adequate supplies could best be assured by the development of sea routes from the Russian and Roumanian fields to Italy, using Italian tankers now immobilized in Italian ports. This could be done only by breaking British control of the Eastern Mediterranean. The most probable action to achieve this end would seem to be an attack on Egypt from Libya, or an attack through the Balkans to gain control of Greece and the Aegean Sea, or else to advance to the Dardanelles and Bosporus; thence through Turkey on Egypt.

9. The first course might be decisive, since it would deprive the British Fleet of its bases in Egypt and therefore limit the size of the fleet that could be maintained in the Eastern Mediterranean. The second course, an attack through the Balkans, directed against Greece, could not be decisive because the British Fleet would still be able to interfere with shipping around the coast of Greece and in the Ionian Sea.

10. An advance via the Dardanelles and Turkey even if unresisted by Turkey, would involve a long and difficult line of communications for an invading force. It would also necessitate the collaboration of Russia, with attendant complications. If the Axis powers and Russia should put these operations in train, notwithstanding the difficulties, then it would be a most important object of British strategy to support Turkey as strongly as possible.

11. All things considered, an attack on Egypt would seem to be the most probable course for the enemy to adopt. The winter season would be the most favourable time for it, both because of the time factor mentioned above and because of weather conditions.

12. An attack through the Iberian Peninsula to close the Straits of Gibraltar might take place coincident with an attack on Egypt. Another project, which there are grounds for considering is in preparation, is a sea-borne expedition starting from French ports in the Bay of Biscay to land in Morocco, with the object of advancing to control the Straits of Gibraltar. Such operations, if directed against French West Africa, would involve a threat to the trade routes of Great Britain to the Cape; and although their more obvious purpose might be the closing of the Western Mediterranean, which would not in itself be decisive.

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13. Invasion of the British Isles is still possible, though weather conditions alone may prevent it between October and April. An unsuccessful attempt might not, from a strictly military point of view, produce a very great change in the situation, since Germany has such a great preponderance in land and air forces and would find no great difficulty in replacing any losses she would be likely to suffer. From the point of view of morale, however, and the strengthening of the British cause with neutrals, it might be of the greatest importance. It would not change the deductions which are reached later in this paper relative to the deployment overseas of additional Canadian forces. If, on the other hand, Germany were successful in invading the United Kingdom, the whole basis of this appreciation would be changed. Views on the situation which would result are briefly delineated in Appendix 1.

14. If there is a major change in the strategical situation, and in particular if the enemy can attack British shipping, the ports and war-producing industries within some measure of success, it is highly probable that the threat of invasion of the United Kingdom will again become imminent after the beginning of April 1941.

15. Meanwhile our main effort will be limited to a policy of attrition, and we will seek to meet the German effort wherever possible. This policy includes offensive operations against Italy, some of which will be in the Balkans, consist of air and naval attacks against Germany's effort by destruction of oil supplies and manufacturing plants and by interdiction of the sea routes.

16. The only operations in which our land forces might take part on the Continent would be in the nature of small-scale raids on the coast of France, Norway or the Netherlands. These might have specific objectives, such as the destruction of facilities for invasion, but probably would be undertaken for the purpose of keeping the offensive spirit alive.

17. The British Isles are cannot ignore the situation in the Far East, where the attitude of Japan may necessitate the further strengthening of the garrison of Singapore. It is hoped that we may receive support from the U.S.A. (at any rate, diplomatic) in resisting the aggressive designs of Japan in that quarter.

18. Summing up the above arguments, it would seem that until April, 1941, the year last is most likely to be the zone of active operations, and that from April on, there will be a threat to Britain herself once more. It is unlikely that we will be in a position to undertake large-scale operations on the continent until the spring of 1942, and then only if there is a major change in the politico-strategical situation, i.e., if we get other allies, or if extensive revolts against German domination break out.

19. The possible roles of the Canadian forces overseas thus appear as (a) taking part in the defence of the United Kingdom (b) taking part in raids on the continent (c) forming part of land forces either defending Egypt or operating on a new front, should one develop in North Africa. In any case, it can be seen that there are several theatres of war in which the British forces should be strengthened; and also that next spring will see a new threat to the homeland itself. Consequently, for security, the Empire will require additional

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forces and the United Kingdom authorities would no doubt welcome any reinforcements which Canada is able to send. If this proves to be the case, we should complete the Canadian Corps by the addition of the 3rd Division and necessary ancillary troops early in the New Year; as soon as may be thereafter despatch an Armoured Brigade overseas, to be followed, when equipment is available, by the balance of the Armoured Division.

20. The formation of the Canadian Corps on a two-division basis will no doubt have taken place before the 3rd Division arrives. The latter will not be fully equipped and will require some time to complete its training. The same consideration applies to the Armoured Brigade and it may be that the latter formation should, at the outset, form part of an Canadian Armoured Division as the most effective means of completing its training and in preparation for battle. The time when the 4th Division should be despatched cannot be foreseen as yet; it will depend on the equipment situation, and many other factors that are far from clear at the moment. It is improbable, however, that it will be necessary for it to leave Canada before June, 1941.

21. The lesson of the operations in France and Flanders in May and June, 1940, emphasize the power of armoured formations, and it is clear that if the armies of the British Commonwealth are to succeed against the enemy, they must be mechanically strengthened in their rear echelons. From this we may deduce that accretions to the Canadian Forces after the 4th Division should take the form of armoured formations, rather than Infantry.

22. It is at present envisioned that an Army Tank Brigade (Infantry tanks) will be raised and despatched overseas some time in 1941. (These would be in addition to the Armoured Brigade now on Border and the rest of the Armoured Division yet to be mobilized). The tactical conception that lies behind the "Infantry tank" did not appear valid when put to the test of the Flanders campaign and the opinion is held in influential quarters of the British Army that Infantry tank units should be eliminated in favour of armoured formations, which are mobile, self-contained, and capable of independent operations.

Home Defence.

23. We must now consider what is required in Canada during the year 1941. It is impossible to make predictions as to the course of the war in the Old World, but it is clear that the situation is bound to be precarious at best, and that while we should devote our primary efforts to strengthening the front of the British Empire in Europe and Africa, thus keeping the enemy away from the North American continent, we should also see the Canadian homeland without defence in case the worst should befall. It is estimated that the minimum requirement to provide security for Canada, is two divisions, together with one or more armoured groups. These must be in a fully advanced state of training and continuously embodied.

24. Besides the forces embodied, we should have Reserve forces containing personnel who have some degree of military training, and which in case of need could be constituted into operational formations. Obviously, the non-embodied portion of the N.P.A.M. should fulfill the role of Reserve of the Canadian Army; a role not only necessary from the view-point of military organization

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but also because the public seems to require the reassurance which the presence of numbers of troops in the country affords it. For further discussion of the defence of Canada in the event of the United Kingdom's defeat, see Appendix 1.

Summary of Conclusions and Recommendations.

(a) The most probable enemy action during the winter is an attack from Egypt from Libya, possibly coupled with an attack through the Iberian Peninsula and/or the Balkans, or a sea-borne expedition against Morocco.

(b) No attempt at invasion of Britain is likely between October and April.

(c) A Canadian Corps of three divisions should be completed by the early spring of 1941, and backed by, joined by an armoured fighting group as soon as possible thereafter.

(d) While the 4th Division will be required overseas also, as yet undetermined, it should be prepared for its despatch in the 1st part of [illegible].

(e) Subsequent additions to the Canadian Forces overseas should be in armed forces rather than infantry.

(f) Provision should be made for placing the 3rd and 4th Divisions and the armoured fighting group by equivalent forces from Britain.

(g) The unmobilized portion of the Militia will become the reserve [illegible] the Canadian Army, with as their primary function the holding of partially trained personnel and the continuation of their individual training.

[illegible]
Secretary,
War Cabinet.

25th September 1940.

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APPENDIX

The situation if Germany succeeded in invading the United Kingdom.

1. The views expressed herein must of necessity be speculative, and general in their form. The object of the Appendix is to consider what change in the scope and nature of the Canadian military effort would be necessary in the event of such a disaster occurring.

2. Mr. Churchill has given a pledge to the United States that the British fleet will not be allowed to fall into German hands. We may therefore assume that the undamaged portion will escape to this continent and that with it and United States naval resources, we should be in a position to prevent any considerable German seaborne expedition reaching Canada.

3. The general effect of the defeat of the United Kingdom by Germany would be that Canada would be forced to co-ordinate her defence measures with those of the United States. This contingency is foreseen and being provided against by the Joint Defence Board which has been constituted.

4. In addition to our two mobilized Divisions and Armoured formations, the tentative plan of the Joint Defence Board indicates that the U.S. War Department is earmarking for possible service in Newfoundland and Canada, should attack on North America be threatened, four or five Divisions, with some three hundred aircraft mainly for the Atlantic area. Should the worst befall, therefore, the combined Canadian and U.S.A. land forces should be ample to repel any attempt on the part of the enemy to launch a combined attack against Canadian territory.

5. When we note that a considerable portion of the U.S. National Guard has been mobilized, and the preparations that are being made for compulsory training of young men for one year, it is clear that measures presently contemplated in this country are, if anything, below the standard of preparedness which the Americans are setting up. We should, therefore, make it one object of our Army organization to set up a sound system of military training on approximately the American scale, as an insurance against the total domination of Europe by the Nazis.

6. An immediate attempt to invade the North American continent, even if the Germans should be completely triumphant in Europe, is not probable. But the United States and Canada would face an almost wholly hostile military world, both East and West. Vastly increased effort would be necessary to provide for our defence.

7. We may next draw the deduction that on the coldest calculation of National advantage, we shall be greatly the gainers if we can prevent the defeat of the United Kingdom and the consequent establishment of Nazi domination of the Old World, and that we should therefore make it our primary object to ensure the victory of the British Empire in the European and African campaigns.

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MEMORANDUM

SECRET

COPY NO. 14

24th Sept., 1940.

The Minister.

Canadian Army Programme
for 1941.

1. These proposals are based on the assumption that the principles regarding the role of the Canadian Army, its organization, and the terms of service of its personnel, laid down in the previous memorandum to the Minister, are accepted.

2. The organizing, training and equipping of formations and units by Canada, must depend on the military situation, an appreciation of which is being submitted separately. Our plans can at best be based upon probabilities, and the programme set forth below has been designed in accordance with our estimate of the probable course of the war. At the same time it is sufficiently flexible to admit of change with a changing situation. Conversations with the United Kingdom Government should be initiated soon, to ascertain their views on the role of any further formations we may be able to send overseas, and when they should be sent.

3. The following is my present view of what should be planned:

(a) The 3rd Division and the balance of Corps troops, needed for a corps of three divisions will probably be required to go to the United Kingdom between the months of January and April, 1941.

(b) The 1st Canadian Armoured Brigade Group will probably be required to move overseas in April or May, 1941.

(c) The 4th Canadian Division might be required to move overseas between May and July, 1941; perhaps later.

4. Although our first aim must be to strengthen the commonwealth forces fighting in the old world, so as to keep the war away from this continent; as we cannot be sure of achieving this object, we cannot leave Canada without defences. We should, therefore, replace the forces sent overseas so as to maintain in this country two Infantry Divisions and part of an Armoured Division in an advanced state of organization and training. It is proposed to do this as follows:

(a) When the 3rd Division goes overseas, constitute a 5th Division from some of the Infantry Battalions raised for Internal Security purposes, adding the necessary components of the other arms and services. Cadres of these should be called up during the month of January; full mobilization being deferred until cadres are properly trained.

(b) Cadres from the unmobilized balance of the Armoured Division should be called up in January and February; balance of the personnel being added shortly before the 1st Armoured Brigade proceeds overseas.

(c) Units to form a 6th Division, a Brigade Group of a second armoured Division and the necessary corps troops for service in Canada, should be selected at once, mainly from the units

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of the N.P.A.M. not represented in the C.A.S.F.; and as soon as it is known definitely whether the 4th Division will be required overseas, cadres of these units and formations should be called up - probably not before March - April, 1941.

Nomenclature.

5. The scale on which formations are to be raised, and the general reorganization of the military forces, suggests that the time has come to abandon the title "Militia". We have a Royal Canadian Navy and a Royal Canadian Air Force and it would seem logical, and in accord with common speech that we should have a Canadian Army.

6. In our collaboration with our neighbours to the South in the defence of North America, it is hardly appropriate for us to have only a militia while they have an army, and it does not represent the true state of affairs. If there were any doubts about Canada's independent nationhood before, there are none now, and the name applied to our land forces ought to recognize this fact. No other country in the world now calls its 1st line land forces a militia.

7. The Canadian Army would be divided into the Active Army (i.e., the C.A.S.F.) and the Reserve Army (i.e., the N.P.A.M.). When it was necessary to distinguish reserve units or officers, an (R) could be added after the units' title or the name of an officer. For the rest of this paper the expressions proposed above will be used.

Training under N.R.M. Act.

8. Assuming acceptance of the views expressed in the paper on "The Canadian Army" to the effect that individual training should not be for a shorter period than four months, it will be necessary to revise the plan for training under the N.R.M. Act. This cannot conveniently be done until the first two classes have passed through, i.e., until the New Year. It is proposed that this training should then be suspended for a period of three months while the training centres are reorganized and their staffs re-trained to give a course of four months' instruction. The training centres as reconstituted would have to cater for all the arms and services; the recruits being allocated to one arm or another in accordance with a prior estimate of their abilities and their own wishes. Young men desiring to enter the R.C.A.F. and R.C.N., for whom there were vacancies would go direct to training establishments of these services, not to army training centres.

Disposition of Personnel Trained Under N.R.M. Act.

9. The first two classes of men to pass through the training centres before Christmas, 1940, (less any who may volunteer for the C.A.S.F., R.C.A.F., or R.C.N.,) should be taken on the rolls of Reserve units of the Canadian Army (formerly N.P.A.M.). This personnel would there receive additional training, the role of the Reserve units generally being to complete the individual training of the officers and men on their strength. Men called up under the N.R.M. Act remain liable for further training or service as required; and provision must be made for them to carry out additional training, for at least three years; attendance being compulsory, on the same basis as the initial training now being instituted.

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10. When the 5th and possibly the 6th Divisions are to be brought up to strength during the spring and summer of 1941, the personnel will come from Reserve units. Under the N.R.M. Act the Government has power to embody these men for the defence of Canada compulsorily; to decide whether it will prove advisable to do this will require fuller examination of the problem. The 5th Division might be completed on a purely C.A.S.F. basis; the 6th Division might be designated for Home Defence, with a cadre of volunteers, the ranks being filled by men who had received preliminary training under the N.R.M. Act.

11. The reconstituted training centres should re-commence operations in April, after the staffs have been retrained and reorganized for their altered duties. The first batch of recruits, who should be taken from the young men reaching the age of 21 in 1941, would be trained from April until July, after which they could pass to C.A.S.F. reinforcement holding units, to Reserve units; to schools for training as tradesmen and/or technicians, or to home defence units if required. The second batch should be trained from August until November after which they will be disposed of in the same way.

12. Nearly 60,000 recruits can be so dealt with in 1941 and this is approximately the total number of fit men, allowing for demands of other services, reaching age 21 in a calendar year.

13. As the training to be given at the centres above referred to (formerly known as Militia Training Centres) and C.A.S.F. training centres would be the same, it should not be necessary to maintain two different kinds of centres. Every young man reaching the age of 21 and not otherwise serving, would be called up, including those who intended to volunteer for the C.A.S.F. The latter, when they had completed their training, would proceed to C.A.S.F. units or special holding units for C.A.S.F. reinforcements.

Function of Reserve Units.

14. Units of the Canadian Army (former N.P.A.M.) which were not ear-marked for incorporation in an active formation, would be given the function of holding personnel who either had enlisted voluntarily prior to 15th August, 1940, or who had been through the training centres. Those whose individual training was not completed to the required (four months) standard, would receive further training in these units, whose training facilities would be planned accordingly. Reserve units, generally speaking, would carry out camp training in 1941 on the same lines as in 1940.

15. Subsequent to 1941, these units would have a considerable number of officers and men who had completed individual training, and it should be possible for them to undertake collective training if necessary, thus providing Reserve units and formations which could be actively employed in a Home Defence role at short notice and with fair efficiency. The effect of this measure will be that the bulk of the units of the N.P.A.M. now existing will continue a type of training very similar to their present one, though its object and their functions generally will be more clearly defined. The Reserve units will be linked with the active units of the Canadian Army, and personnel may pass from one to

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the other. The Reserve units, remaining localized as at present, will be available for second line Home Defence duties, in keeping with their capabilities. For a year or more limitations of equipment and other factors will prevent any considerable raising of the standard of training.

16. A detailed survey of the role and functions of the Reserve units, which it is proposed to undertake as soon as the general principles set forth in this paper are accepted, will reveal the possibility of eliminating certain surplus units of the former N.P.A.M.

17. Importance of Munitions Production & Technical Training.

The power of the modern army resides in its arms and equipment - not in the number of men in its ranks. Our first objective in military organization must then be to produce the arms and equipment we need for our Army. In the unhappy event of the defeat of the United Kingdom, production of arms on this continent would be absolutely vital; we cannot defend Canada by masses of half-trained men with a variety of rifles in their hands. Therefore at this stage nothing in the way of military training should be allowed to interfere with production. Specifically, requests by war industries for exemption of key men from the training scheme should be granted. Later on adjustments can be made so that no man will evade his proper responsibilities, but it is better now to risk some "draft-dodging" than to risk disorganizing production.

18. A machine-served army is primarily dependent on technicians to keep it in operation. Getting the requisite number of trained men, in competition with the services and with the demands of war industries is one of the most difficult problems with which we shall be faced, and it can only be solved by increasing facilities for technical training.

Overseas Service to be Voluntary.

19. What the war will demand of Canada in the way of military effort in the more distant future cannot be clearly foreseen, but is presently the opinion of the General Staff that the most effective sort of action will be in the direction of raising and equipping of further armoured formations, rather than infantry. This, it may be expected, will keep the demands for man-power for overseas operations to what may be met by the voluntary system. Ten Armoured Divisions (the number the Germans had when they overthrew France) contain only 80,000 men, and Canada has already raised 182,664 men in the C.A.S.F.

20. While there are military grounds for preferring volunteers in an overseas army, which should be a corps d'elite, principally designed for offensive action, this does not effect the principle that service in the defence forces in Canada should be compulsory for all fit male Canadians.

Recapitulation.

21. The following summarizes briefly the proposed programme.

(a) 3rd Division and corps troops go overseas, January, April, 1941; 1st Canadian Armoured Brigade, April, May, 1941; 4th Canadian Division possibly to go overseas May - July, 1941, probably before the end of that year.

(b) 5th Division to be constituted to replace 3rd commencing January, 1941; balance of Armoured Division to be raised, commencing January, February, 1941; units for 6th Division (replacing 4th); Brigade Group of 2nd Armoured Division and ancillaries to be selected; cadres to be called

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up when there is a definite decision regarding the 4th Division.

(c) Present scheme under the N.R.M. Act for one month's training to be suspended after December, 1940. Training Centres to be reorganized so that recruits for all arms may be individually trained for four months. C.A.S.F. Training Centres to be co-ordinated in this scheme. Two batches of the class of young men attaining age of 21 in 1941 to be called up in April and August respectively for four months training. On completion, volunteers to go to C.A.S.F., balance to Reserve units, where further training and service will be completed.

(d) Reserve units of the Canadian Army (formerly N.P.A.M.) to be given role of completing the individual training of personnel on their strength. After 1941 they may carry out collective training.

(e) The title "Militia" to be abandoned and the Canadian land forces to be referred to as the "Canadian Army" with the addition of the adjective "Active" or, "Reserve" when necessary to draw a distinction.

A.G.L. Stewart.
Major-General
D.G.S.

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Memorandum for the Minister of National Defence

THE CANADIAN ARMY

SYNOPSIS

1. Our first requirement is staffs of all services that can relate our military organization to our defensive needs.

2. Besides the C.A.S.F. overseas and the C.A.S.F. for home defence, we have a scheme for giving all young men thirty days continuous training, and authority to train non-permanent active militia thirty days in the year. The question is whether these last two measures will provide the required training for our defence forces. If not, what else should we do?

3. However the war terminates, Canada will need an adequate army, to co-operate with the British Empire and/or the U.S.A.

4. The present war has shown that man-power armies cannot resist the German mechanized land and air forces. To do this we must have offensive arms, i.e., air and armoured forces, with the necessary defensive elements. This means that our forces may be relatively small but must be highly trained.

5. Individual training requires 4 months; collective training a further 6 months continuously, thus the programme contemplated under the Natural Resources Mobilization Scheme, and the N.P.A.M. Training Scheme, will be inadequate. We don't need the number of men for which those schemes cater, but we require longer and more thorough training for a smaller number of men.

6. We should assert the principle and put it into practice, that men may be compelled to serve for the defence of Canada in this hemisphere. The only volunteers we should have are those who volunteer for overseas service, also those who are required to form permanent cadres of formations.

7. Once this principle is established, a detailed plan of organization for the Canadian Army can be built up, but if home defence and training for it are left mainly on the voluntary, part-time militia basis, no sound system of defence can be organized.

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THE CANADIAN ARMY

Determining Policy.

1. The organization of our military forces should be governed by the object we seek to attain; that is to say, the strength and composition of the forces we shall need to overcome the enemy will be determined by his numbers, armament and organization, and the strategical conditions under which he will be met. So the first requirement in setting up an adequate Canadian Military organization, is to ensure that within the Department of National Defence there exist staffs of the three services, which, acting separately and jointly, will be capable of determining and reviewing our needs in the light of the political and strategic situation, which changes constantly - quickly in war, more slowly in peace - but which is never static. The staffs should furnish the defence ministers and the Government with the information, advice and appreciations required for forming policies.

Our Present Task.

2. The British Empire is faced with the task of defeating an enemy who is now greatly superior in land and air forces; hence the object in organization should be to raise land and air forces until our total power is sufficient to over-balance that of Germany, which is attenuated by the necessity of garrisoning conquered countries and diminished by the effect of our blockade. But when we begin to define what it is possible for Canada to do in furtherance of this object, we find that at present our efforts are limited by shortage of equipment, and in the future will perhaps be limited by the numbers that can be raised to serve overseas by voluntary enlistment. While it is impossible to calculate exactly, due to the many imponderables affecting the problem, it is estimated that on the voluntary enlistment basis, from five to seven divisions, of which one or more should be armoured, might well be the largest force this country could maintain overseas throughout a war of several years duration.

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3. Besides the forces that will defend Canada overseas, we require others for home defence, comprising garrisons to man the coastal and anti-aircraft defences, to guard vulnerable points, and to provide a mobile reserve to meet large-scale raids or provide for internal security. These last duties are now carried out by units of the C.A.S.F., with the addition of the Veterans' Home Guard.

4. The object of the scheme under the Natural Resources Mobilization Act, as announced by the Minister of National Defence on the 29th July, 1940, is "To provide the maximum military training for the available manpower of Canada....for the ultimate duty of defending their homes against possible attack....." Arrangements are in hand to give a month's continuous training to all men, not already serving, who are between the ages of 21 & 45. After this, they are to be taken on the reserve strength of N.P.A.M. units where they may get further instruction. It has been suggested that in this way 300,000 men would pass through the ranks, in the course of a year.

5. The non-permanent active militia has been authorized to recruit to war establishment with the object of providing a further means of preparing our manhood for war. In a later section of this paper we shall examine its suitability for this purpose.

6. In theory, the N.P.A.M. could be called out compulsorily for service in the defence of Canada, but in practice there would be a host of difficulties. Many of the members of the N.P.A.M. occupy key positions in industry and in governmental service, to avoid dislocation there would have to be exemption on a large scale. In certain cases, militiamen with dependents, would suffer hardship, and provision for their release would have to be made. The Militia Act only provides for 12 months continuous service and this would be unworkable.

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In short, the N.P.A.M. is not suitably constituted, from the administrative viewpoint, for taking up the home defence role.

7. At the time the compulsory and voluntary military training programmes were put into effect, some such measures were undoubtedly required for the effect on national morale. After the disasters to the Allied cause of May and June, the people demanded that additional active measures for defence should be taken, and on a grand scale, so as to allow all who desired to serve to find some outlet for their energy and patriotism, and to provide compulsion for those who might be inclined to leave patriotic sacrifices to others. Nevertheless, the programmes then instituted are not adapted to giving us the defence forces we need, for reasons which will be developed in the following sections of this paper. It will be necessary to work out a policy whereby the present system can be transformed, with the least delay, into one under which we could concentrate on the measures that will contribute directly to the winning of the war, and eliminate all else, as our resources are limited. Every man in uniform who is not being prepared in the most efficient manner to make his weight felt in the country's defence, represents a waste which we cannot afford.

8. The Outcome of the War.

Before discussing how our current military organization falls short of what we need, let us examine briefly the possible ways in which the war can develop or end.

9. Taking the worst contingency first, it is possible that the United Kingdom may be defeated either through invasion or blockade, and British naval supremacy on the Atlantic be greatly reduced or eliminated.

10. In this case we should have to accommodate our defence policy to that of the United States, i.e., we should have to arm on the same scale as they do.

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It is practically certain that if the United Kingdom were defeated the United States would create a large army based on universal military service. The President has already been given authority to call out the National Guard (corresponding to our N.P.A.M.) and it is reported that 4 divisions, plus a considerable number of coast defence troops are to be called up for 12 months training (a). There is also being debated a Bill for giving all men between the ages of 18 and 64 compulsory military training (b). This, or some similar Bill, will doubtless be passed. If we are to co-operate with the United States in the defence of North America; we, who are now at war, cannot reasonably adopt less energetic measures than the Americans.

11. The second possible outcome is that there should be a peace by compromise; neither side winning a clear victory. Any such peace would be an uneasy one and we would constantly have to fear surprise attack. The military forces which we would have to maintain would be very considerable; probably amounting to several divisions on a war footing, with an organization adapted to rapidly raising greater forces.

12. Even if the outcome is the most favourable that we can hope for, that is, if the dictatorships are overthrown, it is certain that the world will be left in a troubled and disorganized state. However the present war ends, Canada, if she is really to be a nation, cannot return to the position of sheltering behind the United Kingdom or the United States, but instead must arm and prepare to be responsible for her own defence in self-respecting co-operation with either or both of those great powers.

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Foot Notes

(a) For a resume of the provisions of this Bill, and observations by Mr. Roosevelt, see App.A. to this paper.

(b) For a resume of this Bill, see App.B. to this paper. App.C. gives some arguments advanced by Major G. F. Elliot, the well-known American military critic, against the raising of excessively large "man power" armies, which bear out some of the contentions of this paper.

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13. Lessons of the Present War.

What lessons has the present war taught which must be applied to our future military organization?

14. The first is that an army such as the German, with powerful armoured formations, and close support from the air, cannot be resisted by an army that approximates the old man-power model of the last Great War. So our forces of the future must be based on mechanized power, which includes artillery, armoured fighting vehicles, and close-support aircraft. Man, on the battlefield, is only needed as eyes and brain for the machine-powered weapons; in the mass, he is merely a target inviting destruction. We need only mobilize a limited portion of our manpower for the actual fighting (but what we do select should be of high quality); on the other hand, all the resources of the nation should be mobilizable to produce the machines needed for success.

15. Hence, our second requirement for defence is the capacity to manufacture all essential kinds of war material. In the present war we should endeavour to build up our manufacturing capacity, in the knowledge that even if it is not ready in time to contribute to immediate victory, it will be vital to our future security.

16. The second lesson is that the smaller nations may only hope to resist aggression by combining with greater nations in time. This demands concerted plans and long preparation which the nations over-run by Germany neglected.

17. The third lesson is that reliance on an army of defensive type is bound to end in defeat; the failures of the Allies have been due to the lack of attacking power. To take the offensive, military forces must be highly trained and powerfully armed, and furthermore trained to co-operate closely with the Air Force. For the British nations, training in combined operations with the Navy is also essential.

18. All this indicates that the day when we could depend on comparatively large numbers of slightly trained militia for our defence is gone forever. It is no longer reasonable to believe

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that the first-line defence of a country can be made up of voluntary, part-time militiamen, stiffened by a few professionals. Instead it must be composed of citizen-soldiers who have been properly prepared for their task, by long and thorough training.

19. The Army Needed to Defend Canada.

In view of the above, what kind of an army shall we need to defend Canada, during the present war and after it? First let us look at the problem from the strategical viewpoint.

20. Even if the British Navy no longer had control of the Atlantic, military technical considerations - shipping difficulties, etc., - would lead to the conclusion that we could not be simultaneously invaded by more than two or three Divisions at the most, and of these only a limited number of troops would land in the first flight. The problem of defence is to defeat this first flight. As the garrisoning of all landing places with sedentary troops would require impossible numbers, it follows that what is required is a small highly mobile force which must be completely prepared and highly trained. The minimum of such a force might be set at an armoured brigade group and two infantry divisions, distributed in Eastern and Western Canada, possibly in brigade groups.

21. Providing equipment for such a force is the first problem that has to be faced, but it will not be discussed here. The next question is how the force can be properly trained for its role.

22. The Problem of Training.

The Government has adopted the principle of compulsory training; but this will effect nothing unless we apply the principle in such a manner as to produce the defence forces we need. Let us see whether the presently contemplated application will, in fact, achieve our purpose.

23. Military training is partly individual and partly collective. By individual training is meant the instruction necessary to

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enable the individual to take his place in the military group. This comprises physical training to make his body fit, training in the use of the weapons of his arm, drill, and most important of all, the education in discipline which he gets in part from all of the other elements of training, and which makes the civilian into the soldier. The minimum time necessary to accomplish all this has been proven by the experience of the last war and the present one to be four months, and no one who has actually had the work to do will be found to say that any less period will produce the required result.

24. When individual training is completed, collective training commences. The soldier must be exercised in acting as a member of a team; first in a section of 8 or 10 men, then in a platoon of 40, in a Company of 100 and so on up to the Division. It is only by collective training that a mass of individuals can be made into an organized fighting unit. Success in modern war is attained only by co-operation of all arms, and to achieve this demands long, carefully-directed practice. A minimum of six months at collective training is necessary, assuming that good staffs and well-trained, strong, permanent cadres are available. The higher the potential power of the unit, the longer and more difficult collective training becomes, (e.g., armoured units require several years training to develop full efficiency). In this connection, it is instructive to contemplate how easily the highly trained German troops defeated the numerically superior Norwegian forces - which, however, had done far more intensive training than our own non-permanent militia can do.

25. If individual training is made compulsory, can collective training be left to the voluntary effort of the N.P.A.M? Obviously the N.P.A.M. can never reach the standard required, for, far from being able to train for six months, the maximum period that the militiaman with civil employment can manage to

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spend in camp is 14 days. It may be argued that notwithstanding this, it is worth while to have the N.P.A.M., including the "trainees" on its rolls, do its 30 days training in the year at camp and local headquarters, because it partly prepares a considerable number of men for war. But actually it is a step in the wrong direction, as this system cannot possibly give us the trained force we require, and hence largely wastes the money and effort put into it; besides fostering the dangerous illusion that we are preparing effectively for national defence. (Appendix D shows the periods of compulsory military service in force in various countries before the outbreak of war.)

26. Compulsory Service for Home Defence.

It has been suggested above that the minimum immediately available force needed to defend Canada, might, for purposes of argument, be set at two infantry divisions and an armoured brigade group. As such a force cannot be raised and trained on a non-permanent militia basis, it must be permanently embodied. Should its ranks be filled by voluntary service, or by compulsion? Our ideas on the subject are apt to be confused by the present policy requiring that enlistments for overseas service in the C.A.S.F. should be voluntary.

27. If we had no forces overseas, but had to raise a considerable army for service within Canada, then there is no doubt which would be the most efficient system. This is especially clear if we imagine the country not to be at war but under the necessity of preparing for it. The patriotic enthusiasm that now makes voluntary enlistment fairly practicable would be wanting, and the only equitable and effective system of getting the necessary number of men would be to make service obligatory for everyone.

28. Under present circumstances, we could probably recruit several more C.A.S.F. divisions for service in Canada by

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voluntary enlistment. But it must be remembered that this would reduce the numbers of volunteers available to reinforce the C.A.S.F. overseas, which might later lead to embarrassment. For this reason, and for the reason that it is desirable to establish in principle and in practice that the Government can call out men for service in Canada - as provided by the Natural Resources Mobilization Act - then a proportion, at least, of any further units embodied solely for Home Defence in the course of the present war should have their ranks filled compulsorily. The policy, incidentally, would be in line with that which the United States contemplates, in calling out the National Guard, and completing its establishment partly with "trainees".

29. If, after careful study of the trend of recruiting it appears that it can be done without prejudicing the supply of reinforcements for the C.A.S.F. overseas, then some units and formations for Home Defence might be raised on the C.A.S.F. basis, but the liability of the volunteers in such units should be for service both overseas and in Canada.

30. The permanent cadres of the units embodied would have to be volunteers, as they would eventually develop a long-service professional character.

31. Reserves.

In addition to the active force which must be always ready for war within a matter of days, we need a larger, reserve force that could be mobilized within a short period. While the personnel in the first line would require continuous training over a period of at least 10 months, men who had trained for a shorter period would be useful as a reserve from which to draw reinforcements, or from which to build up additional formations. But if there is to be compulsory training at all, then it is not efficient, from the military point of view, to stop that training short of the 4 months required to complete individual training properly. It would be sounder to

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train 75,000 men for 4 months than 300,000 for 1 month.

32. If we accept the deductions from the above arguments, what would be the practical effect of applying them? For purposes of illustration, let us see what might be done, assuming the war situation will require the dispatch of the 3rd and 4th Divisions and the Armoured Brigade overseas early in 1941. (Any definite, concrete scheme must necessarily be governed by the staff appreciation of the strategic situation, and would probably differ considerably, in detail, from what follows).

(a) Men called up under the Natural Resources Mobilization Act would do 4 months continuous individual training, instead of one month, but only one quarter of the number of men contemplated under the present proposals would be called in the year. On the whole, this should involve less disturbance to industry and civil life generally. The draft should be carefully designed to take those who could serve for a year with little hardship and, preferably those men reaching age 21 in the current year. If this plan were adopted, and related to our presently planned arrangements for training, quartering and maintenance, it would provide at the end of January, 1941, a first batch of 30,000 men whose individual training was complete. These, less any who wished to volunteer for the C.A.S.F., would be placed on the rolls of reserve units.

(b) From the additional 11 infantry battalions mobilized this summer for internal security purposes, we might form a 5th Division; and units would be selected from the N.P.A.M. to compose a 6th Division and an armoured brigade group for home defence. The armoured brigade should be on a C.A.S.F. basis. Selection of units would be based on the efficiency of the officers and the unit generally, the extent to which the recruiting territory had already been drawn upon, territorial representation, etc.

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(c) A cadre of officers, instructors, key administrative personnel and specialists - say 20% of war establishment - would be called up for each unit some months before the four months training of the first 30,000 men was completed. This personnel would be given courses and other instruction preparatory to the mobilization of the unit, so that when this took place, efficient collective training could begin at once.

(d) At a date to be determined in accordance with the move of the 3rd Division overseas, the 5th and 6th Divisions would mobilize, their ranks being completed from the first batch of "trainees". If it seemed desirable, further drafts for completion of establishment could be taken from the second batch of trainees who would complete their individual training at the end of May.

(e) Those men who had received individual training, but who had not been selected for embodiment with the home defence divisions, would be kept on the rolls of reserve units for such a period as may be later on determined.

(f) All Militia units which had not been mobilized would pass to a reserve status, their function being limited to holding and keeping track of officers and other ranks. These would be eligible for courses of instruction, attachments, and also for transfer to C.A.S.F. units. At a later stage in the development of our forces, it should be possible to mobilize certain reserve units periodically for collective training.

34. The organization and system of training developed in accordance with the above could be adopted to peace time requirements, the numbers of troops embodied and the periods of service being varied in accordance with the danger of attack.

35. Conclusion.

The Government has, by passing the National Resources Mobilization Act, in effect decided that only on the basis of compulsory training and service can this country meet its

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military liabilities in the present and near future. It is necessary, however, to make a careful and detailed study of how the presently contemplated application of this principle may be modified to suit the conditions of modern warfare.

26. It is also necessary to look farther to the future, and plan, still on the basis of compulsory training and service, the outlines of the Canadian Army we shall need for our security after the present war.

37. If it is accepted as a firm policy that military training and service for the defence of Canada within the Western hemisphere is an obligation for all male Canadians, which should be fulfilled in the most effective way, then it will be possible to formulate a reasoned plan for the organization of a Canadian Army based on a period of service in an active formation, and a longer period in the reserve. In doing so, the military systems of other democracies will be studied, and suitable features will be included in our proposals.

38. If, however, the defence of this country is to be dependent in large part on the voluntary or "go-if-you-please" system, then it will be impossible to plan and develop the future defence of Canada in an ordered and economical way, and an uninformed public opinion pressing for "action" may force our war effort into unproductive channels.

3rd September, 1940.

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APPENDIX A

Bill for placing the United States National Guard on active service.

1. The President is authorized to order on active service for a period of twelve consecutive months, members and units of reserve components of the United States Army (including the National Guard) and retired personnel of the regular Army - not to be employed outside the Western Hemisphere except in United States possessions including the Phillipines.

2. It is reported that about 15th September the United States authorities intend to call up 4 Divisions, 7 Anti-aircraft and 3 Coast artillery regiments, 8 Harbour defence units and 4 Observation squadrons (aircraft). It is believed that following on the mobilization of the units above specified, the entire National Guard will be called up. (Strength reported as about 396,000).

3. The following are extracts from the special message by President Roosevelt to Congress, which set forth the reasons for this measure, some of which will illustrate the necessity of arranging further training for the units of the non-permanent active militia.

> "The developments of modern warfare are such, however, that only seasoned and highly trained troops can hope for success in combat. Our citizen soldiery, no matter how willing and earnest, cannot possibly attain the necessary degree of efficiency through their normal training activities. Even our professional soldiers required months of intensive training to bring them to their present satisfactory state. We know too well the tragedy that ensues when inadequately trained men are assailed by a more skillful adversary.
>
> I propose to order the Guard to duty in successive increments to permit the effective use of training facilities and equipment immediately available. Each increment will, of course, be released when it attains the desired state of efficiency.

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APPENDIX B

Main points of "Selective Training and Service Act of 1940".
(Burke-Wadsworth Compulsory Military Training Bill for U.S.A.)

Note: This information was taken from the text of the Bill as published in the New York Herald Tribune, 28th July, 1940.

Section 2a. All male citizens and aliers between ages of 18 and 64 must register by age groups.

Section 2b. Men registered are divided into 2 categories (1) between ages of 21 and 45, who shall be liable for training and service in land and naval forces of the United States and (2) men between ages of 18 and 21 and ages 45-64, to be liable for training and service in or near the communities in which they reside, in home defence units.

Section 3a. The President is authorized to select for training and service and to induct into the forces, whether state of war exists or not, such a number of men as is required in the national interest. Men selected for training and service shall be assigned to camps or units of the forces.

Section 3b. If the United States is not at war, men shall serve for a training period of twelve consecutive months which may be extended if Congress declares the national interest is imperilled. Each man after completion of training shall be transferred to a reserve unit of the forces for a period of 10 years or until he reaches the age of 45.

Section 6. The President may defer training and service of those men whose employment in industry, agriculture and other occupations is found to be necessary for the maintenance of the national interest; also Ministers of Religion. The determination of each deferment shall be made with regard to the status of individual and not by deferring the training of whole occupational groups. The President may also defer training of persons with dependents and those found to be mentally, physically or morally deficient.

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APPENDIX C

Extracts from article on Burke-Wadsworth Compulsory Military Training Plan by Major G.F.Eliot, well known Military Critic.

Two-Year Training Needed.

1. "Let us not deceive ourselves. It may be possible in six or eight months to train a man to drive a tank or run a machine gun or fill in a place on a director-finder team. But something else must follow, and that is unit training; team training - the root of the matchless co-ordination which is the secret of the German success. Men must not only be trained to do their individual jobs; but teams - units - must be trained in the variant missions that may fall to their lot in the field, in conjunction with other units of all types. This cannot be accomplished unless the men who are to compose our regular Army have at least two years' training.....

2. "It is to be noted that either all organizations of the regular Army must be maintained at full war strength, or there must be promptly available a sufficient number of fully-trained reservists to bring them to war strength within a few hours - not a few weeks or months. This means that whatever military policy we now adopt should include, as one of its features, the creation of such a reserve.....

3. "Next, certain numbers of men, scattered over certain age groups by percentages, are to be inducted into the service by selective processes. Well and good; but let us be quite clear how many we need, and for what specific purpose. Let us first of all, of course, have a plan for the national defence as a whole. Let us see what part the Army has to play in that plan; how much money will be available; how much in the way of resources; how much ought to be allotted to the Army and to the Navy and to other measures conducive to the national safety. We do not have unlimited funds. We can spend too much on one thing to the detriment of others if we are not careful.....

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APPENDIX D

Data on Compulsory Military Service in Various Countries Prior to September, 1939.

COUNTRY	ACTIVE FORCE	RESERVE	REMARKS
United Kingdom	Men may be called up between the ages of 20 and 21 years for 6 months training.	3½ year.	Authority-Military Training Act-1939.
Germany	2 years (ages 21 to 23 years approximately).	(i) Reserve I-Until their 35th birthday-(approx.12 yrs). (ii) Landwehr I-Until 45th birthday (10 years). (iii) Landsturm I-in case of National emergency after service in Landwehr.	Further regulations are laid down for persons unfit or persons fit but employed in vital services. Authority-Notes on German Army - 1938.
France	2 years (ages 21 to 23 years approximately)	(1)-En disponibilite-3 years (2)-1st Reserve - 16 years (3)-2nd Reserve - 7 years.	(1) Brings active army to war strength. (2) For new units. (3) Garrison duty and internal security. Authority-Notes on French Army-1936. (Amended to 1938)
Belgium	1 year normally (increased by 5 months in 1937 for certain classes) (after age of 19)	No compulsory Reserve. After completion of compulsory service, men are on indefinite furlough.	Authority-Armaments Year Book-1938.
Holland	(after age of 18) varies from 11 to 15 months depending on arm of service (3/8 only of those liable for service are called up).	Those men selected for active service are regarded as released from Military Duty on reaching the age of 40 in the case of O.R's. and 45 in case of officers and N.C.O's-Reservists receive about 40 days training which may be spread over 2 or more periods.	Authority-Armaments Year Book-1938.
Norway	From age of 20 conscripts are liable for 12 years to serve in Regular Army-Their training varies from 84 days to 120 days depending on the arm of the service-This period of training is continuous.	Conscripts go from Regular Army to Territorial Army where they are liable for another 12 yrs.	Men of from 18 to 20 years and 44 to 55 years serve in the Landsturm which is only raised in case of National Defence. Authority-Armaments Year Book.

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C-10-3
1940

PRIME MINISTER

PROVINCE OF BRITISH COLUMBIA

VICTORIA

1 9 4 0
Sept. 23rd.

Right Honorable W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Ont.

Dear Mr. Prime Minister:

I have been informed that it is the intention to call up for war service Japanese and Chinese civilians.

I must strongly urge that nothing of the kind be done. In the first place, it would put the Japanese in possession of arms, when recently measures were formulated to collect arms. Perhaps an even more important consideration is that if they are called up for service, there will be a demand that they be given full rights, which we in this province can never tolerate.

If any instructions have been given to call up Japanese or Chinese, I sincerely hope that you will have them immediately countermanded.

With all good wishes,

I am,

Very sincerely yours,

(Sgd.) T. D. Pattullo.

(COPY)

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TELEGRAM

from the secretary of state for external affairs, canada,
to the secretary of state for dominion affairs, london.

SECRET OTTAWA,

CYPHER Sept. 17, 1940.

No. 167

Naval message from Admiralty to Naval Service Headquarters refers to possibility of certain operations in immediate future in West African theatre which may conceivably result in Government of France declaring war or taking reprisals against United Kingdom.

This is the first intimation we have received of such a startling possibility. Last month the Foreign Secretary urged the desirability of sending our Canadian Minister back to France, and though it was indicated toward the end of August that difficulties existed in this project, there has been no suggestion from the government of the United Kingdom that relations with France were taking so sudden and serious a turn. We have already conveyed our view that the outbreak of war between the allies of three months ago would be ~~deplorable~~ serious as regards the United Kingdom and disastrous as regards Canada.

We assume that if any such contingency is anticipated or any steps planned that are expected to lead to a rupture and open hostilities we will be advised fully in advance of the operations to which reference is made and the reasons therefor. It may be that the Admiralty message is merely a precautionary signal but in any event we should appreciate early information.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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D-19-1-A
1940 (N. Atlantic) Nfld.

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

1000/12

7th September, 1940.

MOST SECRET.

My dear Dr. Skelton,

With reference to my letter of the 4th September (1000/10) on the subject of the defence of Newfoundland, I have now received a further telegram from the Secretary of State for Dominion Affairs stating that the question of the maximum concessions which could be made to the United States from the strategic point of view has now been considered and the following is the view taken by the United Kingdom authorities as regards bases in Newfoundland from this standpoint:

(a) Avalon Peninsular. It would be preferable that the United States should be excluded from Conception Bay but if they present a very strong case for facilities in this Bay it would not be possible to resist it. It would, however, be necessary to retain full possession of Bell Island as a defended area and an important source of iron ore, and (2) the city and harbour of St. Johns.

(b) South Coast of Newfoundland. No military requirements need to limit the selection of United States bases in this area.

As regards both the above, it will be necessary to retain control of the cable stations at Bay Roberts, Harbour Grace, Hearts' Content, Arnold's Cove, Coninyol Placentia and Port-aux Basques.

(c) While facilities for local communications of bases will of course be granted to the United States authorities, the control of these communications should remain in British hands.

The United Kingdom authorities would be glad to receive the observations of the Government of Canada on the above. They are also asking the Government of Newfoundland for their observations.

Lord Caldecote states that as regards other aspects of the matter it is difficult to make progress without more detailed information as to the areas which the United States Government have in mind. His Majesty's Ambassador at Washington has been informed that it would be of the greatest assistance to the United Kingdom Government if the United States authorities could give

/them

Dr. O. D. Skelton,
Under-Secretary of State for External Affairs,
Ottawa.

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them at the earliest possible moment as precise an idea as possible of what they would like to obtain.

Further information may be available after the visit to Newfoundland of the naval and military experts referred to in my letter to the Prime Minister of the 3rd September.

The United Kingdom authorities have asked the Government of Newfoundland for any information which they may be able to obtain informally as a result of this visit as well as any observations on administrative problems in regard to the areas in question which will be dealt with in the course of the proposed expert discussions in London.

It has been ascertained that the experts visiting Newfoundland consist of seven naval officers and three army officers the head of the Mission being Rear-Admiral J. W. Greenslade and the senior Army officer Brigadier General J. L. Devers. Information is not yet available as to the probable date of arrival in Newfoundland.

Yours sincerely,

(sgd) GERALD CAMPBELL

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D11-1-(A)
1940 (N.Atlantic)
MG1
D 19-1-(6)
1940

Department of External Affairs,
Canada.
Ottawa, September 13th, 1940.

No. 7

Sir,

I have the honour to invite your attention to the correspondence with regard to the defence of Newfoundland. The Government of Canada has assumed a very substantial degree of responsibility for that defence and units of the Canadian Active Service Force are now located in that country. A unit of the R.C.A.F. is located at Newfoundland Airport and the sum of $1,370,000 is being expended by the Canadian Government to create additional air operating facilities at the Newfoundland Airport. When these facilities are ready, additional R.C.A.F. units will be located at the Airport. This Airport is owned and operated by the Newfoundland Government who have a Manager, a staff of meteorological wireless, and other civilians on duty at the Airport.

During the period of hostilities it will be in the interest of all concerned for Canada to assume control of the Newfoundland Airport. It is desired, therefore, that the Government of Newfoundland be requested to discuss the following matters which affect the efficiency of the defence of Newfoundland:-

(a) The R.C.A.F. should take over complete control of the Newfoundland Airport including all buildings and equipment.

(b) The R.C.A.F. should absorb the present staff of the Airport, either in a civilian or service capacity.

(c) The Newfoundland and Canadian Governments should discuss their relative financial responsibilities in respect to the maintenance of the Airport during the period of the war.

he Governor of Newfoundland,
St. John's,
Newfoundland.

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Control of the Airport by the R.C.A.F. should in no way affect the use of local air facilities by British or Allied aircraft.

I should be very grateful if arrangements could be made to provide for discussion of the above matters at the earliest possible date.

I have the honour to be,
Sir,
Your obedient servant,

O.D.SKELTON
for Secretary of State
for External Affairs.

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1940

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1 Million-4-40 (4637)
N.S. 815-9-1320h

D-19-1-(B)
1940 (Vol 1)

NAVAL MESSAGE

To: FROM:

C. IN C. MEDITERRANEAN FLEET 961 ADMIRALTY
C. IN C. A. & W.I. 757
C. IN C. EAST INDIES 73 "AIDAC"
~~C. IN C. S.A.STATION 384~~
C. IN C. CHINA 415 IMPORTANT
F.O.C. NORTH ATLANTIC 325
N.O.I/C MALTA 743
(R) F.O.C. FORCE "H" 314
F.O.C. FORCE "M" 43

OPERATIONS WHICH ARE DELICATE IN THE IMMEDIATE FUTURE IN WEST AFRICAN THEATRE MAY CONCEIVABLY RESULT IN VICHY GOVERNMENT EITHER DECLARING WAR OR ORDERING REPRISALS BY AIR AGAINST MALTA AND GIBRALTAR AND AGAINST ANY OF H.M. SHIPS MET AT SEA.

YOU WILL TAKE ALL PREPARATORY MEASURES TO MEET THE SITUATION AS AFFECTING YOUR COMMAND. ADD TO ADDRESS C. IN C. HOME FLEET 858

Copies to Dr.Skelton
Mr.Heeney
Minister
Deputy Minister

1427/14

WT NC(FO) JM 15.9.40

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COPY

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
Earnscliffe,
OTTAWA.

516T/149

5th September, 1940.

SECRET

Dear Dr. Skelton,

The High Commissioner has received a telegram from the Secretary of State for Dominion Affairs stating that the United Kingdom War Cabinet have decided to send to the United States a small mission headed by Sir Walter Layton, Director General of Programmes at the Ministry of Supply, who is expected to leave England by the flying boat towards the end of this week.

Sir Arthur Salter, the Chairman of the United Kingdom Committee on North American Supplies, has informed the Minister of Munitions and Supply of Sir Walter Layton's forthcoming visit and explained that, while the latter's main task will be to put the United Kingdom position before the United States Administration and negotiate with them concerning the production of types and quantities of weapons and other munitions of war required from the United States, he would like to take the opportunity to visit Canada and talk over with Mr. Howe both the munitions position in general and problems of production in Canada.

Sir Gerald Campbell has been asked to explain that while the Mission would have preferred to visit Canada first on the way to the United States, it will be necessary, owing to the urgency of certain questions, for them to go straight through to New York and arrange thereafter for the proposed visit to Ottawa.

Yours sincerely,

(Sgd.) W. C. Hankinson.

Dr. O.D. Skelton,
Under-Secretary of State for
External Affairs,
Ottawa.

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OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
HARNSCLIFFE,
OTTAWA.

1000/10.
MOST SECRET.

4th September, 1940.

Dear Dr. Skelton,

With reference to my letter of the 2nd September on the subject of the defence of Newfoundland, I have now had a reply from the Secretary of State for Dominion Affairs to the telegram which I sent him on receipt of your letter of the 30th August.

Lord Caldecote states that the general plan of procedure on which the United Kingdom Government are working is as follows:-

(a) Preliminary examination is being given in London to the maximum concessions which can be made in each area to the United States from the strategic and administrative points of view;

(b) The United States authorities are themselves about to make preliminary examinations and inspections on the spot;

(c) As soon as the United Kingdom authorities have reached provisional conclusions as a result of (a) above, they propose to communicate them, so far as Newfoundland is concerned, to the Canadian and Newfoundland Governments for their observations before making any proposals to the United States authorities or committing themselves to any proposals by the United States;

(d) It will then be possible to start expert discussions with the United States as contemplated in the last paragraph of the letter addressed by His Majesty's Ambassador at Washington to the United States Secretary of State. In view of the present difficulty of sparing military and civil experts from the United Kingdom, it is being suggested that the discussions envisaged in (d) above should take place in London.

With reference to the last paragraph of your letter, Lord Caldecote asks me to explain that the United Kingdom authorities fully agree as to the necessity of co-ordinating the discussions regarding the defence of Newfoundland which have been taking place between Canada and United States representatives with those which are to take place between the United States and the United Kingdom. These discussions on the part of the United Kingdom, so far as they will relate to Newfoundland, must clearly be linked up with those regarding Bermuda and the West Indian Islands. The United Kingdom authorities had in fact already reached the conclusion that the best course would be that the Canadian Government and the Government of Newfoundland also should appoint representatives to attend the proposed discussions in London. They therefore hope that the Canadian Government will consider the question of such representation. They will, as indicated above, communicate to the Canadian Government the result of their own preliminary examination of the concessions to be granted to the United States in Newfoundland and keep the closest touch with the Canadian Government as regards the arrangements for the forthcoming expert discussions with the United States.

Yours sincerely,
GERALD CAMPBELL.

Dr. O.D. Skelton,
Under-Secretary of State for External Affairs.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

C. CODE

NO. 1484

LONDON, September 2, 1940.

Part 1.

No. 1484. I have been asked by Dominions Office to bring your attention to certain suggestions contained in a United Kingdom memorandum on purchase of war stores in North America. Substance of this follows, Begins:

1. At recent New York Munitions Supply meeting attended by representatives of the United States, British, Canadian (home), Australian Governments two of the conclusions reached were:-

(a) Imperative that requirements of the Commonwealth should be co-ordinated, presented as a whole and dealt with through British Purchasing Commission.

(b) That Commonwealth requirements should be set high enough now before United States programme has been settled and organised in detail.

2. United Kingdom Government feel it most important that all Commonwealth purchases should be made through, or in co-operation with, British Purchasing Commission in New York and that all negotiations with the United States Government and Defence Advisory Board, regarding such purchases, should be conducted by Purvis. Thought that presentation of united front on this matter best calculated to procure maximum supplies for all; also desirable not only to avoid competition between different members of Commonwealth but also to secure for all Dominions full benefits of experience, standing and personnel of British Purchasing Commission.

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LONDON,

3. Presentation to United States authorities as soon as possible of full and comprehensive programme of Commonwealth requirements desirable, to ensure largest practicable share of production from United States capacity now being created.

4. If this share were unlimited, it would only be necessary for Dominion Governments to inform Purvis of their requirements and for him to present to the United States complete programme made up of total of such individual requirements. It is clear, however, that in many major items, quantities from the United States will not be sufficiently large to meet all Commonwealth requirements for some time. Questions of priority and allocation will, therefore, inevitably arise. United Kingdom Government feel that these questions should be settled in London, rather than New York, as part of general war strategy and through whatever forms of joint Commonwealth consultations proves most suitable.

5. In these circumstances, the United Kingdom Government hope that the Dominion Governments will inform them in London of all requirements for warlike stores to be purchased outside their own countries. These requirements can be examined in consultation and in relation to general war strategy, so that a full Commonwealth programme of purchases in North America can be completed as soon as possible and sent to New York as general framework within which particular orders will be considered. Subject to priorities as determined from time to time, in consultation with Dominion Governments, British Purchasing

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LONDON,

Commission in New York will endeavour to arrange in case of each type of stores, for deliveries to be made on a basis of proportional equality with accepted requirements of respective parties in the United States.

End of Part 1, Part 2 follows.

MASSEY

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

C. CODE

No. 1484

LONDON, ~~August~~ Sept 2nd, 1940.

No. 1484. Part 2.

6. At the same time it is realised that at any given moment the Commonwealth programme, as contemplated above, is not likely to cover all of the items and that Dominion Governments may wish to send instructions direct to their representatives in New York in regard to items not included. In such cases the United Kingdom Government hope that the Dominion Governments will place their orders either through, or in close co-operation with the British Purchasing Commission, which in turn would give every assistance to Dominion representatives to secure execution of all such orders, provided that they do not involve questions of priority of such character or magnitude as to interfere with the then existing programme. Should such orders involve questions of priority, suggested that matter might be reported to London so that necessary decisions can be taken in consultation with Dominion Governments and in relation to the general war strategy.

7. Above proposals pre-supposed maintenance by the Dominion Governments of close liaison with British Purchasing Commission in New York.

8. Special arrangements exist for the purchase of United Kingdom aeronautical material in the United States. It is assumed that the needs of the Dominion Governments would best be met if the questions of purchase or allocation continue to be referred to London for consideration in the first instance in connection with the Commonwealth Air requirements as a whole and with the production programmes

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LONDON.

actual or contemplated in the United Kingdom and the United States and in certain Dominions. Ends.

9. The Dominions Office appreciate that the suggestions made above are, in certain respects at least, more applicable to other Dominions than to Canada, which has special relations with the United States. They hope, however, that the principles enunciated will commend themselves to the Canadian Government, and will be glad to have your observations thereon. Memorandum is largely the work of Sir Arthur Salter and North American Supply Committee.

MASSEY

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D-19-1-(B)
1940

Sept 2/40

S. 1320H
5 Mil.-5-40 (4975)
N.S. 815-9-1320H

U 12
1940

NAVAL MESSAGE

To: ADMIRALTY
N.S.H.Q. OTTAWA
AMBASSADOR TELEGRAM 1866 TO
FOREIGN OFFICE.

From: NAVAL ATTACHE
WASHINGTON

MOST SECRET IMMEDIATE

PROVIDED AGREEMENT IS ANNOUNCED ON TUESDAY SEPTEMBER 3RD NAVY DEPT. HAVE MADE NECESSARY ARRANGEMENTS FIRST GROUP OF EIGHT DESTROYERS TO ARRIVE HALIFAX ON FRIDAY SEPT. 6. REAR ADMIRAL REICHMUTH IN DESTROYER LEADER "RUSSELL" WILL ACCOMPANY DESTROYERS AND WILL REMAIN AT HALIFAX TO SUPERINTEND TRANSFER. DESTROYER DEPOT SHIP "DENEBOLA" WILL ARRIVE HALIFAX SHORTLY AFTER DESTROYERS AND WILL ACT AS ACCOMMODATION SHIP FOR U.S. CREWS.

Copies to Dr.Skelton
Mr.Heeney
Minister
Deputy Minister

1620/31

L/T INTERDEPT. REC'D S..O. 31.8.40. RP

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D-19-1-(A)
1940
Pacific Area

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM No.156

MOST SECRET

CYPHER

OTTAWA, 30th August, 1940.

Your telegram Circular M.44 of August 1st.

1. As regards action in retaliation for arrests of British subjects in Japan, we have noted the effective action taken in the United Kingdom and the Colonies in arresting Japanese nationals.

2. So far as Canada is concerned, there does not appear to be a very wide range of action that might be taken in the directions suggested, beyond what is already being done. As regards the suggestion in Paragraph 2 (b) as to delay in the issue of licences for export of vital raw materials, machinery, etc., you will have noted in our telegram No. 155 the general policy of restriction which the Canadian Government has already adopted. We have granted no export permits to Japan for nickel or aluminum since February. Applications for additional exports of cobalt ore are being held up pending completion of arrangements for finding alternative markets for Canadian ore. We will temporarily hold up disposition of applications for exports of mica. As regards asbestos it is proposed to continue to grant permits for shipment of cheaper grades but to refuse permits for qualities more suitable for military use. We have recently begun restricting shipments of lead, though this is readily available in the United States, Mexico, and, we understand, Australia. A licence was granted recently for one shipment of four thousand tons but declined for two much larger orders, though current deliveries are being made freely from other sources of supply.

3. As regards placing obstacles in the way of Japanese shipping, control by refusal of bunker or similar facilities would not be effective in British Columbia ports since all Japanese lines could bunker at Puget Sound ports, as most motor vessels already do in any case.

4. We should be glad to learn whether you have any information regarding the recent press report that Japan in considering prohibiting her vessels calling at any British port.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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D-19-1-(A)
1940 Pacific

D 16
1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

TELEGRAM NO. 155

SECRET

CYPHER

Ottawa, August 30th, 1940.

Your telegrams Nos. 104 and 106 of August 1st.

1. It is assumed, in view of your telegram Circular M.44 of August 1st, that the proposed communication to the Japanese Counsellor at Embassy, summarizing conclusions of economic discussions in London, will be deferred pending some settlement of immediately outstanding difficulties with Japan. In the meantime, it is desired to make the following observations.

2. Canadian Government policy, in granting or withholding export permits which are required for all shipments of essential raw materials to Japan, has been shaped by following considerations:

(a) Paramount necessity of fully meeting military and civilian requirements of United Kingdom and secondly United States before considering the claims of third countries;

(b) adequacy of assurances that materials exported from Canada will not directly or indirectly reach enemy destinations;

(c) necessity of maintaining close liaison with United States policy in respect of the export of essential materials to "aggressor countries", both on grounds of general policy and in response to public opinion in Canada.

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3. As regards negotiations with Japan, we are not aware of any reasons which would warrant departing from the established practice of direct negotiation between Canada and the other country concerned, with of course full regard to policies which are being adopted by the United Kingdom. This view is further reinforced in the present instance by the exchange considerations mentioned in paragraph 4 of your telegram No. 104, which recognize close relationship between any arrangements looking to purchase by Japan of products of sterling area and the proposed Payments Agreement. As Canada only sells to Japan against payment in United States dollars, there is no organic connection between our export control policy and the proposed Payments Agreement with that country.

4. In these circumstances, we would, therefore, be grateful if you could see your way to modify proposed communication in the light of the foregoing considerations with consequent deletion from annex of references to supplies which Japan hopes to procure from Canada. You might wish to advise the Japanese Government that, as Canada is not in the sterling area, entirely separate arrangements would have to be made for payments for Canadian exports and that you are communicating the Japanese desiderata to the Canadian Government, which would be prepared to discuss them with Japanese representatives in Ottawa.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

NO. 120

LONDON, August 25th, 1940.

No. 120. Most Secret. Following for Prime Minister from my Prime Minister, Begins:

I and my colleagues have recently considered how we should deal with gold worth £70,000,000 entrusted by the Bank of France to the Bank of England for custody. We have taken a different view from that which, I understand, you were disposed to take when Sir F. Phillips on our instructions mentioned to you the analogous question of gold entrusted to the Bank of Canada and United States dollars which we have to pay to Bank of Canada for credit of the State of France under arrangements made for assignment to us of French contracts, in the United States of America. I should therefore like to explain our reasons fully.

The Bank of France, whose headquarters are in Paris, is in territory occupied by the enemy. Our trading with the enemy legislation (and I understand yours also) regard territory declared to be occupied by the enemy on the same footing as enemy territory. We therefore decided gold must be vested in the Custodian of Enemy Property and this has been done.

The Custodian's duty is to protect interests of the Bank of France in regard to this asset in any settlement after the war, but not to maintain it in the form of physical gold for benefit of the Bank of France so long as it remains in occupied territory and under German domination. The Custodian's duty, in our view, does not make it improper for him to sell the gold to us for sterling, subject to a full obligation on our part to account for this asset at its reduced gold value in our settlement with France after it has been freed from German domination. This therefore is the course which we think it

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LONDON,

right to adopt.

It is true that we are not at war with France, but France is temporarily in enemy occupation and under enemy domination. The gold must therefore in any event remain blocked until France is free again. To allow gold to remain blocked instead of purchasing it for sterling would confer no benefit on the Bank of France but would seriously prejudice the war effort of the Empire. There is no future hope for the French nation except through victory for which we are all fighting, and our trusteeship for future existence of a free France cannot be rated as less important than our trusteeship for the post-war financial interests of the Bank of France.

We have considered whether to buy this gold from our Custodian of Enemy Property now or to postpone this till later. We think it should be bought at once. That is the normal and natural procedure under our trading with the enemy legislation, and if it is not followed some action at present unforeseen - whether technical or political - might be initiated by the Bank of France under German direction and render purchase difficult or cause it to appear illegitimate.

Moreover, we cannot long postpone purchase without serious detriment to our own essential interests.

As you know, on the capitulation of France we decided to make every effort to increase our ratio of munitions and war supplies from the United States. We met with a helpful response in many directions and in addition we were enabled to take over the whole of French contracts. The result has been that our resources in gold and United

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

States dollars, have, in recent weeks, been drawn upon at a much faster rate than hitherto, and it has become clear that they will be exhausted much sooner than had previously been expected. The magnificent help which we have received from Canada has also, of course, involved some additional drain on our resources, though much reduced by the friendly way in which you are making dollars available for us.

The total of dollar securities owned by residents here, which we have cabled or shall cable, though substantial, is small in relation to our total present and future commitments; moreover, owing to state and character of American market, realization is at present a difficult and tardy process and affords only a modest alleviation of our immediate difficulties.

We are relying therefore on financial help from the United States in due course, and I am confident we shall not look for this assistance in vain. We cannot, however, expect that this aid will take practical shape until perhaps some time after the election in November. On no account can we suffer our stock of gold and dollars to be reduced below essential minimum working balance before this new fortification of our position can be solidly arranged. It is for these reasons that I have come to the conclusion that our purchase of gold should not be delayed. I have explained our views at length as I want them to be in your mind when you are considering what course of action to adopt in regard to French gold entrusted to the Bank of Canada as there it is, I understand, worth some £90,000,000 and lies in your jurisdiction. Should it seem right to you, in the light of the explanation I have given, to adopt the same course as we have adopted, it would be of great value to the cause for which we are fighting. Our resources for obtaining supplies from the United States of America otherwise than as

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LONDON,

gifts are rapidly disappearing. No one can foresee what course events may take in the United States of America, and though I have good reason for feeling confident of their intention to give us all possible help, I am reluctant to leave anything undone by which our position may be made more secure. If you feel able to give your assent, I am anxious that this gold should be vested in your Custodian, that except to the extent that you may wish Canadian Exchange Control to purchase any part of it for your war effort, it should be sold by him for sterling and added to war chest here. There would, of course, remain an obligation of reaching an appropriate settlement on this and many other matters when a free State of France will be restored after the war. That obligation will be ours.

I must refer, also, to more complicated question which I understand Sir Frederick Phillips discussed with you at greater length and which arises from arrangement that we should pay United States dollars to the Bank of Canada in New York for the credit of French State in respect of French payments made for goods which will under assignment of contracts be delivered to us. These payments will be made gradually, and I am not suggesting that immediate action is called for in regard to them, but I would earnestly hope, for outlook I have given, and notwithstanding doubts which you have expressed and which I quite appreciate would be decisive in any but the extraordinary conditions in which we find ourselves, to receive your agreement in principle with view that at appropriate time these dollars should be sold for sterling and added to war chest by a procedure corresponding to that applicable to gold.

I know you will do your utmost to help us, as you always have done, in this great battle for our very existence. Nothing at this moment

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

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LONDON,

could do so much to strengthen our position as to enable us, with due regard to French interests and to her ultimate security, to use these financial resources for the common cause. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON

SECRET

CYPHER

No. 1335

OTTAWA, August 27th, 1940.

No. 1335. Your telegrams No. 1338 and No. 1339 and No. 1358.

There are many objections to the proposal that the Canadian Government should bear the financial responsibility for United Kingdom units attached to a Canadian Corps after December 31st, 1940.

2. Experience has shown that such an arrangement is a fruitful source of misunderstanding and one which it would be unwise to perpetuate. When it was proposed in the early stages of the war that the United Kingdom Government would bear certain costs respecting Canadian non-divisional troops pending the formation of a Canadian Corps special circumstances existed which no longer prevail and conditions of service and a type of campaign were anticipated which have not in fact materialized. That proposal does not appear to afford precedent for an arrangement such as is suggested in telegrams under reply. It would be impossible under such a suggested arrangement to estimate even approximately our financial obligation. Particular units might be added to the Corps for a few days or for one operation only or for the duration of the war, and tactical matters of the greatest importance in connection with the use of the Corps such as the attachment to it of special units or formations for special operations would continually be complicated by financial questions that would require frequent discussion and frequent decisions.

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3. McNaughton's views are appreciated and his solution as a last resort is noted. It is felt, however, that when you have had an opportunity of discussing the matter with United Kingdom authorities and have advanced the reasons stated here and those in your 1358 the United Kingdom will on consideration recognize that the suggestion lacks substantial merit from the point of view of either party and that the proposal will be withdrawn.

4. Will you put this point of view vigorously before the United Kingdom authorities.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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22nd August, 1940.

MOST SECRET & PERSONAL

My dear Prime Minister,

I have received a telegram from Lord Caldecote asking me to give you the enclosed most secret and personal message from Mr. Churchill.

The text of Mr. Churchill's message to President Roosevelt, to which reference is made, is also enclosed.

Yours sincerely,

Gerald Campbell.

The Right Hon. W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

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MOST SECRET AND PERSONAL

MESSAGE FROM MR. CHURCHILL TO MR. MACKENZIE KING.

I am most grateful to you for your full and clear account of your conversation with the President. You will have read what I said in the House yesterday. I now send you a copy of my secret and personal cable to the President which explains itself. It would be better to do without the destroyers sorely as we need them than to get drawn into a haggling match between the experts as to what we ought to give in return for munitions. Immediately people would say how much are they worth in money and is not advantage being taken of our being hard-pressed. Any discussion of this kind would be injurious to the great movement of events. Each should give all he can without any invidious comparison. I am deeply interested in the arrangements you are making for Canada and America's mutual defence. Here again there may be two opinions on some of the points mentioned. Supposing Mr. Hitler cannot invade us and his Air Force begins to blench under the strain all these transactions will be judged in a mood different to that prevailing while the issue still hangs in the balance.

22nd August, 1940.

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MOST SECRET & PERSONAL

MESSAGE FROM MR. CHURCHILL TO PRESIDENT ROOSEVELT.

I am most grateful for all you are doing on our behalf. I had not contemplated anything in the nature of a contract, bargain or sale between us. It is the fact that we had decided in the Cabinet to offer you naval and air facilities off the Atlantic coast quite independently of the destroyers or any other aid. Our view is that we are two friends in danger helping each other as far as we can. We should therefore like to give you the facilities mentioned without stipulating for any return and even if tomorrow you found it too difficult to transfer the destroyers etc. our offer still remains open because we think it is in the general good.

I see difficulties and even risks in the exchange of letters now suggested or in admitting in any way that the munitions which you send us are a payment of facilities. Once this idea is accepted people will contrast on each side what is given and received. The money value of armaments would be computed and set against the facilities and some would think one thing about it and some another.

Moreover, Mr. President, as you well know each island or location is a case by itself. If, for instance, there were only one harbour or site, how is it to be divided and its advantages shared? In such a case we should like to make you an offer of what we think is best for both rather than to embark upon a close-cut argument as to what ought to be delivered in return for value received.

What we want is that you shall feel safe on your Atlantic seaboard so far as any facilities in possessions of ours can make you safe and naturally if you put in money and make large developments you must have the effective security of a long lease. Therefore I would rather rest at this moment upon the general declaration made by me in the House of Commons yesterday both on this point and as regards the future of the Fleet. Then if you will set out in greater detail what you want we will at once tell you what we can do and thereafter the necessary arrangements, technical and legal, can be worked out by our experts. Meanwhile we are quite content to trust entirely to your judgment and the sentiments of the people of the United States about any aid in munitions etc. you feel able to give us. But this would be entirely a separately spontaneous act on the part of the United States arising out of their view of the world struggle and how their own interests stand in relation to it and the causes it involves.

Although the air attack has slackened in the last few days and our strength is growing in many ways, I do not think that bad man has yet struck his blow. We are having considerable losses in merchant ships and the north western approach is now our only channel of regular communication with the oceans and your fifty destroyers if they come along at once would be a precious help.

22nd August, 1940.

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Office of the High
Commissioner for the
United Kingdom,
Earnscliffe, Ottawa.

26th August, 1940.

MOST IMMEDIATE

MOST SECRET

My dear Prime Minister,

I have just received a most immediate telegram from the Secretary of State for Dominion Affairs asking me to inform you that the United Kingdom Government have today learnt that the President has indicated that his proposals in so far as Newfoundland is concerned are as follows:-

(1) that the naval and air facilities should be determined as soon as possible by a board to be appointed by the two Governments;

(2) that in the event of any disagreement within the board the matter should be referred to the joint decision of the British and American Secretaries of State for Foreign Affairs. He also suggested the usual proviso that if they cannot agree the matter shall be referred to the adjudication of an arbiter appointed by themselves, in order to get finality;

(3) that the kind of facilities to be granted should be defined now in outline. The President said what he had in mind was

(a) an area in Newfoundland, probably in Placentia Bay, unless further investigation proved it unsuitable, which the United States should lease for naval purposes in which it should have the right of constructing a channel entry for any size vessels who may seek to enter there, together with any docks, warehouse, supply stores etc., and in the neighbourhood of which it can establish guns and anti-aircraft posts. These need not necessarily be within the leased area.

The Right Hon. W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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(b) That in the above area the United States should exercise local jurisdiction while undertaking to hand over British subjects to British courts outside.

(c) That the United States should have the right to build an aerodrome either in the leased territory or near it and supplementary to Botwood which had better remain under exclusive British control.

His Majesty's Ambassador reports that the President is leaving Washington on tour to-morrow (Tuesday) afternoon and the United Kingdom Government are most anxious to be able to reply affirmatively to the above proposals subject to some modification or re-definition of paragraph (3)(b) above.

Lord Caldecote has asked me to consult you immediately and inform him, if possible, today, whether you concur in the President being informed that the United Kingdom Government are prepared to secure the grant of the facilities in Newfoundland which he proposes.

Yours sincerely,

(Signed) Gerald Campbell.

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CANADA

"R"

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

MOST IMMEDIATE

MOST SECRET AND PERSONAL

CYPHER

UNNUMBERED

OTTAWA, August 18th, 1940.

Following from Prime Minister for Mr. Churchill, Most Secret and Personal, Begins:

1. You will have seen statements given by the President to the press Friday at noon. At two o'clock, same day, the President telephoned me personally from Washington inviting me to dine with him and spend Saturday night aboard his train near Canadian border.

2. We met at seven o'clock last night. Secretary of State for War Mr. Stimson was also present with the President. Conversations began before dinner and after dinner continued till nearly midnight. This morning (Sunday), with the president and Mr. Stimson, I attended military service Pennsylvania Regiment. I said good-bye at noon and have just reached Ottawa on return.

3. The President gave me full account communications between you and himself of which I had already been fully advised by you. I found both the President and the Secretary of War greatly pleased at outcome of conversations with yourself and quite obviously anxious to render all assistance possible.

4. I have President's authority to let you know he hopes to be able to arrange, before present week is out, to begin supplying you with destroyers and to let you have fifty in all. Arrangement proposed is to have destroyers brought to Halifax or one or two other Canadian ports by United States seamen, there to be delivered to us on your behalf.

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They require crew of 130 but skeleton crew of 70 should be sufficiant for taking destroyers across Atlantic. President emphasizes importance, if possible, of having men selected to take ships across who would likely man them permanently and thus save time in accustoming crew to their use. They will not have anti-aircraft equipment.

5. The President hopes to arrange all this without necessity of having special authorization from Congress He feels that by being supplied with bases on Atlantic Islands, he is obtaining a defence quid pro quo which justifies him in letting you have destroyers which some might otherwise feel should be kept for American use.

6. Answering my enquiry as to how matter might be viewed in Germany and by Congress, the President replied that the Germans have already said they have no intention of coming to this side and therefore cannot take exception to what is a matter of defence, and that what he, the President is doing is wholly for purposes of defence. As for Congress, it has already declared that the United States would not acquiesce in any foreign power acquiring territory on this side.

7. The only impediment in way of guaranteeing immediate delivery of destroyers is certain legal difficulties which have been raised and have still to be met satisfactorily but which the President expects will be met by Thursday of this week. Some destroyers would then become available immediately. The President believes he can keep on delivering them

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as fast as crews can be supplied. The President authorized me to say that it might be well to begin at once to have crews cross the Atlantic to take back destroyers.

8. The President is also arranging to have you supplied with twenty motor torpedo boats, this to be effected in another ten days. The boats are not as yet finished but as soon as they are, the President proposes to have them stricken from the United States navy list as being too small and will place orders for larger size for United States. The twenty would then be available for purchase from contractors by the United Kingdom.

9. The President also hopes to let you have ten flying boats, five being big navy planes and five, big army planes. These will ostensibly be for experimental purposes, in other words to test out their usefulness in active operations. They will be without bomb sights. They will be flown across the sea under their own power. The President suggested British crews ought to learn how to fly them over, or possibly ~~xxxx~~ American civil pilots might be engaged for this purpose.

10. The President believes he can also let you have 250,000 rifles. It is almost impossible, however, to supply ammunition. The President also informed me that he has been able to secure for you 150 to 200 aircraft supplied with engines which were ordered for Sweden.

11. The President will take up direct with your Government matters pertaining to bases in colonies including matters pertaining to Newfoundland. As you are aware, Canadian government is already assisting in defence of

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Newfoundland and is, at the moment, contemplating additional large expenditure for developments there. There will probably be necessity for co-operation between the three governments in matters pertaining to that island.

12. As regards Canada, results of the conference with the President can best be given in the following joint statement agreed upon between the President and myself to be released at nine o'clock tonight:

"The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defence shall be set up at once by the two countries.

This Permanent Joint Board on Defence shall commence immediate studies relating to sea, land and air problems including personnel and materiel.

It will consider in the broad sense the defence of the north half of the Western Hemisphere.

The Permanent Joint Board on Defence will consist of four or five members from each country, mostof them from the services. It will meet shortly."

13. The wording of the jurisdiction of the Board has purposely been so framed as to permit of joint action of Canada and United States in defence of Pacific as well as Atlantic coasts. The personnel of the Joint Board will include senior officers of both United States and Canadian defence services with one civil authority on each side. The first meeting of the Joint Board will be held in Ottawa probably before end of present week. We

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will not either sell or lease land but will work out jointly naval and air facilities and may arrange to permit manoeuvres by American army in say parts of Nova Scotia or New Brunswick and similarly manoeuvres of our military forces in the State of Maine.

14. The President has agreed to let us have some guns and some other necessary equipment. He is quite agreeable that four or five of the fifty destroyers should be made available to Canada if really needed for such purposes as convoying out of Halifax, etc. I, however, have agreed to leave to you final word in disposition of any of the fifty destroyers to be supplied.

15. In conversations with the President and Mr. Stimson, I stressed the fact that Canada viewed so strongly the significance of the conflict in the United Kingdom area as constituting the first line of defence of this continent that we had parted not only with our own destroyers and aircraft to the extent we had but were also allowing you to retain guns which some time ago we had ordered for Halifax. I also mentioned the extent to which we had been assisting with ammunition and told the President of Canadians serving in Newfoundland, Iceland and Bermuda. He had not known of Canadians being also in Iceland.

16. The President expressed himself as quite satisfied with the statement you propose making, similar to the one in June last, which will afford the assurance he felt so greatly in need of in considering the defence of this hemisphere and the lengths public opinion might be counted upon to let him go in parting with material, etc. which might otherwise have had to be retained. I explained I felt sure one ground for any hesitation on your part in this matter had been that you did not wish to give any assurances which you, yourself, might not be in a position to see carried out, and that naturally you would wish to proceed in the constitutional manner of tendering your resignation rather than to any

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settlement which might involve the danger feared. The President feels that when you, yourself, do all that is within your power in securing the object desired, nothing more could be expected of you.

17. The President tells me he is having a very difficult time with Congress. He, himself, looks very well and is in splendid spirits. I am convinced that outside the British Commonwealth, you have no truer friends or stronger allies than are to be found in the President and Secretary Stimson.

18. I strongly urged upon the President the utmost expedition with respect to all matters referred to in this communication. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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D-19-1-(A)
1940
European.

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

No. 1338

LONDON, August 12th, 1940.

No. 1338. War Office accept the proposal that United Kingdom units with the Seventh Corps should be United Kingdom financial responsibility. They find some difficulty, however, in accepting financial responsibility for an indefinite period for the units provided from United Kingdom sources to complete a Canadian Corps, and they suggest that if the Seventh Corps becomes Canadian Corps and these United Kingdom units were required to serve with it, United Kingdom should bear their financial responsibility up to and including December 31st, 1940, if they are not replaced from Canadian sources by that date. They propose that the Canadian Government should thereafter accept financial liability for these United Kingdom units, on the same basis as that accepted by United Kingdom Government for Canadian non-divisional units up to September 1st, 1940.

HIGH COMMISSIONER

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Copy

ODS/AH

D-19-1-(8)
1940

August 13th, 1940.

D-12
1940

D-12
1940

MEMORANDUM

Destroyers

Mr. Christie telephoned this morning regarding our telegram of yesterday.

1. He said he still had been unable to find any reason for the alleged expression of disappointment. Lothian with whom he had spoken knew of no possible ground for it.

2. It now appears that if the plan crystallizes it will be on the first alternative, that is, the provision of bases.

3. We have just learned that Lothian had written a personal letter to the Prime Minister on the subject without speaking to Christie about it though he had later shown a copy of it to him. In the end of this letter Lothian said that the time might come when Canadian intervention would be useful but it had not come yet. Lothian explained that this referred to the possibility of a public intervention, which he had previously suggested. It did not mean that private word with the President would not be helpful now. On the contrary, he thought it would.

4. Mr. Hull was away and would not be back for one or two weeks. He thought, therefore, he would get in touch with Welles and suggest seeing the President with him or anyone else the President wished to be present.

5. Christie said he thought the reference to the fact that we had already stripped ourselves of destroyers because of urgent necessity of such aid in British waters was a very telling point supporting our suggestions that the United States should do likewise.

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D-4-1-(1)
1940

D-12
1940

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1940

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE CANADIAN MINISTER IN THE UNITED STATES, WASHINGTON, D.C.

TELEGRAM NO. 162

IMMEDIATE

MOST SECRET

CYPHER

Ottawa, 12th August, 1940.

Your telegram No. 191 of August 10th.

Destroyers problem.

1. I have noted with interest your reports and the various public discussions of the situation.

2. I do not understand the report that an impression of disappointment exists over the fact that no Canadian response to the project had been received. As you are aware I have on more than one occasion urged strongly the desirability of making destroyers available. So far as this specific project is concerned, it is difficult to see how there could be a response to it until it had been put forward in some more official or at least more definite form.

3. In view of your observations, I am, however, very glad to communicate a message to the President. I think it desirable that you should, if possible, communicate it personally to himself and the Secretary of State together, as has been done on previous occasions when personal messages from myself were being transmitted. This would have advantage of making it possible for you to ascertain President's re-action and to decide how far you should go on any one line.

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4. You should begin by referring to my previous references to the importance of making destroyers available for use in the present stage of the conflict and state that I understand the question is now under consideration and being widely discussed in the United States. The position as we are informed is that the use of these destroyers would be of great and possibly decisive importance in the coming struggle in European waters. Make it clear that I understand fully the President must be his own judge of what can be done and of the time when action can be taken, bearing in mind the effect of any decisions on the general problem of United States cooperation against the European danger. Subject to this qualification, I would like to say that in our opinion aid of this kind would be of the highest value and that Canada would be ready to facilitate the action decided upon in any feasible way.

5. You should add that we hope that if and when discussions for transfer of such destroyers were undertaken there would be an opportunity for discussing the most effective means of strengthening naval defences on our side of the North Atlantic which have been weakened, as the President is aware, by the action which Canada took in sending every available destroyer to the English channel, an action which incidentally indicated in the strongest possible way our estimate of the importance of having destroyers available to meet the emergency in those waters. You should indicate that we of course continue to regard the English channel as the first line of defence for ourselves and other democratic peoples. In appropriate measure, however, we consider it desirable to discuss cooperation in the second line

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of defence of North America and in particular the desirability of obtaining a small number of destroyers or equivalent vessels for service on the Canadian coasts.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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Copy

"R"

D-19-1-(A)
1940
Pacific Area
D-12
1940

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE
MOST SECRET
CYPHER
Circular M. 44

London, August 1, 1940

Circular M. 44. Most Secret. My telegram Circular D. 391, paragraph 3. Following for your Prime Minister, Begins:

In connection with recent arrests of British subjects in Japan, His Majesty's Ambassador at Tokyo recommended that we should be prepared for retaliatory action at short notice. His Majesty's Ambassador was informed, in reply, that we were considering possibility of arresting a number of suspected Japanese in British territory under Defence Regulations, and that it was proposed that this should be effected quietly without any public statement, thus leaving the way open for a settlement by exchange. In reply, His Majesty's Ambassador said that he entirely agreed with the proposal for early arrest, and immediate adoption of this measure is now being considered.

2. The proposals of His Majesty's Ambassador for subsequent action includes:

(a) The progressive detention of Japanese nationals, whether in Great Britain, India, Burma or the Colonies.

(b) Delay in issue of licenses on one pretext or another for export of vital raw materials, machinery etc. For this to be effective, collaboration of Dominion Governments would be essential. Sir Robert Craigie considers there should be no talk or threat of embargo - merely action,

Note

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the effect of which the Japanese would quickly sense without having actual proof of retaliatory motive.

(c) As many difficulties and vexations as possible, short of actual detention, should be placed in the way of Japanese shipping.

(d) No facilities to the Japanese should be granted which can reasonably be withheld, and negotiations and discussions aimed at influencing the Japanese Government to more reasonable policies should be discontinued.

3. Before considering further suggestions in preceding paragraph, His Majesty's Government in United Kingdom would be grateful if they might receive urgent views of the Dominion Governments upon them. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa. 9.50 a.m.

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D-12
1940

TELEGRAM

From THE CANADIAN MINISTER TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

IMMEDIATE

MOST SECRET

CYPHER

No. 184

WASHINGTON, August 3rd, 1940.

No. 184. Most Secret. Following for your information, Begins:

Out of discussions actively proceeding in United States quarters looking towards solution of destroyer problem, two alternative fresh approaches appear to be emerging.

First alternative. United States to transfer 50 old destroyers direct to Great Britain who would grant land or facilities, possibly through a United States corporation, for United States use as naval and air bases, in Newfoundland, Bermuda, and certain Carribean possessions.

Second alternative. The destroyers to be transferred first to Canada who would exchange them with Great Britain for naval vessels of some other approximate class or classes to be placed in Canadian Navy, though without limiting their present freedom as to areas of operation and financing to be done by Great Britain.

The initiators conceive some such approach may offer the only solution of this urgent matter since it could be represented as more directly contributing to the defence of this hemisphere than a simple sale, and hence might be more palatable to Congress and the public.

I understand these ideas have originated wholly in United States quarters, official and private. The President

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TELEGRAM

From THE CANADIAN MINISTER TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

WASHINGTON,

and his Cabinet have probably been considering them today and the former will probably study and discuss them further over the week-end at Hyde Park.

The British Ambassador has similarly informed his Prime Minister. Should some such scheme definitely emerge and be put to the United Kingdom Government for actual decision, it will presumably be submitted to you by London. Meanwhile, it seems well that you be informed of the present situation here.

The Ambassador has asked Mr. Churchill to repeat to you an urgent message sent by the latter to the President the day before yesterday, through United States Ambassador in London.

I need not emphasize the secrecy of this matter at the moment.

CANADIAN MINISTER

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D-12
1943

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON.

Ottawa, 7th August, 1940

Telegram No. 1444

IMMEDIATE

MOST SECRET

CYPHER

Your telegrams Circular D.402 and D.403. Communication from King of Sweden.

Canadian Government are in full agreement with general policy set forth in draft reply and concur in His Majesty's Government in Canada being included as tendering Ministerial advice to the King.

We would suggest the following points:

(a) We believe it desirable on many grounds to omit phrase regarding "perishing in common ruin" and would concur in South African proposal for amendment which has been telegraphed to us.

(b) Draft reply lists Germany's crimes against small countries, then asserts Britain's determination to resist and concludes by declaring that Germany must right wrongs before peace can be considered. It appears to us desirable, particularly with a view to future developments, to supplement this argument by sentences indicating that there is no possibility of Germany now agreeing to decent peace terms and that responsibility for failure of Swedish or other well-meaning attempts lies wholly on Germany. For this purpose we would suggest inclusion of new paragraph following the words "discharge their task". Begins.

There has been nothing either in the words or in the deeds of the present rulers of Germany to warrant the belief that they are yet prepared to accept or observe a peace recognizing the right of other peoples to life and freedom. They have enslaved a great part of the Continent of Europe and are openly striving to bring the rest of the world under the same tyrannical control. To Germany peace means domination. Ends.

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(c) In view of telegram being sent in the names of His Majesty's Governments in Australia, New Zealand and South Africa, as well as United Kingdom, it would appear desirable as a matter of form to modify some of the later references to my Government, as follows:

Second paragraph, sentence beginning "in that statement" instead of "my Government made it plain" read "it was made plain", and for "my Government" later in same sentence read "we".

Fourth paragraph, sentence beginning "But my Government" read "my Governments" and for "their principles" read "the principles".

In next paragraph omit phrase "as my Government indicated on October 12th" for same reason and also because statement was not applicable to France.

I have communicated copies of this telegram to Prime Ministers of Australia, New Zealand and South Africa.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

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FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF SOUTH AFRICA, PRETORIA

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

IMMEDIATE

CYPHER

NO 3

PRETORIA, August 6, 1940.

No. 3. Following from my Prime Minister for your Prime Minister, Begins:

Following telegram has been sent to the Secretary of State for Dominion Affairs with reference to Circular D. 402 and 403. Repeated to Prime Ministers Canberra and Wellington, Begins:

My colleagues and I approve draft reply to Swedish proposal. In order, however, to avoid even appearance of pessimistic spirit, we would suggest for consideration omission of statement "would rather all perish in common ruin than fail or falter in our duty". That and following sentence will then read as follows:

> "On the contrary the intention of my peoples to prosecute the war until their purposes have been achieved has been strengthened, and they firmly believe that with the help of God they will not lack means to discharge their task."

PRIME MINISTER

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FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA.

MOST SECRET

CYPHER

WELLINGTON, August 7th, 1940.

Most Secret. Following telegram has today been despatched to the Secretary of State for Dominion Affairs, Begins:

Most Secret. No. 314. Your telegrams Circular D. 402 and 403 of August 6th.

His Majesty's Government in New Zealand fully agree with points of view expressed by His Majesty's Government in the United Kingdom and with the text of proposed reply. This telegram has been repeated to Ottawa, Canberra and Pretoria. Ends.

PRIME MINISTER OF NEW ZEALAND

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TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF AUSTRALIA, CANBERRA

IMMEDIATE

MOST SECRET

CYPHER

NO. 412

CANBERRA, August 7, 1940.

No. 412. Most Secret. Addressed to Secretary of State for Dominion Affairs repeated to Prime Minister of Canada, Prime Minister of New Zealand and Prime Minister of Union of South Africa. Your telegram Circular D. 403. We agree with the terms of the proposed reply to The King of Sweden which we think excellent. Ends.

PRIME MINISTER OF COMMONWEALTH OF AUSTRALIA

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE LONDON, August 5th, 1940

MOST SECRET

CYPHER

CIRCULAR D. 402

- Circular D. 402. Most Secret. Following for your Prime Minister, Begins:

The King of Sweden on August 2nd addressed to His Majesty The King the following appeal, Begins:

As head of one of the few neutral States in Europe remaining outside the present conflict, I consider it my duty at this moment to offer my BONA OFFICIA to the Heads of States of Great Britain and Germany to enable contact to be made if these Powers should wish to establish such contact in order to examine the possibilities of making peace.

I would request to be informed whether you accept my offer.

I am today addressing a similar communication to the German Chancellor.

If an affirmative reply is received from both sides, I shall communicate the fact. If not, my offer must be regarded as having lapsed, and I shall regard it as my duty to maintain strict secrecy regarding what has taken place. Ends.

In forwarding this appeal the Swedish Legation here explained as follows, Begins:

The King has taken this step solely on his own initiative, uninfluenced by any other consideration but that of wishing, if possible, to try to stop further bloodshed in Europe. As complete secrecy will be maintained regarding this initiative,

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

unless both parties accept the offer, His Majesty has felt that there could on neither side be any objection to this attempt. If belligerent parties should agree to explore the possibilities, a secret meeting might be arranged in Sweden for this purpose. I have further been asked to request that in the event of a negative answer His Majesty's proposal should be regarded as strictly confidential. The same request has been made to Berlin. Ends.

My immediately following telegram contains draft of a reply which is to be considered by the War Cabinet on Thursday morning. We naturally hope that it will be possible to state in this reply that Ministerial advice to His Majesty The King is that of His Majesty's Governments overseas as well as that of His Majesty's Government in the United Kingdom. We trust that this course will prove generally acceptable, and as you will see draft reply has been framed on this basis. We should be grateful if you would telegraph as soon as possible any comments you may have to make on the proposed reply and would indicate whether you agree to procedure proposed, on the assumption of course that you agree in general with text of the draft. It would be appreciated if you would repeat your reply to this telegram to the other three Dominion Prime Ministers. Ends. Message Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

LONDON, August 5th, 1940.

CIRCULAR D. 403

Circular D. 403. Most Secret. My immediately preceding telegram. Following for your Prime Minister, Begins:

Following is text of proposed reply, Begins:

I have carefully examined with my Governments in the United Kingdom, Canada, the Commonwealth of Australia, New Zealand and the Union of South Africa, the communication which Your Majesty addressed to me on August 2nd.

Your Majesty will recollect that my Government in the United Kingdom defined at length their position towards German peace offers in maturely considered statement made by the then Prime Minister Mr. Chamberlain in the House of Commons on October 12th, 1939. In that statement my Government made it plain that it was no part of British policy to exclude from her rightful place in Europe a Germany which would live in amity and confidence with other nations, but that peace on which my Government were determined must be a real peace, by which freedom and independence of nations was secured.

Since then a number of new crimes have been committed by Nazi Germany against smaller States on her borders. Norway has been overrun and is now occupied by a German invading army. Denmark has been seized and pillaged. Belgium, Holland and Luxemburg, in spite of assurances given each of them by the German Government that their neutrality would be respected, have been conquered and subjugated. In Holland particularly, acts of long prepared treachery and brutality culminated in the massacre of Rotterdam, where many thousands of Dutch civilians of both sexes were slaughtered and an important part of the city destroyed.

These horrible events have darkened the pages of European history

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From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

with an indelible stain. But my Government see in them not the slightest cause to recede in any way from their principles and resolves as set forth last October. On the contrary the intention of my peoples to prosecute the war until their purposes have been achieved has been strengthened to such a point that they would rather all perish in common ruin than fall or falter in their duty. They firmly believe, however, that with the help of God they will not lack means to discharge their task.

It therefore lies with the German Government alone to make proposals by which wrongs that Germany has inflicted upon other nations may be redressed. Moreover, as my Government indicated on October 12th, it would be necessary, before any such proposals could be considered, that effective guarantees by deeds, not words, should be forthcoming from Germany which would ensure in a general peace the restoration of freedom to France and to other countries which have been deprived of it, as well as effectual security of Great Britain and the British Empire.

Your Majesty will realize that so long as conditions above-mentioned are not satisfied, no useful purpose would be served by a meeting such as Your Majesty contemplates between representatives of Great Britain and Germany. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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With the Compliments of the High Commissioner for the United Kingdom.

EARNSCLIFFE,
OTTAWA,

6th August, 1940.

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External Affairs

~~Mf Gandhi~~

Mf Peace Proposals

6th August, 1940.

D-12
1940

MOST SECRET & PERSONAL.

My dear Prime Minister,

I have received a telegram from the Secretary of State for Dominion Affairs asking me to give you, for your most secret and personal information, the message in the enclosed memorandum.

Yours sincerely,

(Signed) GERALD CAMPBELL

The Right Hon. W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

The Department of External Affairs
AUG 6 1940
Canada

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MOST SECRET & PERSONAL.

MEMORANDUM.

His Majesty's Ambassador at Washington recently telegraphed to the Secretary of State for Foreign Affairs that he had received through an intermediary of good faith, whom there was no reason to doubt, an unofficial intimation, purporting to come from the German Chargé d'Affaires, to the effect that if desired we could obtain from Berlin Germany's final peace terms. The message was further to the effect that Hitler, though entirely confident of success, was reluctant to attack Great Britain and did not want to break up the British Empire.

His Majesty's Ambassador telegraphed a few days later that the same intermediary had sought to deliver a further message from the German Chargé d'Affaires that as a result of Lord Halifax's reply to Hitler's speech the door was now closed but that if Berlin had misjudged the intention of Lord Halifax's speech the matter would still be open.

In reply His Majesty's Ambassador at Washington was informed by the Secretary of State for Foreign Affairs that we were not prepared to ask, or show interest in, Hitler's terms, and that we did not think that any good could come by responding to the approach made at Washington. Our view was that the approach was merely an attempt, in conformity with Hitler's usual technique, to create a division of opinion in the United Kingdom and the United States and to strengthen the morale of his own people by an effort to show that the responsibility for the continuance of the war rested upon us and not upon him. His Majesty's Ambassador was accordingly instructed to deal with the intermediary on the following lines.

> Our position was carefully defined in the statement to Parliament on October 12th. To that statement we adhered. Nothing can preclude the German Government from volunteering through any channel any communication they may wish to make, and of course we are bound to listen and weigh what they say. But we remain completely sceptical about the existence of any genuine intention on their part or of any compatibility between their aims and ours. We are confident that we have power to assert the principles for which, as made plain in our statement to Parliament, we are fighting, and when we have done so it is not our intention to deny Germany her rightful position in Europe.

This approach to Washington followed closely upon somewhat similar approaches made by trustworthy intermediaries to His Majesty's Minister at Berne, to which we did not respond.

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The Secretary of State for Foreign Affairs subsequently telegraphed to His Majesty's Ambassador at Moscow suggesting that if he saw no objection he should take a suitable opportunity of informing Molotov or, if possible, Stalin, in confidence that

(1) Hitler had recently been putting forward peace feelers to us through unofficial channels and that we had ignored these,

(2) we could not determine with what object these manoeuvres had been set on foot, but were inclined to suspect that Hitler might be anxious to free his hands in the west so as to be able to threaten military action in some other direction before the advent of the winter.

Reason for making this suggestion to His Majesty's Ambassador at Moscow was that, if Stalin were to believe this was Hitler's real motive, he might think it worth while to try to encourage us to resist further feelers by himself making some advance to us, and that this might ultimately lead on the one hand to increased tension between the Soviet Government and Germany, and on the other hand to some sort of consultation between the Soviet Government and ourselves.

There has so far been no opportunity for Sir Stafford Cripps to speak to Molotov or Stalin in the sense suggested.

6th August, 1940.

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Minutes of the Cabinet War Committee

Volume III, 23 October 1940 - 26 December 1940

(R.G. 2, 7 C, Volume 2)

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Minutes of the

War Committee of the Cabinet

October 23rd, 1940

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SECRET

Ottawa, October 23rd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Wednesday, October the 23rd, at 3.15 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Netherlands Military Mission - Recruiting in Canada.

1. The Minister of National Defence submitted a request received by the National War Services Department from the Netherlands Military Mission now in this country, for information as to Dutch nationals resident in Canada. The Dutch Mission whose purpose was the recruiting of Dutch nationals to be trained in this country for service abroad sought this information from the results of the National Registration. The information, however, would not be available until January and the Associate Deputy Minister of National War Services (Mr. Justice Davis) suggested that permission might be given for a radio appeal to Dutch nationals through the Canadian Broadcasting Corporation.

2. Mr. Ralston recommended that permission be given for the proposed radio appeal, subject, of course, to the limitation that recruiting for the Netherlands forces should be restricted to Dutch nationals.

Mr. Ralston's recommendation in this respect was approved.

Civilian internees - winter clothing

3. The Minister of National Defence reported an enquiry from the U. K. government as to provision for adequate winter clothing for internees who had been transferred from the British Isles to Canada.

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Winter clothing would be provided in the regular issue and it was intended that a reply to this effect should be sent to the U. K. government.

Civilian internees - provision of employment

4. The Minister of National Defence said that he would, at a subsequent meeting of the Committee, make a full report as to proposals for the employment of certain categories of civilian internees.

Meantime Mr. Ralston wished to obtain the Committee's views as to the use, for the armed forces, of products of various kind which might be manufactured in internment camps. An Order-in-Council of 1921 had provided that products manufactured by prisoners in penitentiaries should be used for government purposes, and this policy had been followed. Consideration was being given to use by the government for military purposes of articles which might be manufactured by civilian internees in categories "B" and "C". The articles in mind would be such as were not prohibited under international regulations respecting prisoners-of-war. Large quantities were not involved.

5. After some discussion it was agreed that, subject to the concurrence of the Department of Labour, there would be no objection in principle to civilian internees being given the opportunity of work of the nature indicated, and the use of their products by the armed forces.

Transfer of prisoners

6. The Minister of National Defence reported the progress of arrangements for the exchange of two internees for two Canadian Trade Commissioners presently being held in Germany.

U. K. - Canada Inter-Government Inspection Board.

7. The Minister of National Defence reported that progress was being made in the formation of the Inter-Government Inspection Board which had been approved in principle by the Cabinet and referred for further consideration and report, to the Minister of Finance. The Finance Department were now working out appropriate provisions for the salaries of persons to be employed by the Board.

Department of National Defence - Army Programme 1941

8. The Minister of National Defence urged the importance of early agreement, in principle, to the army programme which had been presented to the

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Committee by the Chief of the General Staff.

It was essential that the Department be given sufficient time to plan for the implementing of the programme. The Committee might be prepared to approve the programme, subject to the reservation of the recommendation for lengthening the period of compulsory military training.

Compulsory Military Training

9. The Prime Minister referred to the public address which had been given today (at the Ottawa Canadian Club) by the Chief of the General Staff, in which General Crerar had mentioned possible alterations in the training programme in order to adjust the period of training to changes, improvements in conditions, and the requirements of industry. Adequate training and adequate equipment were essential in modern warfare. At the same time General Crerar had stated that he himself had recommended the thirty day period of training as enabling a larger number of young Canadians to gain a proper conception of their national obligations within a given time, and because our limited supply of modern weapons made it impracticable just now to carry the individual training beyond the basic stage.

10. Mr. King observed that a modification of the compulsory training programme had been recommended and was being considered. The shorter period for larger numbers had advantages from the point of view of general morale, and fitted in better with present limitations in equipment. On the other hand a longer period for fewer numbers when practicable would more adequately meet the demands of modern mechanized warfare.

11. Mr. Ralston said that the General Staff suggested that the training period should be lengthened from thirty days to four months. After the completion of the second thirty day training period, the programme would be suspended for three months to permit of arrangements for the change, which would then be initiated in March of 1941. It was felt that four months was the minimum time within which trainees could be taught the fundamentals of soldiering.

12. Mr. Ralston proposed that the General Staff's recommendations, in this respect, be approved by the Committee. It could then be announced in Parliament:

that, in view of changed conditions and improvements in the equipment situation, the government had under consideration the extension of the training period;

that the revised period in contemplation would be fixed at what the government's military

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advisers regarded as the minimum necessary for basic training which in any event would not exceed four months;

that, meantime, the thirty day training was regarded as valuable and would be continued.

13. The Minister of National Defence for Air expressed the view that at least three thirty day training periods should be completed; that he saw no reason why a thirty day training period and a longer programme should not be run concurrently. Certain features of the short term programme could be preserved. At the end of the thirty days selection could be made not only for further military training but for training for the two other Services, and for war industry. Such a policy of selection would be preferable to one of exemptions which would be necessary under a four month programme.

14. The Minister of Munitions and Supply felt that the thirty day programme was valuable and could be of great assistance in enabling a selection of manpower to be made, for industrial as well as military purposes, from among the trainees at the end of their training period.

15. The Minister of National Defence for Naval Services stated that so far as the Navy and Air Force were concerned a four month military training programme would be of no value. In any event he was not convinced that a four month programme was necessary or desirable. It would result in a much greater dislocation than the shorter period upon the return of the trainees to civil life.

The emphasis upon producing infantry in large numbers was, in his view, entirely wrong. From present indications there would be nothing to do with these men when they were trained. He disagreed entirely with the recommendation of the Chief of the General Staff in this respect.

Under present conditions and conditions as he (Mr. Macdonald) foresaw them, the needs of the Navy and the Air Force would continue to require first attention.

16. Mr. Ralston said that he would investigate the possibilities of combining the thirty day programme with a longer training period for military trainees. He would study the practical possibilities of such a combined scheme which would permit, at the end of the first thirty days, the withdrawal of appropriate personnel for service in Navy, Air Force and war industry.

17. The Minister of Finance felt that it would be wasteful to call up large numbers of men, train them for thirty days and then divert part of them to the Navy, the Air Force and war industries. Those who were required for these purposes should undertake their appropriate training at once without participating in the thirty day military training which would be of little or no subsequent value to them.

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Labour Supply in war industries

18. The Prime Minister observed that the vital importance of industry in the war effort became more and more evident. Two conditions were essential to victory, industrial capacity and highly skilled military personnel. Means should be devised for the most efficient mobilization of industrial power. Recognition should be given to the vital war service rendered by industrial workers. A policy designed to produce large numbers of skilled industrial personnel could also be best adapted to meet post-war problems.

19. The Minister of Munitions and Supply referred to the difficulties which had been encountered in meeting the urgent problem of an adequate supply of skilled workers for war industries. There was no centralized responsibility; a number of departments and agencies were concerned, but co-ordination was lacking. One person should be charged with the responsibility and given the power to act. It was not a problem for further committees but for one man who should find out the requirements, determine the available supply and then take the necessary action.

20. The Minister of Finance agreed that there was conflict of function as between the Departments of Labour and War Services and the National Labour Supply Council.

It was, however, now proposed that an "Inter-departmental Co-ordination Committee on Labour Supply" should be formed under the Chairmanship of the new Deputy Minister of Labour. This Committee, if appointed, could make concrete proposals and recommend specific measures to meet the problem, for adoption by Order-in-Council.

21. The Minister of National Defence agreed that the proposed inter-departmental committee could plan and recommend ways and means. The Department of National War Services could call up the men required for industrial purposes, in the same way in which they had called up men for military training. It was not for that department to originate, but simply to act as requiredby other departments involved.

22. The Committee continued discussion, at some length, of means by which the urgent problem of labour supply could best be met, and the possibility of making use in this connection of the military training programme.

Joint Air Training Plan - R.C.A.F.- buildings and equipment.

23. The Minister of National Defence for Air requested authority for the expenditure of $4,200,000 not provided for in the estimates for the present

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fiscal year. This amount was required in addition to that already authorized ($5,000,000) to provide necessary buildings and other capital facilities at Vancouver, Halifax and other points for the production of certain types of aircraft and the overhauling of planes, including engines.

To some extent this expenditure might be charged to the Joint Air Training Plan, and in that connection the Financial Adviser to the Supervisory Board had recommended that a Special Committee be appointed to investigate and report.

24. After some discussion authority was granted for the expenditure recommended by Mr. Power.

Army, Navy and Air Programmes 1941 -

Estimates - Control of expenditures

25. The Prime Minister referred to the desirability of having a careful examination of all proposed expenditures before the Committee of the Cabinet were asked to give their approval thereto. Possibly an advisory body of experts might be formed for this purpose.

26. The Minister of Finance said that his departmental officers had been giving consideration to adopting a more effective means of financial control. A Budget of as much as $2,000,000,000 was now in sight for the coming fiscal year. Added to Provincial and Municipal expenditures this would amount to some 60% of the national income. He was advised that this amount was impossibly high. An estimate was in course of preparation of the physical productive capacity of Canada. The latter, not the amounts of dollars included in estimates was the real standard of our maximum war effort.

27. The Minister of Mines and Resources felt that the Committee should be provided regularly with statements of total commitments to date and the period during which expenditures would be made. It was essential that the government should know the limit of our ability to spend, so that policies with regard to priorities could be determined.

28. The Committee discussed at some length means whereby stricter control of war expenditures could best be effected without unnecessarily delaying approval of essential projects.

29. The Minister of Finance was requested to consider the problem further with his advisers and prepare specific proposals in this respect, for submission to the Committee at an early meeting.

The meeting adjourned at 6.40 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

October 24th, 1940.

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SECRET

Ottawa, October 24th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, October the 24th at 3.15 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Loss of H.M.C.S. Margaree

1. The Minister of National Defence reported that Naval Headquarters had received a very much garbled wireless message reporting the loss, by collision, of H.M.C.S. Margaree, en route to Canada. So far as could be judged from the message, only 32 survivors had been picked up.

The Chief of the Naval Staff had pointed out that the danger of collision in war conditions, where vessels navigated with only a stern light, could not be otherwise than grave. It was expected that further details would soon be available.

Army, Navy and Air Programmes 1941 - Estimates - Control of expenditure

2. The Prime Minister referred to the discussions at previous meetings regarding the Naval, Military and Air programmes for 1941, and the relative emphasis to be given to the various branches of war effort. No conclusion had been reached as to the programmes submitted by the staffs of each of the Services, nor had the Committee been in a position to judge of the physical capacity of Canada to meet the requirements of the proposed programmes. Action had been deferred until the advisers to the Minister of Finance had had an opportunity of estimating Canadian productive capacity in the coming fiscal year and the maximum proportion of the national income which could be diverted to war purposes.

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3. The Minister of National Defence pointed out that while the three Services had agreed upon "a balanced programme", that is, one in which the services performed by one arm would not duplicate those of either of the others, no agreement had been reached on the proportions of any total amount which might be the limit of the national capacity within a given period.

The Army programme had been devised simply as that regarded as necessary to meet military requirements at home and abroad.

4. The Minister of Mines and Resources expressed the view that the Committee should have before them in considering programmes for the coming year estimates of the national income, and the maximum proportion of that income which, it was felt, could be taken in taxes and by loans for war and other purposes. Then and then only could the Committee determine questions of priorities and the relative emphasis to be given to the various departments of war effort. Should the proportion of national income available for war purposes be insufficient to meet the requirements of the Services, then means must be found for further restrictions of peacetime activities and non-essential goods and services.

5. The Minister of Finance said that his advisers were at present engaged in making an estimate, in physical terms, of the maximum productive capacity of the nation. He had been advised that approximately 45% of the national income would constitute a maximum of expenditure for all government purposes under present conditions. It would be helpful, he felt, to have the Governor of the Bank of Canada and the Deputy Minister of Finance confer with the Committee on this subject.

6. The Deputy Minister of Finance then entered the meeting; and in answer to enquiries by members of the Committee:-

Dr. Clark said that officers of the Finance department were at present engaged in a survey to determine the maximum productive capacity of the nation for war purposes. This survey comprised an estimate of all available plant, material and labour.

Though the evidence available was still incomplete, he would estimate the probable national income for the next year at $5,000,000,000, in round figures. Known present commitments, war and ordinary, national, provincial and municipal, amounted to some $3,000,000,000, or 60% of the estimated national income. It was, in his opinion, impossible for Canada, under present conditions, to spend such a high proportion of its national income. Before it could do so, extensive organization and a long educational campaign would be necessary. Possibly 45% would be an estimate of our possible maximum proportion for all purposes.

What was possible physically in the way of production, was possible financially. There was no need

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to worry about the financial problem, provided the problems of men and material were solved. Efficient organization and planning were essential before maximum capacity could be reached. This would involve many expedients, possibly for example, changes in hours of labour, the introduction of female labour, restriction of consumption in certain fields and other emergency measures. The first step was to assess the programmes of the Services in physical terms, and then determine a system of priorities.

The extent to which Canada was assisting the United Kingdom in manufacturing, to some extent cut into Canadian capacity.

As to the ability to borrow, a more expensive and controlled technique would be employed for the next war loan. It was dangerous to have commitments exceed physical capacity to too great an extent. The result would be competition for labour and materials between the Services and branches, and resultant chaotic conditions.

7. The Prime Minister enquired whether an advisory board on financial matters, similar to the Economic Advisory Committee would, in the Deputy Minister's opinion, be helpful as a measure of assisting the government to maintain financial control of war expenditures.

8. Dr. Clark did not feel that an additional organization of the kind suggested would be necessary. The Minister of Finance and his departmental advisers could perform adequately the function of control, provided that the procedure adopted were such as to permit them to do so. The fullest information should be made available to the Department of Finance by the Service Departments and the Department of Munitions and Supply. Draft estimates should be prepared in physical terms. This was the only way in which they could be judged in relation to existing commitments.

9. The Minister of National Defence referred to the statement which the Minister of Finance had made in Parliament upon the introduction of the last Budget. At that time, and on a subsequent occasion, it had been made abundantly clear that the only limit upon Canada's war effort was a physical one, that of men and materials - the capacity to produce.

10. The Committee discussed further the improvement of procedure for the exercise of adequate control of war expenditures. Among the expedients discussed were-

(a) a fuller use of the Cabinet War Finance and Supply Committee,

(b) the addition of a special officer to the Department of Finance to act as Secretary to the Government Business Committee which reviewed recommendations to Council for munitions and supplies contracts, and

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(c) the reference to the Minister of Finance of all defence projects submitted to the Cabinet War Committee, for approval of expenditures upon such projects estimated within the current fiscal year.

Far East
Relations with Japan

11. The Prime Minister read messages which had been received from the U. K. government through their High Commissioner, regarding proposals which had been made for the exchange of information on defence matters with the U. S. government and the Netherlands East Indies. Service conversations had been proposed to take place in London, and possibly at a subsequent date in Washington.

It had now been agreed that the proposed Washington conversations could not take place until after the U. S. elections. A conference was now in progress in London, at which the United States were informally represented.

Near East

12. The Prime Minister read communications from the U. K. government reporting an anticipated early attempt by the Axis Powers to intensify their pressure upon Egypt.

It was the view of the Turkish Government that Germany intended the early intensification of propagandist activities to be followed if necessary by a military drive deeper into the Balkans and across Turkey. The Turkish government were determined to resist, and in the event of open aggression, to co-operate with the U. K. forces, on sea, on land, and in the air.

Relations with France

13. The Prime Minister summarized the course of recent developments in the relations between the U. K. government and the French government, referring particularly to conversations which were being conducted between the U. K. and French Ambassadors in Madrid, with a view to the conclusion of a satisfactory arrangement between the two countries.

French gold and dollar balances
with the Bank of Canada.

14. The Prime Minister reported that further consideration had been given to the request of the U. K. government in the light of its financial position, as described in a memorandum of September the 15th from the U. K. High Commissioner.

15. Mr. King submitted a draft telegram which had been prepared, suggesting that a definite decision

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as to the disposition of French assets with the Bank of Canada should be further deferred until relations with the French government were clarified. With certain revisions the draft telegram was approved for despatch.

(See Cypher telegram No. 184 of October the 25th from the Secretary of State for External Affairs, to the Secretary of State for Dominion Affairs, London).

Japanese and Chinese in British Columbia

16. The Prime Minister suggested that Sir George Sansom, former Commercial Counsellor at the British Embassy in Tokio, and now Visiting Professor in Japanese History and Culture in Columbia University, might be appointed a member of the Special Committee now engaged in studying the question of persons of Japanese and Chinese racial origin on the Pacific Coast.

Sir George Sansom's wide experience, broad knowledge and unusual ability would make his services most valuable in the work of the Committee, and it was thought that he might be able to undertake the work for a limited period.

17. The proposal that Sir George Sansom be added to the Committee, was approved, and it was decided that he should, at once, be invited to act.

18. The Secretary reported that the Special Committee had suggested that the Prime Minister should write to the Premier of British Columbia, informing him, confidentially, of the Special Committee's appointment and of the purpose which it was designed to serve. The Special Committee felt that the letter should indicate to Mr. Pattullo that, pending the completion of their examination and report, it was most desirable to avoid any action which would be likely to add to public nervousness and apprehension.

19. The Committee approved of such a confidential letter being sent to Mr. Pattullo, and the Secretary was accordingly directed to prepare a draft communication for the Prime Minister's signature.

Permanent Joint Board on Defence

20. The Prime Minister submitted to the meeting the Journal of Discussions and Decisions covering the Board's meetings at Boston on October 2nd, 3rd and 4th, 1940. Copies of the Board's Journal for these meetings had already been distributed to the three Defence Ministers and the Minister of Munitions and Supply.

21. It was agreed that the Journal of the Board's meetings of October 2nd, 3rd and 4th, should be regarded as having been referred, for consideration and any necessary recommendations, to the Ministers concerned.

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Proposed Highway - Terrace to Prince Rupert, B.C.

22. The Secretary stated that a report had been received from the Department of Mines and Resources regarding the construction of the highway from Terrace to Prince Rupert which had been recommended by the Permanent Joint Board on Defence, as part of the Canadian contribution to joint defence. The undertaking was estimated to cost some $4,400,000 and require a minimum of fifteen to eighteen months for completion.

23. After some discussion it was decided that the Canadian Section of the Board should be asked to furnish further information as to the strategical importance attached to the construction of the proposed highway.

Cabinet War Committee Procedure - Agenda

24. The Prime Minister stated that the Secretary was of opinion that it would be helpful if Ministers, whenever possible, would give notice of the subjects which they wished to raise at meetings of the Committee. In matters of urgency, of course, it would not be possible to require any such notice, nor would it be desirable in any event to attempt too fixed an agenda. However, if notice were to be given, wherever practicable, and, when memoranda were to be presented for consideration by the Committee, copies were to be made available for circulation in advance, the work of the Committee would be greatly simplified and expedited.

25. It was agreed that, in future, this procedure should be followed.

Canadian Tunnelling Troops for Gibraltar

26. The Prime Minister read a message received from the Canadian High Commissioner in London, submitting a request of the U. K. government that certain special tunnelling troops, now in the United Kingdom, should be made available for training purposes at Gibraltar.

27. The Minister of National Defence said that he had sent a telegram to Lieutenant-General McNaughton asking his views as to this request. It was agreed that, subject to General McNaughton's concurrence, permission should be given.

Public Information

28. The Secretary reported that he had received a letter from the Chairman of the National Film Board (Mr. MacKinnon) regarding the request of Ortus Films Limited for financial assistance in completing the film "49th Parallel". The proposal had been referred to the National Film Board for report and recommendation.

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Mr. MacKinnon had stated in his letter that the Film Commissioner had advised him that the financial assistance given the project by the Ministry of Information in England had been severely criticized, that he (Mr. Grierson) would strongly oppose the granting of any sum for the production of this English film, in view of the fact that the government had no control over its character, that reports of the treatment of Canada in the film were not reassuring, and that when completed it would likely arouse public criticism.

29. It was agreed, in the circumstances, that the government should not accede to the request of Ortus Films Limited for financial assistance for the production of the film in question.

Financial responsibility for R.C.A.F. Squadrons overseas

30. The Minister of National Defence for Air stated that his department had been giving consideration to certain proposals which had been put forward by the U. K. government for division of financial responsibility between the two governments for the three R.C.A.F. Squadrons now on active service in the United Kingdom. The Acting Deputy Minister of National Defence for Air had prepared a recommendation in this respect.

31. Mr. Duncan's recommendation in this respect was referred to the Minister of Finance for decision.

The meeting adjourned at 7 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

October 31st, 1940.

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SECRET

Ottawa, October 31st, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, October the 31st, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

International developments

1. The Prime Minister reviewed the situation as it had developed since the last meeting, in the light of despatches received from the U. K. government.

The invasion of Greece by Italy, the announced policy of "collaboration" between the Petain government and Germany, the negotiations between Japan and the U.S.S.R., the position of Spain and rapid developments in the Balkans, all pointed to the working out of the design of the Axis Powers to isolate Great Britain.

2. Mr. King read to the meeting a number of telegrams on the following subjects:

(1) U.S.S.R. - reporting negotiations by the U. K. government, as yet unsuccessful, for a large scale barter agreement;

(2) Greece - reporting events leading up to the Italian ultimatum and the outbreak of war; the progress of operations; the attitude of Turkey, which would depend upon what was done by Bulgaria;

(3) Spain - reporting the influence on policy of the attitude of Latin America; the expansionist aims of Spain and the development of collaboration with the Axis;

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(4) Military operations - reporting the effect of air raids upon London and Northern industrial cities; the progress of events in the Sudan and North Africa; the substantial air reinforcements sent to the Middle East; shipping losses in convoys out of Halifax, and the sinking of the "Empress of Britain".

(5) Far East - reporting a suspected agreement between Japan and the U.S.S.R. regarding spheres of influence.

German reserve pilots in Colombia Air Service.

3. The Prime Minister reported the suggestion that Canada might wish to take some action to prevent a number of German pilots, formerly in the Colombia Air Service, and now in the United States, from proceeding to Japan. It had been suggested that a Canadian vessel should stop the ship by which these men would attempt to sail for the Far East.

The possible consequences of such action were serious. It had been considered unwise to take any such step, involving the stopping of a U.S. vessel, without first making enquiries of the State Department as to how such action would be regarded by the United States. No reply had yet been received.

C. A. S. F.
Canadian Tunnelling troops for Gibraltar

4. The Prime Minister reported the receipt of a telegram expressing Lieutenant-General McNaughton's concurrence in the granting of permission to one section of Canadian Tunnelling personnel, now in England, being released for service at Gibraltar.

It had been decided, at the last meeting, that such permission should be given, subject to General McNaughton's concurrence.

British Commonwealth Air Training Plan - Supply of aircraft and personnel

5. The Prime Minister read to the meeting a message which he had received from the Minister of Aircraft Production, reporting the present position in the United Kingdom with regard to supply of aircraft and air crews. Despite enemy action, total operational aircraft had increased, as had the available supply of pilots.

Lord Beaverbrook's report indicated that the net reduction in aircraft production as a result of air raids was estimated at about 15% of capacity, taking into consideration the damage which had taken place so far at various plants, and the result of interruption of working conditions. The programme

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for dispersal of factories in the British Isles was being pushed forward with the greatest possible speed.

6. The Minister of National Defence for Air pointed out the importance, upon the development of the Commonwealth Air Training Plan, of obtaining accurate and up-to-date information as to the supply of operational aircraft and the supply of trained air crews in the United Kingdom. The figures given in Lord Beaverbrook's report appeared to have been calculated on a different basis from those which had been provided to the Supervisory Board through the U. K. government's Chief Liaison Officer.

At the present rate of progress, the Plan in Canada would, by February of 1941, produce some 500 air crews every two weeks. From then on the number would increase rapidly, reaching approximately 2,000 each month, by January of 1942. The last school contemplated by the Plan would be opened, under present arrangements, from six to eight months ahead of schedule.

It had been felt that the output of air crews from the Plan should be, and could be, further accelerated. The United Kingdom had been consulted through Air Marshal McKean, and it was now contemplated that provision should be made for increasing the output of the training schools, by one-third or even one-half. However, before any decision were taken to accelerate further the output of air crews, a direct enquiry should be made of the U. K. government as to the supply of operational aircraft which would be available. It would be a serious matter if the numbers to be trained were increased, and it were then found that there were insufficient operational aircraft to permit of their being put into action.

7. It was agreed that a telegram should be sent to the U. K. government enquiring whether the estimated supply of operational aircraft would be sufficient to warrant further acceleration of the Commonwealth Air Training Plan, and requesting the views of the U. K. government as to whether such an accelerated programme should, in the circumstances, be attempted.

Relations with France

8. The Prime Minister referred to the announced policy of collaboration between the French government and Germany, and read a number of despatches received regarding the probable terms of agreement.

The King had made a personal appeal to Marshal Petain. The President of the United States had also sent a message to the Chief of the French State, pointing out the concern of the United States as to the disposition of the French fleet, and stating that any agreement for its surrender to the Axis Powers would put an end to the long friendship which had existed between their two countries.

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St. Pierre and Miquelon

9. The Prime Minister said that as yet it was not known what effect the new policy of collaboration would have upon relations between the French and U. K. governments. There was, however, reason to believe that an attempt would be made to control the French Colonial Empire under some combined mandate of the Axis Powers and France. If France were to decide upon such a course, Canadian policy with regard to St. Pierre and Miquelon would require to be reviewed and a decision made as to what action should be taken in respect of these islands.

It had been felt that this problem should immediately be discussed with the United States, and the Canadian Minister in Washington had been instructed to take it up with the State Department so that possible changes in the situation could be anticipated, and the possibility of joint action with the United States and, perhaps, Newfoundland fully explored.

The U. S. government were giving consideration to action in the Caribbean, in the event of the new policy of the French government resulting in an attempt to control the French West Indian possessions, in collaboration with Germany. The French government had indicated that it would object to action by the United States in this area, as indeed had General deGaulle as well.

10. After some discussion it was agreed that in the event of the overt hostility of France, any action in respect of St. Pierre and Miquelon, should be taken after consultation, and, if possible, in agreement with the United States.

Honours and Decorations

11. The Prime Minister referred to a telegram which had been received from the Canadian High Commissioner in the United Kingdom, setting out the names of a considerable number of officers and other ranks of the C.A.S.F. recommended by Lieutenant-General McNaughton, for recognition in the King's New Year's honours.

This raised a question of government policy upon which a decision was required.

(See telegram No. 1800 of October the 25th, 1940, from the Canadian High Commissioner in the United Kingdom, to the Secretary of State for External Affairs).

12. The Minister of Justice said that he would favour the establishment of a purely Canadian order of merit which would be conferred upon Canadians by the King, upon the recommendation of the Canadian government. He objected strongly to conferring titles upon Canadians, such as knighthoods and peerages, but recognized that there should probably be some means of recognition

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of extraordinary merit in the public service.

13. Mr. King said that his own view had always been strongly opposed to the conferring of titles of honour, and he felt that his objection was particularly well founded in time of war. There was no objection, of course, to military decorations for valour and devotion to duty in the face of the enemy, but so far as titles were concerned, he was opposed to their re-introduction. The House of Commons had clearly expressed its views in this respect, and no contrary policy should be adopted by the government, without Parliamentary sanction.

14. The Under-Secretary of State for External Affairs submitted a memorandum describing the present situation regarding honours and decorations, and setting out the terms of the Resolution which had been passed by the House of Commons, in 1919.

15. The discussion which followed made it evident that the views of the Committee were:

(a) opposed to the conferring upon Canadians of titles, such as knighthoods and peerages;

(b) in favour of the continuance of military decorations for valour and devotion to duty; and

(c) the government should adhere to the purpose and intent of the Resolution of the House of Commons, of 1919, unless and until Parliament should express a contrary opinion.

16. Dr. Skelton undertook to have a further memorandum prepared, for submission at a subsequent meeting, giving more complete information as to the existing situation, for consideration by the Committee.

Permanent Joint Board on Defence

17. The Secretary reported that he had received from the Minister of National Defence for Naval Services, a letter recording his concurrence in the recommendations contained in the First Report of the Permanent Joint Board on Defence. Mr. Macdonald had written as follows:

"In reply to your letter of October 30th, I have the first report of the Joint Board on Defence which was referred to me under cover of your note of the 11th, and the journal of discussions and decisions covering the Board's meetings at Boston on the 2nd, 3rd and 4th, which was referred to me under cover of your note of the 22nd.

I have conferred with my Staff and now wish to

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record my concurrence in the recommendations contained in the above-mentioned reports as far as they concern the Naval Service.

Detailed estimates of the cost of executing the Naval defence projects, recommended by the Board have not yet been completed, but the preliminary survey of the financial requirements of the Naval Service for the fiscal year 1941-42 which was reported on October 10th, takes into consideration the execution of these defence projects and, as far as can be judged from the information presently available, makes adequate provision for their cost."

18. The Secretary pointed out that all three Ministers of Defence had now concurred in the recommendations of the Board's First Report, which had been approved by the Committee, with the exception of the proposal that Canada should construct a highway from Terrace to Prince Rupert, B.C.

Terrace-Prince Rupert Highway

19. The Prime Minister read to the meeting a memorandum which had been forwarded by the Secretary of the Canadian Section of the Board, in answer to the Committee's request for further information as to the strategical importance attached to the construction of the highway recommended.

(See memorandum of October 31st, 1940, accompanying letter of the same date from the Secretary, Canadian Section, Permanent Joint Board on Defence, to the Secretary, Cabinet War Committee).

20. The Committee considered the memorandum of the Canadian Section of the Board, and the report of the Department of Mines and Resources, which had been submitted by Mr. Crerar at a previous meeting.

21. At the request of the Minister of National Defence, it was agreed to defer action in this respect until Mr. Ralston had had an opportunity of further consideration of the project, with the Chief of the General Staff. Mr. Ralston would report the result at the next meeting of the Committee.

Defence of Newfoundland

22. The Minister of National Defence for Air referred to a message which had been received from the government of Newfoundland, and pointed out that there were a number of questions, remaining for decision, in regard to Newfoundland defence.

23. The Secretary presented a memorandum which had been prepared by Mr. Keenleyside, on this subject.

It was decided that these matters should be dealt with at a subsequent meeting.

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Department of National Defence - additional army accommodation

24. The Minister of National Defence submitted, for approval, the following proposals involving financial commitments:

(1) Sussex, N.B. -

Accommodation for hospital staff	$62,000	
Canteens and miscellaneous shops	47,000	
		$109,000

(2) Kingston, Ont. -

Vimy Barracks - Additional accommodation required, kitchen and sleeping huts	$62,000	
Barriefield - Canadian Signal Training Corps additional accommodation	60,000	
		$122,000

(3) St. John, N.B.

Additional buildings	$ 81,000
Total	$312,000

25. After explanation by Mr. Ralston, the above expenditures were approved by the Committee.

Compulsory Military Training

26. The Minister of National Defence stated that it was proposed to conduct one further thirty-day training period, this year, and one, or possibly two similar periods in the new year, after which the programme would be put on a four-month basis, involving 40,000 trainees in each period. Following the discussion at the Committee's meeting on October the 23rd, it was proposed to work out a plan whereby, at the end of the first month's training in the four-month programme, selections would be made from the trainees for the army, navy, air force, and for war industries.

27. The proposals for the development of the training programme submitted by Mr. Ralston, as described in the preceding paragraph, were approved, and Mr. Ralston was authorized to proceed on this basis.

The meeting adjourned at 7.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 5th, 1940.

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SECRET

Ottawa, November 5th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Tuesday, November the 5th, at 4 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Supreme War Council

1. The Prime Minister read to the meeting a telegram which had been received from the U. K. government, proposing the revival and meeting in London, within the next ten days of the Supreme War Council.

The proposal was that the governments of Poland, Norway, The Netherlands, Belgium, Czecho-Slovakia, and Greece, should be represented, along with an Observer for the Free French Forces, and it was hoped that the Dominion governments would agree to be represented by their High Commissioners.

The object was to provide "a manifestation of allied solidarity" and a draft resolution had been prepared, upon which the governments' views were requested.

(See Cypher circular telegram No. D. 553, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

2. Mr. King stated that after due consideration he had come to the conclusion that he could not support the proposal. The avowed object of the meeting was a manifestation of allied solidarity. In his view it would have the reverse effect. It would tend to detract from the position of Great Britain, herself, as the bulwark against aggression; the Council would be a mere facade, its members, for the most part, being representatives of governments in exile, and it would be regarded as a sign of weakness; the liberation of Europe and the proposed assumption of obligations on the Continent, would not command enthusiastic support in the Dominions, nor evoke sympathetic response in the United States.

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So far as the conduct of the war was concerned, communication between the governments of the Commonwealth, through their representatives, and through visits of Ministers, from time to time, was a much more effective and appropriate method, than a formal conference.

3. After some discussion it was agreed that the government should not support the proposal of the U. K. government to revive the Supreme War Council, it being felt that such a step would give the impression of weakness, rather than strength.

4. Mr. King read a draft reply to the telegram from the U. K. government, setting out the reasons why the Canadian government doubted the necessity or effectiveness of setting up any central body, and specifically expressing disagreement with the suggestion that the Supreme War Council be revived.

After further discussion and agreement upon certain minor additions, the draft telegram, submitted by the Prime Minister, was approved for immediate despatch.

(See Cypher telegram No. 197 of November the 5th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

Export of metals to Japan

5. The Prime Minister reported that the new Japanese Minister had made representations that Canada's policy with regard to the export of metals to Japan was of a "discriminatory" nature.

As had been pointed out on a previous occasion, Canada had, in fact, gone farther in this respect than any other country; the U. K. were following a more cautious policy.

Atlantic Defence

6. The Prime Minister read a communication from the U. K. government, reporting the unfortunate necessity of delaying the delivery of certain guns, which were to be provided from U. K. sources, for the defence of the Atlantic coast. The reason for the delay was the effect of air raids upon factories engaged in production.

Remittances to Vatican City

7. The Prime Minister referred to the difficulty involved in the transmission of funds from Canada to Vatican City. It was feared that if no restriction were put upon such remittances, funds might, by this channel, reach the enemy.

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Three possible courses were open, namely, the establishment of a trust account for such funds in Canada; some arrangement for offsetting remittances to Rome against remittances thence to Canada, or permission of normal transfers where no direct enemy interest was apparent.

8. It was agreed that the Minister of Finance should confer with the Foreign Exchange Control Board and the Apostolic Delegate, in order to see what could be done to devise a safe and satisfactory procedure for Canadian remittances to Vatican City.

Relations with France

9. The Prime Minister stated that reports had been received indicating that Marshal Petain and General Weygand were trying to hold firm against German demands for the French fleet and bases; so far collaboration with the Axis had been admitted only in the economic sphere.

Free French Movement - representative for recruiting in Canada

10. The Prime Minister stated that a request had been received for permission for a representative of General deGaulle to enter Canada in order to undertake recruiting activities which would extend, not only to Canada, but to other countries in North and South America.

11. The request was discussed at some length, and it was agreed that the effect of permitting recruiting for the Free French Movement in Canada would be to divide Canadians between those who were in favour of Vichy and those who were in favour of deGaulle. Such a result would be unfortunate, and permission should not be granted in the circumstances. Canada should attempt to conciliate, not to encourage division.

Canadian Diplomatic Representative at Vichy

12. The Prime Minister reported the suggestion of the U. K. Foreign Secretary that Mr. Pierre Dupuy, as Canadian Charge d'Affairs accredited to the French government, pay a short visit to Vichy. Lord Halifax felt that in the circumstances Mr. Dupuy might be able to make an informal report on the present situation in Vichy, which would be of considerable value. There was, at present, very little contact between London and Vichy, and Mr. Dupuy's visit might be arranged, with some official business in connection with Canadian interests in France, as an excuse.

(See Cypher telegram No. 1848, dated November the 2nd, 1940, from the Canadian High Commissioner in London, to the Secretary of State for External Affairs, Ottawa.)

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13. The Under-Secretary of State for External Affairs, said that while Canadian citizens of military age, in occupied France, were, of course, interned, those in the unoccupied area, if of military age, were not permitted to leave the country. This would provide an adequate excuse for Mr. Dupuy proceeding to France.

14. After further discussion it was agreed that Mr. Dupuy should be permitted to go to Vichy in the hope that such a visit would aid in throwing light on the present unsatisfactory situation, and in establishing more friendly relations between the government of France and the British Commonwealth. No announcement of Mr. Dupuy's going to France should be made.

(See Cypher telegram No. 1748 of November the 6th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Canadian High Commissioner, London.)

Recruiting in Canada by Netherlands and Belgian governments.

15. The Under-Secretary of State for External Affairs referred to the recruiting activities in Canada of the Dutch and Belgian governments. It would be recalled that permission had been given for such recruiting, provided that it were restricted to Dutch and Belgian nationals. It now appeared, however, that a measure of compulsion might be attempted, to obtain recruits. This was beyond the scope of the permission given.

16. It was agreed that enlistment and recruiting of foreign nationals in Canada should be permitted to continue, but on a voluntary basis only.

International developments

17. The Prime Minister read to the meeting a number of communications recently received from the U. K. government, on the following subjects:

(1) Operations - Air raids on Great Britain had definitely decreased of late, though industry was beginning to feel the strain. It was said that "the attack ..... in the widest sense, has failed".

R. A. F. raids on Germany were regarded as effective, and were increasing in intensity.

Concern was felt as to the heavy increase in sinkings of vessels in the Atlantic approaches to the British Isles, as a result of increased submarine activity. 36 ships had been sunk within a week, and 21 damaged.

(2) Middle East - Substantial reinforcements had been sent to the Middle East.

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(3) Balkans - German penetration into the Balkans was continuing on a large scale and it was estimated that German squadrons in force, and anti-aircraft artillery, now protected all Roumanian oil fields.

(4) Spain - Franco was reported to have refused to permit the passage of German troops, at this time, through Spain, which was unwilling to enter the war. The United States had offered wheat to Spain if it were guaranteed that it would not reach the Axis Powers.

Joint Air Training Plan - identification of Canadian pupils.

18. The Minister of National Defence for Air referred to the problem of devising detailed methods by which Canadian pupils, when passing out from the training plan would be incorporated in, or organized as units and formations of the R.C.A.F. in the field. This subject had been discussed, briefly, by the Committee at their meeting on October the 9th.

19. Mr. Power submitted a memorandum which, at his direction, had been prepared by the Chief of the Air Staff, indicating methods which might be adopted to achieve the identification of Canadian pupils graduating from the Plan, in accordance with the meaning and spirit of Article 15 of the Memorandum of Agreement, and the exchange of correspondence between the late Mr. Rogers and Lord Riverdale.

(See Memorandum of October the 12th from the Chief of the Air Staff to the Minister of National Defence for Air).

20. Mr. Power emphasized the importance of settling, as soon as possible, the means by which the government's policy, in this respect, should be given effect. Canadians would, in the near future, and in increasingly large numbers, complete their training under the Plan, and be ready for service.

The Chief of the Air Staff suggested three methods:

(i) The formation of completely manned and equipped Canadian squadrons.

This was not practicable because of the insufficiency of ground personnel and equipment, as well as the cost involved.

(ii) The designation as "R.C.A.F. Squadrons" of certain R. A. F. squadrons to be manned by R.C.A.F. air crew, with R.A.F. ground crew and equipment.

This appeared to be the method which corresponded to the government's intentions at the time of the negotiation of the Agreement

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with the United Kingdom. The Air Staff had worked out the number of pilots who would be available for service overseas, in such squadrons, and the dates at which they could be provided. By April of 1942 sufficient Canadian pilots would have been turned out to man and maintain as many as 72 squadrons in the field, apart from the requirements of R.C.A.F. squadrons already overseas, and the numbers required for service in Canada.

(iii) The designation "Canadian R.A.F. Squadrons" to be allotted to certain R.A.F. units progressively, as Canadian air crews, sufficient to man and reinforce squadrons, are supplied to the United Kingdom.

This method would not be consistent with the government's wishes, in that Canadians from the Plan would be incorporated into the R.A.F. and not into R.C.A.F. units and formations in the field.

21. The Minister of National Defence agreed that the second method mentioned in the memorandum (ii) was consistent with the agreement with the U. K. government at the time of the negotiations in September, 1939. The extent to which R.C.A.F. squadrons should be organized and the basis upon which the number of such squadrons should be determined, was a matter of some difficulty. Possibly the number of R.C.A.F. squadrons might be fixed in proportion to the numbers of Canadian air crews as compared to U. K. air crews. Perhaps all pupils from the Plan should be formed into a "Commonwealth Air Force", though he was doubtful as to whether this would be desirable.

22. Mr. Power pointed out that R.C.A.F. squadrons, organized from Canadian pupils, would require not only ground crews from the United Kingdom, but also aircraft and equipment. The difficulty was to find some formula to determine the number of R.C.A.F. squadrons which should be formed from the Canadian graduates. "The detailed methods" referred to in Lord Riverdale's letter of December the 16th, 1939, to the late Mr. Rogers, would require careful discussion with the U. K. authorities. Mr. Ralston could take this matter up on his forthcoming visit to the United Kingdom.

23. After further discussion it was agreed that the principle of identification of Canadian pupils from the Plan, as set out in Lord Riverdale's letter to Mr. Rogers, of December the 16th, should be adhered to, and that the detailed methods by which this should be done, should be taken up in England with the U. K. authorities, by the Minister of National Defence.

Embarkation Depot at Halifax

24. The Minister of National Defence for Air requested authority for the expenditure of $635,000 which it was estimated would be required to provide, at Halifax, an embarkation depot for the accommodation of the output of air crews from the Plan, between the

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time of the completion of their training and the date of their embarkation for overseas. Such accommodation would have to be sufficient for 1,000 men, in the near future, and eventually, for some 2,500.

25. In the discussion which followed, it was suggested that it might be possible to obtain adequate accommodation for the purpose, at less expense. The rental of the exhibition grounds, the use of the immigration facilities, or freight sheds, and the purchase of the Halifax Hotel were suggested as alternatives to the project put forward by Mr. Power's department.

26. It was agreed that the proposal should be referred back to the Department of National Defence for Air, for reconsideration with a view to investigating other possibilities to provide the necessary accommodation, at less expense.

Defence of Newfoundland

27. The Minister of National Defence for Air reported that a decision was required as to what reply should be sent to the Governor of Newfoundland, who had now concurred in the Canadian proposal that discussions should take place between representatives of the two governments, over problems regarding the defence of Newfoundland. The Governor had suggested that the Canadian government should outline their views upon the various questions remaining to be settled, and had expressed the opinion that the meeting should take place in St. John's, rather than in Canada.

28. Mr. Power said that it had been proposed at the last meeting of the Cabinet that we should agree to the meeting in Newfoundland, and that the Minister of National Revenue, and Mr. H. A. Dyde, Executive Assistant to Mr. Power as Associate Minister of National Defence, should represent Canada.

29. The Minister of National Defence felt that rather than setting out at this stage, in writing, to the Newfoundland government, the Canadian government's views upon each of the problems requiring decision, it would be preferable to have Mr. Gibson and Mr. Dyde meet the Newfoundland representatives in St. John's, so that these questions could be discussed in an exploratory way, without our being committed to any definite stand.

30. After further discussion it was agreed that a telegram should be despatched to the Governor of Newfoundland:

(1) Agreeing to discussions taking place in St. John's;

(2) Naming Mr. Gibson and Mr. Dyde as Canadian representatives;

(3) Suggesting that a definite statement of views should be deferred until after the discussions had taken place, and

(4) Asking the Newfoundland government to indicate any further questions which they wished to have considered, apart from those which had

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already been mentioned in communications between the two governments.

31. It was agreed that Mr. Ralston and Mr. Power would prepare a telegram to the Governor of Newfoundland, to the above effect, and inform Mr. Gibson and Mr. Dyde of the Committee's decisions in this respect.

Relations with the United States - Munitions and Supplies

32. The Minister of Munitions and Supply, who had recently returned from Washington, reported that he had been informed by Sir Walter Layton that the U. S. government had now undertaken to supply and to maintain, in full equipment, ten British divisions in the field. This was in addition to previously existing commitments.

Munitions and Supplies for the United Kingdom

33. The Minister of Munitions and Supply reported that the U. K. government were proposing to double the capacity of the plant at Sorel, for the production of 25 pounder guns. The plant was an excellent one, and the U. K. government proposed to build the necessary addition at their own cost, and to take 50% of the plant's output. The plant would be in production early next summer and would eventually have a large capacity.

34. Mr. Howe also reported that the U. K. government were strongly urging the production in Canada of the new "Stirling" heavy bomber. If Canada were prepared to undertake this large task, it would be upon condition that the United Kingdom provided engines for Canadian Bolingbrokes.

The project which had been refused in the United States as incompatable with their present mass production programme, would involve a heavy strain upon the Canadian aircraft industry. The Air Ministry were insistent upon U. K. designs. This new bomber would be the heaviest to be produced.

Mr. Howe was reluctant to agree to the U. K. proposal.

35. The Minister of National Defence for Air pointed out that the Stirling bombers would be of no use whatever for the defence of Canada. They had been urged as essential to the successful conduct of the war, from the British Isles.

36. The Committee discussed the position of the Canadian aircraft industry at some length, it being pointed out that American designs were much simpler of production in Canada, than were British. Canada's present production was largely of training planes; operational aircraft, produced here, were almost all being sent overseas.

The difficulties inherent in the undertaking of the present project were great and it would be hard

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to explain to the Canadian public the reasons which might lead to the decision to agree to another long term project, even though at the instance of the U. K. government.

Munitions and Supplies - Disclosure of present situation

37. The Minister of Munitions and Supply said that he felt that it was important that the government should be in a position to report fully to Parliament the facts and figures of the equipment situation and the progress of production of munitions and supplies for the armed forces. It would be difficult to make a report which would bring much satisfaction unless it were decided that it was proper to make a factual statement of the position, in specific terms.

38. The Minister of National Defence, while he agreed with Mr. Howe, said that his officers had advised him that the government should not, on military grounds, make disclosures of this kind which would be of assistance to the enemy. No other country would do so in the circumstances.

39. Mr. Ralston remarked that if it were decided to make disclosures to Parliament, we would be able to report - the production of Bren guns at the rate of 275 a month; the large and satisfactory production of mechanical transport; the improvement of the small arms ammunition situation; and progress in the provision of signalling equipment. On the other hand - there was still a shortage of rifles, of which production would not begin until August of next year; the production of 25 pounders would not begin until the spring and then at a low rate, and there would be no anti-aircraft guns produced until the end of 1941.

40. The advisability of making disclosures to Parliament was further discussed and the possibilities of so doing at a secret session, or before a select committee, in camera, were given consideration. The general feeling was that it would probably be necessary and advisable to hold a secret session for the purpose.

Establishment of reserve short-wave radio station in Canada.

41. The Minister of Munitions and Supply stated that the U. K. High Commissioner was continuing to urge that the government consent to the establishment in Canada of a high power short-wave radio station. This project had been discussed by the Committee, on October the 10th.

Sir Gerald Campbell now said that the U. K. government would be prepared to operate such a station if Canada would build it.

42. After some discussion it was agreed that the government should not agree to undertake any obligations in regard to the building or operating of the proposed radio station.

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Labour supply in war industries

43. The Minister of National Defence reported that consideration was being given to two measures which it was felt might help in the solution of the urgent problem of maintaining an adequate supply of labour for expanding war industries. These were:

(a) the prohibition of soliciting by employers, and advertising for employees in essential industries;

(b) possible exemptions of special classes of workers from the proposed four month training programme.

Recommendations to Council in these respects would shortly be submitted for consideration.

U.K.-Canada Inter-government Inspection Board.

44. The Minister of National Defence submitted a draft agreement which had been prepared between the government, and the government of the United Kingdom, setting out conditions for the operation of the joint inspection board which already had been authorized by Order-in-Council. The draft agreement had been approved by the Minister of Finance and officers of the Department of National Defence.

45. The Committee approved Mr. Ralston's signature to the draft agreement, on behalf of the government of Canada.

Permanent Joint Board on Defence - Terrace-Prince Rupert Highway

46. The Minister of National Defence submitted a memorandum which had been prepared by the Chief of the General Staff regarding the proposed construction of a road from Terrace to Prince Rupert, B.C., as recommended in the First Report of the Permanent Joint Board on Defence.

(See "Appreciation" of November the 2nd, 1940, by the General Staff re construction of a road from Terrace, B.C., to Prince Rupert, B.C.).

47. In view of the fact that the General Staff did not consider the completion of the proposed road as vital at this time, it was agreed that the recommendation by the Permanent Joint Board on Defence, that Canada should proceed with this project, should be reserved for the present.

48. The Secretary, accordingly, was directed to communicate to the Secretary of the Canadian Section of the Board, stating that the Canadian government approved of the recommendations of the First Report of the Board, with the exception of that providing for the construction of the Terrace-Prince Rupert Highway, which, in the circumstances, was reserved for consideration and appropriate action at a later date.

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Proposed internment of German prisoners in Newfoundland

49. The Prime Minister read to the meeting a telegram received from the U. K. government in reply to the representations made at the request of the Permanent Joint Board on Defence, that German aviator prisoners be not sent to Newfoundland for internment.

The U. K. government proposed that Canada accept these airmen and send to Newfoundland a similar number, viz., 1,000, merchant seamen from Canada for internment in Newfoundland.

(See Cypher telegram No. 152 of November the 2nd from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa.)

50. It was agreed that the U. K. government's proposal was open to the same objection as that previously made and would constitute a similar military hazard to that to which strong exception had already been taken by the Permanent Joint Board on Defence.

51. In the circumstances, it was agreed that the U. K. government's proposal should be referred to the Minister of National Defence for consideration with the Board, and subsequent reply to the United Kingdom.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 7th, 1940.

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SECRET

Ottawa, November 7th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Thursday, November the 7th, at 4.15 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Joint Air Training Plan

1. The Minister of National Defence for Air referred to the Committee's discussions on October the 31st, of possible further expansion of the Commonwealth Air Training Plan. He submitted a draft communication to the U. K. government which had been prepared by the Air Staff, giving details of the anticipated output of the Plan, under the present programme, and enquiring the views of the U. K. government as to undertaking further expansion of the output of air crews.

2. Mr. Power was of opinion that, from the point of view of administration, Canada could undertake and carry out a substantial expansion of the Plan, and should do so if the anticipated supply of aircraft, for training and operations, would be sufficient to justify this being done.

The output of air crew anticipated under the present programme, including that of R. A. F. schools transferred to this country, would be substantial - in the neighbourhood of 11,000 or 12,000 by the end of 1941. Further expansion would increase the problem of the supply of planes, both for training and operational purposes, and should not be undertaken unless the U. K. government were satisfied that they would be able to provide the additional aircraft required.

3. In answer to an enquiry of the Prime Minister, as to the financial implications of a

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further expansion of the Plan, Mr. Power replied that the additional obligations would presumably be a matter for arrangement between the co-operating governments.

4. After further discussion, it was agreed, that the telegram to be sent to the U. K. government, in this connection, should be directed from the Prime Minister, to the Prime Minister of the United Kingdom. It should outline anticipated output of aircrews from the Plan, under the present programme, and should state that the Canadian government were prepared to undertake substantial expansion of the present arrangements if the U. K. government, in view of the anticipated supply of aircrew from other sources, and their anticipated supply of necessary aircraft, felt that such expansion were desirable. Financial arrangements for any expansion which might be agreed upon would be the subject of discussion between the governments concerned.

Honours and Decorations

5. The Minister of National Defence for Air raised the question of honours and decorations with reference to the R.C.A.F.; the Air Staff had enquired the policy to be followed in regard to the award of distinctions to members of the Service.

6. The Under-Secretary of State for External Affairs, in accordance with instructions received at the meeting held on October the 31st, submitted a memorandum regarding the scope of the (Nickle) Resolution of the House of Commons of 1919 regarding Titles of Honour and Titular Distinctions. A very few appointments of Canadians to the Orders of Chivalry had been made in 1919 and 1920, after a copy of the Resolution of the House had been received by the Secretary of State for the Colonies.

The discussion in the House of Commons on the Report of the Special Committee of 1919 made it clear that it was understood when the Resolution was adopted, that it would entail exclusion from the lower as well as from the higher classes of the Orders of Chivalry, leaving Canadians eligible only for purely military or naval decorations for valour and devotion to duty.

7. Dr. Skelton also submitted a draft telegram to the Canadian High Commissioner in the United Kingdom, setting out the government's policy with regard to honours and decorations (as indicated at the meeting of the Committee held on October the 31st), and a draft letter to the U. K. High Commissioner stating that the government felt that they should abide by the terms of the Resolution of the House of Commons of 1919, unless and until Parliament should decide otherwise.

8. After further discussion, the draft telegram to Mr. Massey and the draft letter to Sir Gerald Campbell, with certain additions and

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alterations, were approved. It was agreed that the policy of the government should be that expressed in the Resolution of the House of Commons of 1919, unless Parliament were to agree upon some modification of the principles therein expressed. This meant that Canadians were not eligible for honours or decorations other than those awarded for valour or devotion to duty, and excluded the lower as well as the higher classes of the orders of chivalry.

9. It was also agreed that, if the matter were raised in Parliament, the government would agree to the appointment of a Special Committee to go into the subject, further, and make recommendations for consideration by Parliament.

Building of destroyers for the Royal Canadian Navy.

10. The Minister of National Defence for Naval Services stated that the Chief of the Naval Staff strongly recommended that two more destroyers of the "tribal" class, at an approximate cost of $4,000,000 each, be ordered immediately to be laid down in the United Kingdom.

11. Mr. Macdonald said that Canada now had twelve destroyers in service, including the six obtained from the United States. Two were at present under construction in the United Kingdom. These were expected to come off the stocks in December of this year, but would not be ready for service until April of 1942.

The Royal Canadian Navy had suffered the loss of two destroyers, the "Fraser" and the "Margaree", since the outbreak of war.

Destroyers required a long time to build and, because of their continuous and hard service, had a comparatively short life, particularly in war time. The ordering of two new destroyers in Great Britain would be in accordance with the three year plan of the Naval Staff, which, although never specifically authorized, had received the general approval of the government.

12. Mr. Macdonald said that he was strongly in favour of a beginning being made upon the construction of destroyers in Canada. It would take a considerable time before any destroyers could be completed in this country, but we should lay plans now to that end. The next two destroyers, after those presently recommended to be ordered in England, should be built in Canadian shipyards. Canadian built destroyers would make a strong appeal to the Canadian public, and from the strategic point of view it would be valuable to develop facilities for such construction in Canada.

13. Mr. Macdonald expressed concern as to the ability of the United Kingdom, under existing circumstances, to continue shipbuilding at the maximum rate. Shipping losses, particularly of late, had

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been very serious, for want of adequate protection in the face of increased submarine activity.

14. The Minister of Munitions and Supply said that the process of building destroyers was a long one. U. S. plans might be used, but these were generally regarded as not as good as British.

It had been felt that Canadian shipyards could best be utilized now for the building of much needed cargo vessels. On the other hand the building of destroyers in Canada was possible. One yard might be picked out for the purpose, possibly at St. John. The extent of the recent losses to British shipping was creating a serious problem. There already existed a shortage of vessels for the shipment of munitions and supplies from Canada.

15. The Prime Minister agreed with Mr. Macdonald that the present situation justified an early beginning upon the construction of destroyers in Canada.

16. Mr. King read a message recently received from the U. K. government describing the comparative strength of British and enemy naval forces, the effect of the increased submarine campaign, the new technique of attack which had been developed by the enemy, and estimated progress which had been made in naval construction since the beginning of the war.

17. After further discussion, it was agreed:

(a) that the recommendation of the Minister of National Defence for Naval Services that two destroyers of the "tribal" class be ordered immediately for construction in the United Kingdom be approved, and

(b) that the U. K. government should be informed of the desire of the Canadian government to institute immediate steps for the building of destroyers in Canada so that all available assistance to that end should be obtained.

Canadian Naval College

18. The Minister of National Defence for Naval Services referred to the shortage of trained officers which existed, not only in the Royal Canadian Navy, but also in the Royal Navy. A longer period was required to train naval officers than was needed for officers of the army or air force. We should not rely upon sending Canadians to the United Kingdom for training, and an early start should be made to establish a Canadian naval college where candidates for commissions in the Royal Canadian Navy and for service as officers in the merchant marine, as well, might be trained.

A suitable site for such an establishment would be Dunsmuir Park in Victoria, where training could be carried on all year round.

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19. The Prime Minister agreed with Mr. Macdonald's recommendation in this respect. It was very important for Canada to build up her navy. The new responsibility undertaken by Canada for the joint defence of North America made it all the more necessary to develop the Royal Canadian Navy so that we could bear our share of the burden of naval defence.

20. After further discussion the Committee approved in principle the establishment of a Canadian naval college.

Wartime Planning (or Requirements) Committee

21. The Prime Minister referred to a report of the Economic Advisory Committee on a proposal for the establishment of a wartime planning (or requirements) committee. This project had been referred to the Economic Advisory Committee by the Minister of Munitions and Supply. The functions of the proposed body and the conditions regarded as making its establishment desirable, were explained briefly.

22. The Minister of Munitions and Supply asked that consideration of this proposal be deferred until a later meeting of the Committee, in order that members might have an opportunity of making themselves fully familiar with it. The Secretary was directed to distribute copies of the Economic Advisory Committee's report.

Admission of Polish nationals

23. The Minister of Mines and Resources submitted a request which had been received through the Polish Consul General for the admission into Canada of a group of Polish refugees and their families. These men were skilled mechanics and it was thought that they could usefully be employed in Canadian war industries.

While the Polish government were prepared to pay for the transportation of these men, to Canada, funds would be required for the passages of their wives and children, and possibly for maintenance in Canada for a period until employment had been found.

24. The Minister of Munitions and Supply favoured the admission of this group, provided that the immigration authorities had no objection. In his opinion these men could usefully be employed in war industries, particularly in plants producing aircraft, where skilled labour was much needed. Arrangements for financing the transportation of their wives and children could, he felt, be made in advance, through concerns who were prepared to employ the men. There would be no danger of their becoming public charges if, as Mr. Howe felt sure, such advance arrangements could be made.

25. After some discussion it was agreed that there would be no objection to the entry of the group of skilled workers of Polish nationality, provided that no financial assistance from the government were to be

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required. The question of financial arrangements was to be taken up by Mr. Howe with industrial concerns engaged in war work and requiring additional skilled labour; Mr. Howe would report to Mr. Crerar who would then submit a recommendation to the Committee.

Internees from the United Kingdom wishing to remain in Canada.

26. The Minister of Mines and Resources submitted the case of an individual civilian internee who had been transferred to Canada from the United Kingdom, and who wished now to remain in Canada. In response to representations which had been made on his behalf, the U. K. authorities had agreed to this man's release, and representations had been made to the Canadian authorities to permit him to remain in this country. The decision in this case would create a precedent, affecting large numbers, possibly 1,700 or 1,800 internees in "B" and "C" categories, whom the U. K. government were prepared to release.

27. The Minister of Justice expressed concern as to the possibility of mass admissions of such persons and the Minister of Munitions and Supply felt that we should regard ourselves merely as "gaolers for Britain" so far as these individuals were concerned.

28. The Under-Secretary of State for External Affairs observed that the problem was one which required careful investigation of the individuals concerned, and proper report to the Committee, before a decision could be made. Many of the civilian internees in question had visas for entering the United States; perhaps Canada should take some. In any event the first step should be a careful analysis of the groups involved, followed by report to, and full consideration by the government.

29. Upon the recommendation of Mr. Crerar, it was decided that, for the present, permission should not be granted to civilian internees transferred to Canada from the United Kingdom, to remain in Canada; pending full investigation and report, these persons should remain in internment.

French gold with the Bank of Canada

30. The Prime Minister read a reply which had been received from the Prime Minister of the United Kingdom, to the communication which had been sent to Mr. Churchill in reply to the U. K. government's request concerning disposition of French gold in the possession of the Bank of Canada.

Mr. Churchill's telegram appeared to interpret our communication as agreeing that, when required, the gold should be made available for the purposes of the U. K. government. Such an interpretation of the message was not in accordance with the intention of the government, and no final decision had, as yet, been reached. Mr. Churchill's telegram had indicated that the supply of gold available in the U. K. government would be sufficient only for a very short period.

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31. The Under-Secretary of State for External Affairs, reported that he had had word from the Governor of the Bank of Canada, that a further communication was to be expected from the U. K. government, in this connection, in the near future. Mr. Towers had not been so pessimistic regarding the supply of gold available to the U. K. government, and had felt that it might be sufficient for, perhaps, two or three months. The U. K. government were anticipating that future purchases in the United States would be assisted by the repeal, after the U. S. election, of U. S. legislation restricting credits to or borrowing by belligerent countries and countries in default on war debts.

Relations with France

32. The Prime Minister read a communication dated November the 4th, from the U. K. government regarding relations between France and the Axis Powers. The U. K. government found it difficult to make a decision as to policy regarding France, in view of the undertainty of the nature of the intended collaboration with Germany and Italy. A reply was, however, anticipated from the Petain government, to the message which had been sent by the King, to Marshal Petain.

A summary of the reply which had been sent by the French government to President Roosevelt, indicated that it was not the intention of France to surrender the fleet to Germany, but to retain "liberty of action". It was thought by the U. S. Charge d'Affairs, that the President's message had had a wholesome effect. It was suggested, however, that it might be the intention of Laval to sign peace with Germany, on November the 11th, and subsequently employ the French fleet and air force to recover such colonies as had declared for deGaulle; then, if conflict developed, Laval would claim aggression on the part of the British.

Progress of the War

33. The Prime Minister read a number of messages from the U. K. government, regarding the progress of the war:

(1) Greece - All help possible - material and moral, was being accorded to Greece.

(2) Air operations - The Germans were adopting new methods in raids upon the United Kingdom. The effect upon aerodromes was described. It was anticipated that large scale raids would be resumed in the spring. R.A.F. raids into Germany had met with a considerable measure of success. The expansion of the R.A.F. was now at a higher rate than that of the German Air Force.

Request for requisition of SS. "Empress of Russia" and SS. "Empress of Asia".

34. The Prime Minister read a communication received from the U. K. High Commissioner submitting the urgent request of the U. K. government for the requisitioning of the "Empress of Russia" and the "Empress of

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Asia" to meet the serious need for passenger vessels.

35. The Minister of Munitions and Supply observed that this would mean taking these vessels from the Pacific service - a serious matter, as it would deprive Canada of service to the Orient. It would be advisable to have the views of the Shipping Board, and of the President of the Canadian Pacific Railway Company.

36. It was agreed that the Under-Secretary of State for External Affairs should refer the request of the U. K. government to the Canadian Shipping Board, and subsequently it could, if desirable, be taken up with Sir Edward Beatty.

The meeting adjourned at 6.50 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 14th, 1940.

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SECRET

Ottawa, November 14th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on November the 14th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Information for Parliament

1. The Committee discussed the extent to which, and the means whereby, detailed information should be given to Parliament regarding the progress of the war effort, in the military, naval and air spheres, and in the production of munitions and supplies. The possibilities of a secret session of the House of Commons, the formation of a Special Committee, and of open or secret meetings in Committee of the Whole, were considered.

2. The Minister of National Defence for Air stated that the Chiefs of Staffs Committee had reported strongly and unanimously against making public any mention, except in the most general terms, of the numbers of ships, tanks or aircraft, under construction, the type, speed, or armament of such ships, tanks, or aircraft, or of the composition, equipment and employment of the armed forces, or their probable future plans of operations. In their view such information, if made public from official sources, would be of assistance to the enemy.

3. It was agreed that the Prime Minister and several of his colleagues should meet Mr. Hanson and certain other members of the Opposition, to discuss this question with them.

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Department of National Defence for Air
Estimates 1940-41

4. The Minister of National Defence for Air submitted detailed financial statements setting out revised estimates of expenditures for his department, to the end of the current fiscal year. These included provision for home war establishment, overseas establishment, and the Commonwealth Air Training Plan.

Total expenditure for the current fiscal year was now estimated at $287,214,880.93, as compared with the total of estimates previously presented to Treasury Board, amounting to $273,154,169.89.

5. It was agreed that the revised estimates, as submitted, should be referred by the Secretary, to Treasury Board for consideration.

Joint Air Training Plan

Proposal to build railway sidings for training schools.

6. The Minister of National Defence for Air reported that the officers of his department recommended the expenditure of an estimated $535,000[x] for the construction of railway sidings at training schools of the Commonwealth Air Training Plan. No provision for this project had been made in the revised estimates submitted.

7. Mr. Power explained that this proposal, if adopted, would, in the opinion of his advisers, result in substantial savings.

8. After some discussion it was agreed that the project should be referred to the Minister of Finance for consideration, and report at a subsequent meeting of the Committee.

9. It was also agreed that, in future, all similar proposals involving expenditures not included in estimates should be approved by the Committee, only after opportunity had been afforded for prior study by the Finance Department, and upon report by Mr. Ilsley.

Joint Air Training Plan -

Further expansion of programme

10. The Minister of National Defence for Air enquired whether in making his statement in Parliament as to the progress of the Plan, it would be appropriate to announce that the Canadian government felt that a further substantial expansion of the Plan was feasible, and had expressed to the U. K. government willingness to undertake such an expansion, if in the opinion of the U. K. authorities it were justified by conditions. A telegram had been sent to this effect to Mr. Churchill.

(See Most Secret telegram No. 202 of November the 14th, 1940, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

(x) - For revised figure see Minutes of November the 19th, page 6, paragraph 22.

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11. It was agreed that, while it would be appropriate to make a public statement regarding the accelerated progress of the Plan, mention of any possible expansion should be deferred until a reply had been received from the U. K. government; if expansion were agreed upon, this could be announced later.

Joint Air Training Plan -

Financial arrangements

12. The Minister of Finance pointed out that should any expansion of the Plan be undertaken, the increased financial obligations upon Canada would necessarily be heavy, as we were the principal partner in the joint undertaking. Arrangements in this respect would require detailed consideration by the governments concerned.

13. The Minister of National Defence remarked that among the financial questions still outstanding was that of the additional obligations undertaken by Canada for the purchase of training planes in North America. This had not been contemplated at the time of the Agreement, but had been made necessary by the cessation of shipments from Great Britain in the early summer. At the time of the emergency, it had been agreed with the U. K. government that financial arrangements in this respect would be deferred for subsequent consideration.

14. Mr. Ilsley remarked that there still remained outstanding a number of other financial questions between the U. K. and Canadian governments regarding the armed forces. Officers of his department were engaged in preparing a statement showing the present position.

15. It was agreed that if the Minister of Finance had any specific questions which he wished to have discussed with the U. K. government immediately, these might be taken up by Mr. Ralston during his forthcoming visit to England.

R. C. A. F. Squadrons Overseas

16. The Minister of National Defence for Air reported that the three R.C.A.F. Squadrons now serving overseas consisted of a fighter squadron (No. 1), an army co-operation squadron (No. 110) and a composite pool squadron (No. 112).

Under present conditions the composite pool squadron, originally trained as an army co-operation squadron and sent to the United Kingdom for service during the emergency, was unproductive. It was proposed, therefore, that this squadron should be converted into a fighter squadron, which would then become available for active operations.

17. Mr. Power referred to the cost of converting the squadron as suggested. There were three methods by which it might be financed:

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(a) Canada might pay the capital cost of re-organization, $929,480; the cost of maintenance $11,123,607, annually, to be borne by the U. K. government;

(b) Canada might pay the cost of maintenance, and request the R.A.F. to pay the cost of re-organization;

(c) Canada might pay for both the cost of re-organization and maintenance, that is $12,053,087, for the first year, and $11,123,607 thereafter.

18. Mr. Power pointed out that the squadron in question was completely Canadian, both air crew and ground crew. By the time it would be ready for participation in active operations as a fighter unit, reinforcements would be available from Canada, to keep it purely Canadian.

In the circumstances he recommended that the squadron be converted to a single-seater fighter squadron, the cost, both of re-organization and maintenance to be borne by the Canadian government.

19. After some discussion it was agreed that the Minister's recommendation should be approved, and No. 112 composite pool squadron converted to a single-seater fighter squadron, at the sole cost of the Canadian government.

Building of destroyers in Canada

20. The Prime Minister reported that the Minister of National Defence for Naval Services had written him suggesting that a message be sent to the Prime Minister of the United Kingdom, stating that we were willing to undertake, at once, the building of destroyers in Canadian yards, if the Admiralty would assist by providing key men and constructors, either from their own or from private yards.

21. The Minister of National Defence for Naval Services referred to the Committee's consideration, on November the 7th, of the building in Canada of destroyers for the Royal Canadian Navy. Canadian yards had already built, and were building, corvettes, minesweepers, motor launches and motor torpedo boats. In his view we could also build destroyers and cruisers, provided that expert assistance were to be made available.

22. The Minister of Munitions and Supply agreed that destroyers could be built in Canadian yards, and if it were decided to do so, priority in the shipbuilding programme would be given to such undertakings.

23. It was agreed that a message along the lines suggested by Mr. Macdonald should be sent to the Prime Minister of the United Kingdom.

Wartime Requirements Board

24. The Minister of Munitions and Supply explained to the meeting the proposal to establish

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a Wartime Planning (or Requirements) Board, as described in the report of the Economic Advisory Committee, copies of which had been circulated, after the last meeting, to Members of the Committee. Such a body would fulfil an important function. The departments which it was proposed to have represented on the Board had already recommended names, and a formal recommendation to Council would be submitted to the next meeting of the Cabinet.

Oil Control

25. The Minister of Munitions and Supply reported that the Oil Controller had submitted, for consideration, certain proposals for the more effective control of the oil industry in Canada. Direction as to government policy had been requested.

26. Mr. Howe described, briefly, the principal steps which had been taken by the Oil Controller since his appointment, and stated that he had now submitted, for consideration, three further proposals:

(1) the prohibition of the importation of gasoline, as such;

(2) the standardizing of gasoline into one or two grades only, and

(3) the fixing of price differentials between tank wagon prices and retail prices, also between tank wagon prices and prices to the consumer.

The Economic Advisory Committee had given consideration to these suggestions and had prepared a report recommending that the three proposals of the Oil Controller be adopted.

It was doubtful, in Mr. Howe's view, whether the rationing of gasoline would or should follow these steps, if and when taken.

27. The Prime Minister pointed out the importance of keeping in touch with the United States government in regard to any possible interference with normal imports from the United States. The U. S. Minister had asked particularly that his government be given advance notice of any measures which might be contemplated by the Canadian government, affecting Canadian imports.

28. Mr. Howe said that at present he was not making any recommendation for putting into effect the proposals of the Oil Controller. At the moment he wished merely to report what had been done, and the line of development which the Oil Controller had in mind.

29. It was agreed that the Secretary should circulate to the members of the Committee copies of the Economic Advisory Committee's report, so that its recommendations might be considered at a later meeting.

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Supreme War Council - London Conference

30. The Prime Minister reported that he had received from the U. K. government and from the Prime Minister of the United Kingdom, replies to the message which had been sent to the Secretary of State for Dominion Affairs, following the meeting of November the 5th. Mr. King read these telegrams to the meeting.

The U. K. government now agreed with the Canadian government's view that the Supreme War Council should not be revived. They felt, however, that a conference of Allied and Dominion governments should be held in London, and to this the Canadian government had taken no exception. The U. K. government had stated their agreement that the resolution to be passed by the proposed conference should omit any reference to post-war military and economic commitments in Europe; at the same time the revised draft submitted by them contained a paragraph which was open to the same objection.

The other Dominions had agreed to the meeting in London, though South Africa had taken exception to certain statements in the draft resolution.

31. Mr. King read to the meeting answers which had been sent to these further communications from the U. K. government, and from Mr. Churchill, expressing Canada's agreement to the conference taking place, but suggesting further revision of the draft resolution so as to replace that portion which had reference to post-war commitments. A telegram had also been sent to the Canadian High Commissioner in London indicating the stand taken by the government, and authorizing Mr. Massey to attend a conference as the Canadian representative.

32. The Committee approved the telegrams which had been sent to the U. K. government, describing the attitude of the Canadian government with regard to the proposed conference and the draft resolution.

Departure of French gunsmiths from Canada

33. The Prime Minister reported that seven French gunsmiths, recently employed at the plant in Sorel, were anxious to return to France and had applied for foreign exchange, for this purpose. The application had been held up until the question had been submitted to the government.

While objection to their departure was taken on the ground that France did not permit reciprocity and that these men were probably going to Le Creusot, in German-occupied territory, the Minister of Transport, who was closely in touch with the situation, felt that these men should be accorded special treatment. They had come to Canada to engage in armament manufacture when relations between France and Great Britain had been entirely harmonious. Their help in establishing the work had been indispensable and they had performed it well. They wished to return, on sentimental grounds, to rejoin their families. In fact, certain friction had developed since the plant had been taken over by the government, and these men were no longer required.

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34. The Minister of Munitions and Supply agreed with the view of Mr. Cardin. These men should be permitted to go back to France. They had been useless since the capitulation, and would simply create difficulty if they were refused the right to leave the country.

35. After further discussion, it was agreed that permission should be given to these French gunsmiths to leave Canada for the United States, and that they should be given sufficient foreign exchange for this purpose.

Relations with France

36. The Prime Minister read to the meeting a communication received from the U. K. government describing the operations at Libreville in North Africa. Assistance had been requested of the U. K. government, but had been refused, it being decided that support should not be given to General deGaulle for such operations until the nature of the collaboration between the Petain government and Germany were more clearly understood.

Greece

37. The Prime Minister read a message which had been sent by the King of Greece to His Majesty, describing the progress of operations and appealing for strong British assistance in an offensive movement against Italy.

Near and Middle East

38. The Prime Minister read a full appreciation of the military situation as regards Greece and the Eastern Mediterranean, prepared by the military advisers of the U. K. government. This message emphasized the vital importance of maintaining the strongest possible forces for the protection of Egypt. Assistance to Greece must not be permitted to jeopardize the position of Suez. Within that limitation assistance would be accorded Greece to as great an extent as possible.

Canadian Forces Overseas

39. The Minister of National Defence enquired whether there would be any objection to his mentioning in his statement in the House of Commons the possibility of Canadian troops serving in Egypt, or in overseas areas of operations, other than the United Kingdom.

40. After some discussion, it was agreed that it would be inadvisable to make any such suggestion. It had not been decided whether or not Canadian forces would be sent upon active service elsewhere than to Great Britain (apart from Iceland), and no proposal to that effect had come from the U. K. government. The question involved a most important one of policy, upon which no decision had yet been taken.

The meeting adjourned at 8 o'clock.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 19th, 1940.

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SECRET

Ottawa, November 19th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on Tuesday, November the 19th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Permanent Joint Board on Defence

1. The Prime Minister reported that it was suggested by the Chairman of the U. S. Section of the Board, with the approval of the President, that a joint statement be released to the press, this evening, at Washington and Ottawa, on behalf of the President and the Prime Minister. The draft release, proposed by Washington, was read to the meeting. It stated -

> "that the governments of Canada and the United States have approved the First Report submitted to the two governments by the Permanent Joint Board on Defence - Canada and the United States. The Report itself will not be made public because of the military information which it contains."

2. Mr. King said that he was opposed to the publication of any such statement. It could serve no useful purpose, and would result merely in arousing public curiosity as to the contents of the Board's Report. Furthermore, such a statement would be misleading and would give an entirely wrong emphasis to the functions of the Board; the Board had been established for the purpose of joint study and recommendation to each of the two governments.

3. After some discussion it was agreed that it would be unwise to issue any public statement such as that proposed, and the Under-Secretary of State for External Affairs was directed to inform

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the U. S. government, immediately, of the government's views in this respect.

Proposed internment of German prisoners in Newfoundland

4. The Secretary reported that, following the Committee's meeting on November the 5th, the Chairman of the Canadian Section of the Permanent Joint Board on Defence had been requested to submit to the Board, at their next meeting, the proposal of the U. K. government to transfer from Canada, for internment in Newfoundland, 1,000 German merchant seamen in place of a similar number of captured airmen.

The proposal had been referred to the Permanent Joint Board on Defence, who had given it consideration at their recent meeting on the Pacific Coast. Colonel Biggar had now communicated to the government the Board's view that the establishment of internment camps in Newfoundland would create an unnecessary and dangerous hazard, and that the Canadian government should so inform the government of the United Kingdom. The Canadian Section of the Board had expressed the hope that, as their contribution to the solution of the problem, the Canadian government would offer to accept the airmen, in addition to persons already sent to this country for internment.

(See Naval Message from C.O.P.C. for O. M. Biggar, to the N.S.H.Q., for A.D.P. Heeney, dated November the 15th, 1940.)

5. Mr. Heeney also reported that the views of the Board had been considered by the Minister of National Defence and the Minister of National Defence for Air, and that both Mr. Ralston and Mr. Power had approved of the suggestions made in Colonel Biggar's telegram. The Secretary of State had also been consulted and, after reference to the Acting Director of Internment Operations, Mr. Casgrain had stated that arrangements could be made to accept these additional prisoners of war. Mr. Casgrain, himself, had expressed a favourable view of the proposal.

6. The Prime Minister enquired as to the financial obligations which would be involved if Canada were to accept these additional prisoners. The responsibility of having these prisoners in Canada would be considerable; we had already agreed to and had taken large numbers.

7. The Minister of Finance stated that with respect to prisoners and internees already accepted, it had been agreed that the cost would be borne by the U. K. government, apart from that resulting from the provision of guards, which was borne by the Canadian government.

8. After some discussion, it was agreed

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that in order to assist in solving the problem, Canada should offer to accept the 1,000 captured airmen, for internment in Canada, upon the same financial conditions as governed in cases of prisoners previously transferred from the United Kingdom.

A draft communication to this effect, submitted by the Secretary, with certain amendments, was approved for despatch.

(See Cypher telegram No. 207 of November the 20th, 1940, from the Secretary of State for External Affairs to the Secretary of State for Dominion Affairs).

Recruiting of pilots in the United States

9. The Minister of National Defence for Air described to the meeting the course of recruiting activities in the United States, for the R.A.F. and the R.C.A.F. Some time ago an "Information Office" had been established in the United States, under Clayton Knight, a U. S. citizen and a former officer of the R.A.F. The ostensible object of this organization, subsequently known as the "Clayton Knight Committee" had been to give information to would-be recruits for the R.C.A.F., and to check up the qualifications of applicants. Funds for this purpose had been made available, indirectly, by the Canadian government.

The Clayton Knight Committee had recently gone beyond the function of giving information, and were openly advertising in U. S. newspapers, for recruits. There had been no opposition from the U. S. authorities - in fact, after a complete investigation of the Committee's operations by the Federal Bureau of Investigation, they had been given a clean bill of health.

10. Mr. Power said that the Canadian Minister in Washington, however, was concerned that such activities were likely to constitute a source of serious embarrassment to the U. S. government, as an open violation of U. S. neutrality. On the other hand, Clayton Knight contended that the Committee's activities had the approval of the administration.

The U. K. Ministry of Aircraft Production had made use of similar means to employ Americans as ferry pilots for the delivery of planes across the Atlantic, and from factory to aerodrome. Lord Beaverbrook and others representing the U. K. government, were employing the machinery of the Clayton Knight Committee for this purpose.

11. Mr. Power also drew attention to the fact that, from time to time, suggestions that British pilots be trained in U. S. civil schools, had come from British sources. It had now been

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announced by the British that 4,000 Canadians would be trained in U. S. flying schools.

In fact, we had no intention whatever of sending Canadians to the United States for training. However, if we stated this publicly, the truth that the United Kingdom were recruiting Americans in the United States would become evident, while if we said that Canadians would be trained in the United States, the reflection upon the efficacy of the Commonwealth Air Training Plan would be serious.

12. The Prime Minister reminded the meeting that in his conversations, last April, with the President of the United States, Mr. Roosevelt had indicated to him that recruiting in the United States would constitute a serious embarrassment to the administration. Furthermore, the Committee had already given this same subject consideration, and had decided that the Canadian government could not countenance anything in the nature of a recruiting mission to the United States. It now appeared that despite this decision, recruiting was, in fact, being carried on, and that funds of the Canadian government were being used for this purpose. Such activities could not be regarded as in keeping with his understanding with the President.

13. Mr. Power said that the Clayton Knight Committee received no money direct from the government; they did obtain funds from an "impressed account". Possibly the worst feature of the Committee's activities was the practice of making "loans" to prospective recruits for transportation expenses.

14. The Minister of Munitions and Supply said that the whole question had been complicated by the activities of persons, not connected with the Canadian government, who had made use of the Clayton Knight Committee to obtain ferry pilots for the R.A.F. Many of these pilots had turned out to be useless.

15. After further discussion it was agreed that the government could not directly, or indirectly, countenance recruiting in the United States for the Canadian forces, and the Minister of National Defence for Air was directed to see to the immediate discontinuance of the activities of the Clayton Knight Committee.

Financial relations with the United Kingdom

16. The Prime Minister reported that he had received from the Minister of National War Services a copy of a letter which Mr. Gardiner had written to the Minister of Finance, describing conversations which Mr. Gardiner had had with the Chancellor of the Exchequer and certain U. K. officials, as to financial arrangements between Canada and the United Kingdom. Mr. Gardiner, while in England, had asked if it would be helpful if Canada were prepared to accept sterling, at par, in payment of obligations of the U. K. government.

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The reply had been that it would be helpful, but they would not wish to be understood to be asking for such an arrangement.

17. The Minister of National War Services, in his letter, had said that he was "inclined to think that in dealing with Great Britain and the Canadian farmer, we should assume a British victory and that the pound would go back to par". If we could "get a better price by agreeing to take sterling in settlement, thought should be given to having our present and future agreements adjusted to that basis."

To accept sterling would, in effect, amount to lending to Great Britain. This would give us an eventual claim on the United Kingdom when the pound returned to par, and might be preferable to giving direct subsidies to our primary producers.

18. The Minister of Finance observed that Mr. Gardiner's proposal would involve a large outlay by the Treasury. It would mean that we would be paying manufacturers and primary producers something more than 10% above present prices, in the hope that sterling would eventually go back to par. In his view the return of sterling to par was exceedingly unlikely, in view of the continuous and heavy drain being made by the war upon the resources of the United Kingdom. While nominally receiving more in sterling, the government would, in fact, be receiving less, for no producer would accept sterling from us in payment.

19. Mr. Ilsley said that he would be opposed to any such proposal. However, he would have it looked into carefully by the officers of his department, and a confidential memorandum prepared as to its financial implications.

Joint Air Training Plan

20. The Minister of National Defence for Air reported to the meeting the latest corrected figures as to the output of the Plan when all projected schools were in operation. These were as follows:

Pilots	12,268	per annum
Air Observers	4,420	"
W/O Air Gunners	7,540	"
Total	24,228	"

If wireless equipment were available, the output of W/O Air Gunners could be increased by 33-1/3%, i.e., to 10,053 per annum, raising the total to 26,741.

In addition, special units of the R.A.F. would turn out aircrews in considerable numbers, presumably in the neighbourhood of 7,200 per annum for all categories.

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The net result would be that the total output of aircrews in Canada might reach 33,941 per annum.

21. Mr. Power drew attention to the magnitude of the problem of supplying aircraft for such large numbers of trained men.

To obtain sufficient recruits for all of these categories might also cause difficulty. Results to date in the Province of Quebec had been disappointing. It would be necessary to obtain larger numbers from the students in the classical colleges, and a French recruiting committee might be appointed to see what could be done in this way. Mr. Power intended to confer with Mr. Lapointe on this subject.

Joint Air Training Plan -
proposal to build railway sidings for training schools.

22. The Minister of Finance reported that the Finance Department had given consideration to the project submitted by Mr. Power, at the last meeting, for the building of railway sidings at certain J.A.T.P., and R.A.F. stations throughout the country. The project, as submitted in writing by Mr. Power, involved an expenditure of $152,865, with annual rentals of $7,525. Estimated savings from reduction in the price of aviation gasoline and reduction in the price of coal, amounted to $157,011, and combining the first and second years' operations, savings of a total of $535,586 would result.

The Finance Department were prepared to recommend the project.

23. Upon the recommendation of Mr. Ilsley, the proposal submitted by the Minister of National Defence for Air, as above described, was approved.

Defence of Newfoundland

24. The Minister of National Defence for Air reported that, following the Committee's meeting on November the 5th, a message had been sent to the Governor of Newfoundland agreeing to discussions taking place in St. John's, regarding problems of defence, and naming as Canadian representatives, Mr. Gibson and Mr. Dyde. The subjects to be discussed at the meeting had been agreed upon.

It was not intended that the question of long-term holdings of property in Newfoundland, by the Canadian government, should be included. This was a much larger question of policy and would require further careful consideration.

25. The Prime Minister expressed the view that in negotiations with the government of Newfoundland, the long view should be taken of the permanent Canadian interest in the defence of the island. The United States had acquired long-term leases, and had taken into account not only the immediate problem of the war,

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but the situation after the war. Canada should also take thought for the future: temporary occupancy was insufficient, and the present was the time to settle this question.

26. The Minister of National Defence for Naval Services agreed with Mr. King that unless the government took steps to obtain permanent holdings in Newfoundland, for defence purposes, they would properly be subject to criticism for having neglected essential Canadian interests. Mr. Power and Mr. Ilsley, on the other hand, were inclined to the view that we should regard present defence activities in Newfoundland as merely temporary operations on the soil of an ally.

27. The Minister of Munitions and Supply expressed doubt as to whether it would be possible for Canada to obtain title to the Airport, where the principal Canadian investment was being made. The U. K. government had expended large sums of money there and had subsequently transferred the Airport to Newfoundland.

28. The Secretary pointed out that at the meeting of November the 5th, when the visit of Mr. Gibson and Mr. Dyde had been decided upon, it had been agreed that their discussions at St. John's should be exploratory only, without committing the Canadian government to definite decisions.

29. After further discussion, it was agreed that, in addition to the other subjects which they would take up with the Newfoundland government, Mr. Gibson and Mr. Dyde should explore the possibility of obtaining from Newfoundland, permanent holdings or long-term leases. They should seek to discover what Newfoundland would be prepared to offer, and whether the Newfoundland government would be prepared to put Canada, in this respect, in the same position as the United States.

Imperial War Graves Commission

30. The Prime Minister submitted to the meeting a proposal for the extension of the charter of the Imperial War Graves Commission to cover cases of civilians killed as a result of enemy action. The U. K. government had agreed to this suggestion. Approximately £5,000 would be added to Canada's contribution, if the proposal were accepted.

31. After some discussion, it was agreed that the government should approve of the proposed extension to the charter powers of the Imperial War Graves Commission; the financial basis of contribution by the governments concerned, to receive further consideration.

Honours and decorations

32. The Prime Minister raised the question of honours and decorations, to which previous consideration had been given by the Committee.

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After some discussion it was agreed that a Special Committee of the House of Commons should be appointed to study the question and submit recommendations to Parliament.

Relations with the United States - Possible restrictions upon imports

33. The Minister of Finance reported that the Economic Advisory Committee had been giving consideration to the question of restrictions upon imports from the United States, with the object of conserving U. S. exchange. Tentative lists of articles and commodities, restrictions upon the importation of which should receive consideration, had been prepared by a Sub-Committee of the Economic Advisory Committee.

34. The Prime Minister referred to the importance of prior discussions with the U. S. government, of any proposals for restrictions of imports from that country. The U. S. Minister had emphasized the desirability of preliminary discussions of any such measures contemplated by the Canadian government.

It was of great importance that we should not let the desire to conserve U. S. dollars interfere with the larger question of the Trade Agreement with the United States, and commercial relations between the two countries. This should constantly be borne in mind.

35. After further discussion it was agreed that in the consideration of any proposals for the restriction of imports from the United States, the procedure to be followed would be:

First - The circulation to members of the Committee of the report of the Economic Advisory Committee;

Second - Consideration by the Committee of the contents of the Economic Advisory Committee's report;

Third - Discussions with the United States as to restrictions which might be effected, and

Fourth - The imposition of such restrictions as might be considered necessary or advisable.

Relations with France

36. The Prime Minister read a number of communications from the U. K. government regarding relations with France, and including the reply from Marshal Petain to the King's message.

Mr. Dupuy, the Canadian Charge d'Affairs, had left for Vichy; indeed had probably arrived there by now.

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Free French Movement

37. The Prime Minister reported that the government of New Zealand had informed the Canadian government that they had agreed to admit free imports from French Equatorial Africa, now in the hands of General deGaulle. New Zealand suggested that other Empire Countries should do likewise.

38. After some discussion it was agreed that it would not be possible for Canada to comply with this suggestion as it would result in the obligation to admit free the products of other countries, e.g., the United States; a reply was to be sent, in this sense, to the New Zealand government.

French gold with the Bank of Canada

39. The Prime Minister referred to a request which had been received from the French government for the release of funds, by the Bank of Canada, for the payment of consular expenses in the French Empire. A reply had been sent suggesting that assets in the sterling area might be more appropriately used for that purpose.

40. The Under-Secretary of State for External Affairs reported that a further request had been received from France which could not be dealt with in the same way, and the matter was receiving careful consideration.

Spain

41. The Prime Minister read a number of messages from the U. K. government regarding the attitude of Spain. It appeared that the Spanish government were looking for the winner; apparently their Foreign Secretary had judged that it would be Germany. The U. K. government were, however, being advised by the British Ambassador to continue a policy of economic co-operation. On the other hand, the United States were disinclined to assist in alleviating the serious shortage of food in Spain, so long as the Spanish government continued to favour the Axis Powers.

Relations with Russia

42. The Prime Minister read a telegram from the Dominions Office with regard to the visit of M. Molotoff to Berlin. In his appreciation of the significance of the Berlin conversations, the British Ambassador at Moscow had referred to the visit as "an important diplomatic victory for the Axis".

Far East

43. The Prime Minister read a message from the Dominions Office reporting that Thailand appeared to be turning towards Japan.

It was interesting to note that the entry of

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Greece into the war had not involved Japan in war, despite the provisions of the tripartite agreement, to which the Japanese were not giving a literal interpretation.

Greece

44. The Prime Minister read the text of a reply which the King had sent to the King of Greece, in answer to his message regarding assistance by Great Britain.

Entry of Polish mining engineers

45. The Prime Minister referred to a request which had been forwarded by the Canadian High Commissioner in London for permission for entry into Canada of certain Polish mining engineers, for whom it was thought employment could be found.

46. The Under-Secretary of State for External Affairs reported that a copy of Mr. Massey's telegram had been forwarded to the Minister of Munitions and Supply, for his consideration.

London Conference

47. The Prime Minister read to the meeting a telegram received from the U. K. government, in answer to the telegrams which had been despatched following the last meeting of the Committee, describing the attitude of the Canadian government with regard to the proposed conference, and the draft resolution.

The U. K. government had now agreed to amendment of the draft resolution, in order to delete the reference to military sanctions, which had been regarded as objectionable from the Canadian point of view.

48. Mr. King also read a telegram from the Prime Minister of Austrlia, in which Mr. Menzies expressed the strong view of the Australian government in favour of an Empire conference, with the object of working out a concerted war plan.

Empire naval and air stations in Ireland

49. The Prime Minister referred to the suggestion made in the House of Commons by the Leader of the Opposition, that the Canadian government should make a personal appeal to Mr. deValera to lease to Canada, for the duration of the war, ports on the Irish Coast for use as "Empire naval stations",and strategic airports in Ireland as "Empire air stations".

The same evening that Mr. Hanson had made this suggestion in the House of Commons, the High Commissioner for Ireland had called upon Mr. King, who had taken the opportunity of suggesting that Mr. Hearne might inform the Irish government of the suggestion which had been made, and enquire whether any communication

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on the subject from the Canadian government would embarrass the government of Ireland.

50. Mr. King said that he had now received word from Mr. Hearne that a reply from Mr. deValera, to the message which he had sent, had stated that any communication on the subject by the Canadian government would constitute a serious embarrassment to the Irish government. Mr. deValera had said that while Ireland was friendly towards the United Kingdom, all parties in the State were agreed that the only possible policy for Ireland was one of neutrality.

The meeting adjourned at 8.05 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

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Ottawa, November 22nd, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on Friday, November the 22nd, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Transport to the United Kingdom of Service Personnel

1. As Associate Minister of National Defence, and in the absence of Mr. Ralston, Mr. Power submitted a report of November the 17th from the Chiefs of Staff Committee as to possible revision of policy in regard to the transport of Service personnel to the United Kingdom.

The large bodies of Canadian troops so far transported overseas had been sent in specially arranged troop convoys with battleship escort. At other times small parties had been carried in fast liners, sometimes with a cruiser escort, and on occasions, without escort. In view of the danger of sending Service personnel, unescorted, it had been arbitrarily laid down that not more than 100 Service passengers should be so transported at one time.

As a result of other pressing requirements, the Admiralty were, at present, unable to provide escorts for troop movements. The alternative of sending troops in unescorted fast liners had been suggested.

The report of the Chiefs of Staff Committee pointed out that a policy of transporting Service personnel to the United Kingdom, unescorted, was being forced upon the Canadian government by circumstances over which they had no control. In the absence of escorting craft, and in view of the imperative need to send Service personnel to the United Kingdom, the Chiefs of Staff recommended that the numbers of men to be embarked in any suitable vessel should not exceed, together with any passengers, 50% of the actual life

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saving capacity of the ship. The adoption of such a policy would reduce the risk as much as possible, and was regarded as the only practical solution of the difficulty.

2. Mr. Power pointed out that while, at present, comparatively small groups required to be transported, the output of air crew from the Commonwealth Air Training Plan would, in the near future, create an urgent situation.

3. The Minister of National Defence for Naval Services expressed the view that to permit the transport of large numbers of Service personnel, without escort, would be a very risky procedure. The result of the loss by enemy action of a troop transport, unaccompanied by naval escort, would be most serious.

4. The Prime Minister agreed that the government could not accept the responsibility of permitting Canadian personnel to be transported overseas without escort. The risk involved was much too great. If the government permitted such a practice, they would never be forgiven should a ship be lost.

5. It was agreed that the recommendations of the Chiefs of Staff Committee, in their report of November the 17th to the Ministers of National Defence with regard to the transport of Service personnel to the United Kingdom, be not approved, and that the policy heretofore followed in this respect, be continued.

Joint Air Training Plan -
Further expansion of Programme

6. The Minister of National Defence for Air read to the meeting the reply received from the Prime Minister of the United Kingdom, to the message sent him by Mr. King, suggesting the possibility of further expansion of the Commonwealth Air Training Plan.

Mr. Churchill had said that a review of air training requirements, in the light of latest developments, was in progress. When this was completed the Canadian government would be informed of the results. It was suggested that the Canadian message regarding possible expansion of the Plan be repeated to Australia and New Zealand. It was also suggested that the Chief of the Air Staff should visit the United Kingdom for consultation on training questions.

(See Cypher telegram No. 162 of November the 20th, 1940, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

7. Mr. Power expressed the view that a review of training requirements, to which Mr. Churchill referred, might well lead to the conclusion that further expansion of the programme, and the training of additional air crews, would create serious problems. It now appeared likely

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that Canada would have to undertake operational training for the United Kingdom. This would bar any further expansion of the Plan. Australia would probably be unable to participate in any expanded programme, because of her own heavy defence requirements.

As to the suggestion that our message be repeated to Australia and New Zealand, there would be no objection.

As to Air Vice Marshal Breadner visiting the United Kingdom, decision in this respect might be deferred.

8. The Prime Minister felt that it would be appropriate for the U. K. government to repeat to the Prime Ministers of Australia and New Zealand, the message regarding expansion of the Plan.

9. It was agreed that a telegram should be sent to the Prime Minister of the United Kingdom, consenting to the repetition of our telegram of November the 14th, to the governments of Australia and New Zealand.

Recruiting of pilots in the United States

10. The Minister of National Defence for Air reported that the officers of his department were deeply concerned at the prospect of stopping the securing of further pilots in the United States. The Acting Deputy Minister was of opinion that three or four hundred more U. S. pilots would be needed to provide for prospective deliveries of planes. It would be a serious embarrassment if these men could not be obtained.

Mr. Duncan was satisfied that the U. S. Army and Navy were favourable to our continuing to secure pilots from the United States. The Federal Bureau of Investigation had found nothing objectionable in the continuance of the activities of the Clayton Knight Committee. The United Kingdom were making no secret of recruiting, and Americans were being trained for the R.A.F., quite openly in U. S. Army schools. Mr. Duncan felt that it was the Canadian Minister in Washington, rather than the U. S. administration, who was concerned about recruiting activities in the United States.

The remarkably favourable attitude of the U. S. Army had been shown in the case of two U. S. National Guardsmen, who had wished to enlist in the R.C.A.F. They had been told that they would not be required to serve in the National Guard, upon producing letters stating that they would be accepted for enlistment in Canada in the R.C.A.F.

Incidentally, the Air Attaché of the British Embassy had been misquoted by the press in regard to his announcement as to training in the United States.

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Air Commodore Pierie had not announced that Canadians would be trained in U. S. schools.

11. The Prime Minister stated that the question as to the propriety of the recruiting activities of the Clayton Knight Committee had been raised, not by the Canadian Minister, but by an officer of the State Department. In view of Mr. King's conversations on the subject, with the President, it would be quite impossible to have the government provide funds for activities which were in violation of U. S. neutrality. If the money for operations approved by U. S. authorities were to come from private sources, that would be another matter.

12. The Minister of Munitions and Supply described the methods adopted by the U. K. Minister of Aircraft Production to secure ferry pilots. Mr. J. W. McConnell and Sir Edward Beatty were representatives of Lord Beaverbrook, for this purpose. On several occasions the assistance of the Canadian government, and Trans-Canada Air Lines had been requested. A request for T.C.A. pilots, for ferry purposes, had had to be refused.

Difficulties had arisen with regard to the class and type of pilot whose services had been obtained. Recently a crew secured in this way had crashed a large bomber at St. Hubert. Despite the fact that the government had no responsibility, they would inevitably be criticized.

13. Mr. Howe expressed the view that it would be much more satisfactory if Lord Beaverbrook would deal directly with the Canadian government, and not through intermediaries. The government were able to deal directly with departments of the U. K. government in all other matters, and results were entirely satisfactory.

14. After further discussion it was agreed:

(a) that the government should not provide any funds, either through the Clayton Knight Committee, or otherwise, for the recruiting of pilots in the United States, directly or indirectly, unless the U. S. government had no objection to such activities, and

(b) that the Canadian Minister in Washington should be directed to approach the State Department to enquire whether the U. S. government had any objection to activities such as those of the Clayton Knight Committee. Mr. Christie, in this connection, should point out that the matter had just been brought to the attention of the Canadian government, who had been informed that U. S. military authorities took no exception to what was being done.

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Recruiting of Naval personnel in the U.S.

15. The Minister of National Defence for Naval Services enquired whether there was any objection to the practice of bringing former British Naval Officers from the United States for service with the Royal Canadian Navy. Arrangements to obtain these men were made through British Consular offices in various U. S. cities. Payment of their transportation expenses was provided.

16. It was agreed that there was no objection to this practice, so long as the persons involved were British subjects.

Shipment of copper to Japan

17. The Prime Minister read to the meeting a telegram received from the U. K. government, suggesting that Canada should take steps to intercept a Japanese vessel, the "Kosui Maru" sailing from Seattle for Osaki, with 300 tons of copper known to be destined for Italy. The U. S. State Department had indicated that they would raise no objection.

18. After some discussion, it was agreed that the Canadian government should not take any steps to intercept the vessel in question, as such action would be likely to involve a dispute with Japan. Although the government had already gone a considerable distance in cutting off shipments to Japan, Canadian policy was aimed at preventing, so far as possible, the occurrence of incidents likely to prejudice relations.

(See Cypher telegram No. 165 of November the 22nd, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

Entry into Canada of Dr. Negrin

19. The Prime Minister reported that the U. K. government found that the continued presence in England of Dr. Negrin, the last Prime Minister of Republican Spain, was being exploited by German propaganda. It had been suggested by the U. K. Foreign Secretary that Canada should agree to receive Dr. Negrin, in view of the United Kingdom's desire to remain on friendly terms with the Spanish government.

20. The Minister of Mines and Resources felt that there would be no reason to exclude Dr. Negrin as he was not a Communist; on the other hand Mr. Power and Mr. Macdonald felt that there would be strong prejudice against Dr. Negrin's entry.

21. It was agreed[x] that a decision should be deferred and that the request should be referred for consideration by the Minister of Justice.

x - at the request of the Prime Minister

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International Labour Office

22. The Prime Minister reported progress being made in the establishment at Montreal of the International Labour Office. Various governments were arranging to send representatives.

Canada-U. S. Border Control

23. The Minister of Mines and Resources reported upon the discussions which had taken place at the recent conference in Ottawa between representatives of the U. S. and Canadian governments, with a view to devising a more effective border control and, if possible, regulations which would be less onerous upon persons desiring to cross into the United States.

The principal difficulty was that the Mexican Border was regarded as dangerous and, in the interests of "hemispheric solidarity" the United States felt bound to accord to Mexico the same treatment as that given Canada. It was doubtful whether a less onerous system than that requiring passports, could be devised, despite the co-operative attitude of the U. S. government. Substitutes which had been considered were the issue of identity cards by police officers, the use of the national registration cards, and the provision of special procedure, in urgent cases.

The Royal Canadian Navy - Post-war Policy

24. The Minister of National Defence for Naval Services reported that the Naval staff had given thought to the type of navy which would be needed to meet Canadian requirements after the war. A decision in principle, upon post-war policy, was of importance now in arranging for naval establishments required for war purposes.

It was the view of the Naval Staff that the post-war Canadian navy should consist of two cruisers, eight destroyers and forty smaller craft, on each coast. This would require a personnel of approximately 1,000 officers and 10,000 ratings. The upkeep per annum would be in the neighbourhood of $16,000,000.

If the government agreed, in principle, that Canada should have a navy of these proportions, which, incidentally, was along the same lines as had been proposed in 1910, this objective would be kept in mind in acquiring buildings of a temporary or permanent character for the wartime expansion programme.

25. After some discussion it was agreed that in making provision for naval establishments for war purposes, the Naval Staff should proceed on the assumption that the government contemplated a post-war Royal Canadian Navy of the general nature of that described by Mr. Macdonald.

Relations with the United States - Possible restrictions upon imports.

26. The Minister of Finance referred to the discussion at the Committee's meeting on November the 19th,

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of measures for the conservation of U. S. exchange, by the imposition of restrictions upon imports from that country.

It had been felt that it would be preferable to have officers of the Finance Department make a verbal explanation to the Committee of the plan which had been worked out by the Sub-Committee of the Economic Advisory Committee, rather than to circulate a written report.

At the request of the Committee:

The Deputy Minister of Finance (Dr. Clark), and
The Special Assistant to the Deputy Minister of Finance (Dr. Mackintosh),

then entered the meeting.

27. The Prime Minister observed that in considering the question of conservation of exchange by restrictions upon imports, it was essential that the larger question of the Trade Agreement and the general commercial relations between Canada and the United States should be kept in mind. While the conservation of exchange was an immediate and pressing problem, we must not forget how serious, in the long run, would be any drastic disturbance of our trade relations with the United States.

28. The Deputy Minister of Finance said that the Sub-Committee of the Economic Advisory Committee, in studying the problem and in submitting their suggestions, had not failed to take into account the larger considerations to which the Prime Minister had referred.

The problem of obtaining an adequate supply of hard currency for war needs was serious and urgent. At the present time Canada was falling behind in U. S. exchange at the rate of about $30,000,000 a month. So far in our U. S. payments we had been assisted by payments in gold which the U. K. government made against purchases in Canada. This permitted us to continue on the present basis, longer than would otherwise have been possible.

Purchases by the U. K. government, in Canada, had increased to a large extent and had now reached a rate of about $700,000,000 annually. Of the resultant deficit balance, some proportion could be met by the repatriation of Canadian securities, but the balance to be paid in gold would necessarily be heavy. The early prospect of the cessation of gold payments by the United Kingdom rendered steps for the conservation of U. S. dollars most urgent.

It was estimated that the effective application of the measures suggested by the Sub-Committee might result in a saving of $7,000,000 to $8,000,000 a month in foreign exchange.

29. The Special Assistant to the Deputy Minister described to the meeting the principles upon which the Sub-Committee proceeded in framing their recommendations. Copies of the Sub-Committee's report were made available, for consideration.

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(See report of the Sub-Committee on Exchange Conservation, to the Economic Advisory Committee, dated November the 20th, 1940).

30. Dr. Mackintosh explained, in general terms, the nature of the items included in four lists, A, B, C, and D, in respect of which action was recommended. Articles and commodities contained in the three first named, represented an assembling of a large number of comparatively small items, regarded as easier to deal with than the larger items of imports. The general effect would be to cut down varieties available to the consumer, to postpone consumption and to change sources of supply rather than to eliminate commodities now in use. List D contained items in respect of which it was suggested that the British Preferential Tariff be suspended.

31. In answer to enquiries, Dr. Clark said that in his opinion action should be taken, at once. If possible, these measures should be put into effect by the end of this month, by Order-in-Council - the necessity was immediate.

32. The Minister of Munitions and Supply enquired whether the Deputy Minister would be of the same opinion if it were possible to borrow in the United States. From the point of view of the United Kingdom it would be of the greatest assistance if the United States agreed to grant credits for war purchases.

33. Dr. Clark replied that, in his view, the present proposals should be adopted before we resorted to external loans. The first move should be to cut down luxuries. We would probably have to borrow at a later stage, in any event.

34. The Committee discussed, at some length, the means by which the proposals submitted should be put into effect, if and when approved.

The Prime Minister and Mr. Macdonald felt strongly that the only proper method of proceeding was by Parliamentary action. The Minister of Finance felt that the urgency was so great that the War Measures Act should be invoked, and action taken by Order-in-Council. Preliminary conversations with the United States should be instituted at once, followed by action by the Governor-in-Council by December the 15th. The Minister of National Defence for Air felt that the proposals might be put into effect, piecemeal, rather than as a complete plan.

35. As to prior discussions with the United States, it was agreed that these should take place before any action was taken. It was felt that the United States would at once recognize the necessity of such measures.

36. After further discussion it was agreed:

(a) that exploratory conversations with the U. S. government should be undertaken immediately,

(b) that the report of the Sub-Committee of the Economic Advisory Committee should form the basis of such discussions, and

(c) following these discussions the matter should again be considered by the Committee, and thereafter by the full Cabinet.

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Progress of the war

37. The Prime Minister read to the meeting a number of despatches received from the U. K. government, relating to the progress of the war. In particular, reference was made to the war at sea; the situation in the Mediterranean, the successes of the Greek forces; the results of recent air raids; the grave shortage of food in Spain, and the reported intention of Yugo-Slavia to resist aggression.

Canada House - renting of additional premises

38. The Prime Minister reported that the Canadian High Commissioner had recommended the renting of additional premises in the Imperial Life Building, in London. So far, Canada House had escaped damage in air raids, but it was felt that substitute premises should be provided, in case present accommodation was damaged. Rental of two lower floors, and shelters, in the Imperial Life Building, at £1,850 per annum, was recommended by Mr. Massey.

39. The recommendation by Mr. Massey, in this respect, was approved.

(See Cypher telegram No. 1946, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs, Canada, dated November the 21st, 1940).

The meeting adjourned at 8.55 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 26th, 1940.

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Ottawa, November 26th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, in the House of Commons, on Tuesday, November the 26th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Accidental loss of R.C.A.F. Bomber

1. The Minister of National Defence for Air reported that preliminary investigation into the loss, in the vicinity of East Lake, Quebec, of a bomber of the R.C.A.F., indicated that the pilot, being unable to land at the Newfoundland Airport, or at an Atlantic Coast aerodrome, had attempted to proceed to Montreal, that the pilot had lost his course and run out of fuel, and that the crew had abandoned the plane by parachute.

Of a total number of six men on board, only three had been recovered by search parties. There was little or no hope of finding the others alive.

Preliminary investigation had shown that the plane was carrying only five parachutes. The officer in command and another officer had, therefore, attempted the jump in one parachute. These two men had not been found.

Although parachutes were tested to sustain a weight of four hundred pounds, Air Force Regulations required aircraft to carry one parachute for each occupant. The fact that there were only five parachutes on board the lost aircraft, was clear evidence of carelessness. Responsibility for the deficiency would have been that of the officer in command. The normal crew of the lost plane was five. The presence on board, in addition to the normal crew, of a signalling officer, as in this case, was not unusual. The commanding officer and the signalling officer were those who had used the same parachute.

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2. Mr. Power said that he was appointing, from the Service, a board of enquiry, to investigate the circumstances of the accident, with the utmost thoroughness.

It would be unfortunate if the next-of-kin and the public were to learn, indirectly, that there were, at the time of the emergency, only five parachutes on board the plane. In the circumstances, the Air Staff recommended, and the Minister agreed, that the next-of-kin of the men who had been lost, should be informed of this fact.

3. Mr. Power said that, while there were bound to be accidents in large scale training operations, such as those being carried on in Canada, he was determined that all possible steps should be taken to impress upon trainees and staff the necessity of taking the utmost care to prevent accidents which could be avoided. The difficulty was to prevent the men, themselves, from being careless.

Transport of Service personnel to the United Kingdom.

4. The Minister of National Defence for Naval Services reported that it seemed that the Admiralty were now inclined to take our view that Service personnel should not be transported overseas without escort. H.M.S. "Revenge" had recently been made available for escort duty. She would shortly escort a convoy of merchantmen, then return to Canada to escort a troop convoy to the United Kingdom. Service personnel, ready for service overseas, would be collected at Halifax, to embark with this convoy.

Building of destroyers for the R.C.N.

5. The Minister of National Defence for Naval Services reported that the construction of the two destroyers ordered in the United Kingdom, was far behind schedule. It now appeared that these two vessels would not be ready to be launched until August of next year.

6. The Minister of Munitions and Supply remarked that the U. K. government were deeply concerned at the degree of interference with production which had resulted from recent air raids on industrial areas.

Relations with the United States - Possible restrictions upon imports

7. The Prime Minister reported that following the last meeting of the Committee, the Deputy Minister of Finance and Mr. N. A. Robertson of the Department of External Affairs, had proceeded to Washington for exploratory conversations with the U. S. government, regarding measures for the conservation of foreign exchange. They had now conferred with U. S. officials, and were to see the Secretary of State, today.

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It was understood that Mr. Hull would express the hope that the Canadian government would not go ahead with the suggested restrictions upon fruits and vegetables, on the grounds that this might jeopardize more important matters than exchange, particularly the renewal of the Trade Agreement. The U. S. administration were naturally anxious not to arouse any unnecessary opposition.

Dr. Clark and Mr. Robertson were expected to return to Ottawa tomorrow, when they would submit a full report.

8. The Minister of Justice felt that there would be no objection to giving effect to the proposed restrictions by Order-in-Council, rather than by Parliamentary action, if this were to be done shortly after the House adjourned.

9. The Minister of National Defence for Air, in this respect, distinguished between the restrictive measures and the suggestion of lowering the tariff for British goods. This last step, in his view, would require Parliamentary action.

Tariff concessions to the United Kingdom

10. The Prime Minister read to the meeting a message received from the U. K. High Commissioner, urging that consideration be given to providing substantial tariff concessions to certain British products.

It was argued, in this communication, that the rise in prices of certain U. K. products had altered the pre-war tariff position and effectively prevented the United Kingdom from competing on a pre-war basis in the Canadian market. Particular reference was made to the cotton industry, in favour of certain products of which free entry and the abolition of the dumping duty was suggested. The right to impose dumping duties might be reserved as a safeguard to prevent unfair competition with Canadian manufacturers.

A second message from the U. K. government, extended the request to other manufactured products. The vital importance of maintaining British exports was emphasized, and a long list of articles was enumerated.

11. The Minister of Finance said that the proposals would require careful study. In his view the principle which the government should adopt, should be to assist the United Kingdom in every way possible to retain their pre-war share in the Canadian market. It was true that pre-war tariffs were no longer valid.

On the other hand, while war conditions should not be permitted to exclude exports from the United Kingdom, they should not be permitted as an excuse to increase the marketing of British goods in this country. Adjustments should be made and a flexible system adopted.

There would, of course, be strong opposition to tariff concessions, particularly with regard to cottons.

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12. After further discussion, it was agreed that the proposals put forward by the U. K. government should receive careful consideration, and that Sir Gerald Campbell should be informed that this was being done.

Newfoundland War Exchange Tax

13. The Prime Minister read to the meeting a message from the government of Newfoundland, indicating their desire to impose a 10% "War Exchange Tax" upon non-Empire goods, and a similar tax of 5% upon Empire goods from outside the sterling areas. The purposes of the tax were to raise revenue and to assist the United Kingdom. They had undertaken not to ask of the United Kingdom any increased subsidy during the war. The contemplated measure was regarded as of an emergency and temporary nature. While it was the wish of Newfoundland to introduce the tax on December the 1st, it was desired to consult Canada and the United Kingdom in advance.

14. The Under-Secretary of State for External Affairs reported that the Newfoundland Customs Commissioner had been in Ottawa and had interviewed the Minister of Trade and Commerce, officers of his department, and others concerned.

Mr. MacKinnon felt that in the circumstances the Canadian government could hardly object to the proposal. Possibly Canada would gain, rather than lose, as a result of the measure. The Deputy Governor of the Bank of Canada had reported that there was no exchange question involved.

15. It was agreed that the government could raise no objection to the proposed measure, and that the Newfoundland government should be so informed; the Minister of National Revenue, presently in Newfoundland, should be made aware of this decision.

French gold and dollar credits with the Bank of Canada.

16. The Prime Minister stated that the assets of the French government with the Bank of Canada consisted of a comparatively small sum in Canadian dollars, a large sum in U. S. dollars resulting from the assignment of French contracts in the United States, and gold.

The Canadian dollar account had been used for the payment of the expenses of Consular Offices, and was now nearly exhausted. As had been reported at a previous meeting, a request to withdraw from the U. S. dollar account, had been made, but not so far agreed to. It was now asked that funds from this account be released for the upkeep of the French fleet at Alexandria, alleged "for all practical purposes" to be co-operating with the British fleet. The amount involved in this latest request would be about $2,500,000 a year, representing approximately 1% of the total account of U. S. dollars.

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17. The Minister of Finance stated that the Governor of the Bank of Canada was not opposed to meeting the request, on the ground that such funds as were withdrawn for the purposes of the fleet, would have to be exchanged for Egyptian sterling.

18. The Under-Secretary of State for External Affairs stated that enquiry was being made as to the position of the French fleet at Alexandria, and whether, in fact, it was regarded as co-operating with British forces.

19. It was agreed that no decision should be made upon the release of funds for the upkeep of the French fleet at Alexandria, until a report had been obtained; further that the whole subject of French assets in Canada should receive full consideration at an early meeting of the Committee, at which a complete report would be available.

Far East

20. The Prime Minister read messages from the U. K. government regarding developments in the Far East, with particular reference to the proposal of the Chinese government for an Anglo-American-Chinese declaration of common aims. Chiang-Kai-Shek reported the Chinese supply situation to be serious. It was feared that the Chinese could not hold out much longer without British and U. S. support. The U. K. government proposed a loan of £5,000,000, and export credits to the Chinese government.

Indo-China was reported to be virtually under Japanese control. The United Kingdom had stopped exports to Indo-China, without licenses.

Relations with France

21. The Prime Minister read a communication from the U. K. government describing what was regarded as the serious leak in the British blockade, through the French Empire. French vessels were carrying, through the Straits of Gibraltar, cargoes which were known to be finding their way to Germany and Italy. So far no attempt had been made to intercept French ships, but as it had not been possible, so far, to agree upon a modus vivendi with Vichy, it was now felt that action would be necessary. A suggestion of joint talks on economic questions was, however, being communicated to the French government.

The meeting adjourned at 7.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 27th, 1940.

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SECRET

Ottawa, November 27th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401 in the House of Commons, on Wednesday, November the 27th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

There were also present:

The Deputy Minister of Finance (Dr. Clark),
A Counsellor for the Department of External Affairs (Mr. Robertson).

Relations with the United States
Possible restrictions on imports

1. The Deputy Minister of Finance and Mr. Robertson reported to the meeting the results of their exploratory discussions in Washington, as to the steps which were being considered, by the government, for the conservation of U. S. exchange.

The U. S. officials, whom Dr. Clark and Mr. Robertson had seen, in particular the Secretary of State, had expressed appreciation of the Canadian position. They understood that the restrictive action contemplated, in respect of imports from the United States, was being forced upon Canada by the necessities of war.

Fear had been expressed, however, that the inclusion of fruits and vegetables in the list of items upon which action would be taken, would cause very serious repercussions in the United States, and opposition which, in Mr. Hull's view, would endanger the Trade Agreement itself. On purely economic grounds U. S. officials understood the logic of including

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this group of imports, and appreciated the fact that increased Canadian purchases in other lines would far exceed the actual dollar loss from an embargo upon fruits and vegetables. At the same time it was emphasized that such action would be capitalized by opponents of the reciprocal trade policy of the administration, and serious results would ensue.

As to the other items on the proposed lists, the U. S. government had no objections, and understood that if fruits and vegetables were to be omitted, other items would have to be added, to compensate, and to produce the desired balance.

2. In answer to an enquiry by the Minister of Agriculture, Mr. Robertson said that although the question had not been raised, he was satisfied that the arguments advanced against including fruits and vegetables would apply equally to pork products.

3. Dr. Clark and Mr. Robertson impressed upon the meeting the anxiety of Mr. Hull that there should be no mention made of anything in the nature of prior consultation between the Canadian and U. S. governments. The U. S. administration would be prepared to say publicly that in view of certain press reports, representations had been made to the Canadian government against any action in regard to fruits and vegetables.

Members of the Committee would appreciate that the U. S. administration would be in an intolerable position if it could be said that they had agreed to the items included in the remainder of the lists.

As to "List C", it would be of assistance to the U. S. administration if the proposed increased taxes upon domestic products could be put into effect, simultaneously with the restrictions upon imports. This would tend to show that the motive had been the necessity of war, rather than any desire for further protection.

4. The Minister of Finance referred to a circular letter sent by the Canadian Fruit Wholesalers' Association to their members, suggesting the voluntary restriction of imports. On November the 25th he had taken occasion to state in the House of Commons that he had not authorized any such action. The inference that he had done so had been drawn from a newspaper story which had appeared in a Canadian newspaper. Representatives of the wholesalers had called upon him and had suggested that they be consulted before any steps were taken on the restriction of imports. No suggestions or requests, or arrangement had, however, been made by the Minister, at that interview.

(See Montreal Gazette of November 25th, also Unrevised Hansard, November 25th, page 399).

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The action of the Canadian Fruit Wholesalers' Association, in circularizing their members, and the press publicity given to this action, had, however, been embarrassing to the U. S. administration.

5. The Minister of National Defence for Air expressed the view that if fruits and vegetables were not included in the proposed restrictions, an effective control of the imports of these items could be brought about by voluntary action on the part of the Canadian consuming public.

6. The Prime Minister introduced a discussion of the means to be adopted for putting into effect the proposed measures. It was his view that the drastic nature of the proposals made it desirable that action should be taken by Parliament rather than by Order-in-Council.

7. Dr. Clark outlined his suggestions for giving effect to the proposals by an amendment to the Excise Act, an amendment to the Special War Revenue Act, and the passing of an Import Control Bill to include the licensing provisions and schedules of the items affected. The suggestion was that simultaneously with the introduction of the appropriate resolutions, the restrictions should be made effective.

It was Dr. Clark's view that these steps should be taken with the least possible delay.

8. Mr. Ilsley referred to the detailed requests which had been made by the U. K. government, for tariff concessions. He assumed that these would require careful study in relation to the proposals now under consideration.

9. Mr. Robertson remarked that the present proposals would, in themselves, do much for the United Kingdom.

Any tariff concessions to the United Kingdom, upon imports, were on quite a different footing. We had no treaty commitments to the United States in this respect.

10. After further discussion it was agreed that the measures which the Committee had had under consideration, and the time and means by which they should be made effective, should be referred, for decision, to tomorrow's meeting of the full Cabinet.

The meeting adjourned at 7 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

November 29th, 1940.

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SECRET

Ottawa, November 29th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Friday, November the 29th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power).
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Minister of Labour (Mr. McLarty),

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Compulsory Military Training and Labour Supply.

1. The Associate Minister of National Defence stated that he had been giving consideration to means of instituting and operating a four-month programme, which would provide basic military training of one month, to be followed by three months in one or other of the branches of the armed forces, or in war industry.

At the end of the first thirty days, under such a programme, trainees would have the opportunity of making their options to continue training in the army, navy or air force, or to undertake industrial work. Representatives of the Department of National War Services would be available at the training camps to accept those who desired to engaged in or train for industrial occupations. Likewise, representatives of the R.C.A.F., and R.C.N., would examine and take over those who desired to enter the air force and navy.

Provision for the institution and conduct of any programme of training, along these lines, should receive study by the departments concerned, namely, National Defence, National War Services, and Labour. Officers of the Department of National Defence had already been given some indication of the Minister's views on this subject.

2. Mr. Power said that before such a programme could be undertaken, we should be quite sure that arrangements could be made to take over, without delay, all trainees who might decide, after the completion of their basic training, to enter industry.

The Services would be able to take on men who wished to train in the army, navy or air force, but it was not clear how the large numbers who could be expected to decide upon industrial occupations, could best be handled.

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3. The Minister of Labour, who had attended the meeting at the request of the Committee, stated that the Interdepartmental Committee on Labour Co-ordination, had been making a thorough study of the problem of labour supply, including that of industrial training. At present, young men at the rate of 24,000 a year were being trained in 64 technical schools throughout Canada. In order to reach the full limit of existing vocational equipment, further instructors were necessary and steps were being taken to provide them.

The training of the large numbers of men required for war purposes and for a programme such as that described by Mr. Power, could, however, be undertaken only by industry itself. The bulk of the large scale training would have to be done in industrial plants. The only possible alternative would be the establishment of large numbers of government schools, which would involve great expense.

It was important that service in war industry should be regarded by the public as equal to that in the forces. Some distinguishing badge for war workers would help. This was important to retain and attract young men in civilian occupations.

4. The Minister of Munitions and Supply stated that considerable numbers were already being trained in industry, and large additional numbers could be placed directly into plants engaged in war work. While a total of approximately 300,000 workers would be required for the munitions and supply programme, over the next eight months, not all would need to be trained men. Many would require merely to be capable of being trained in the plants, and could be taken directly from the military training camps.

5. Mr. Power pointed out that care would have to be taken to prevent service in war industry from offering too great attractions in comparison with service in the armed forces; otherwise the difficulty of obtaining sufficient recruits for the services would be great.

6. The Minister of Mines and Resources raised the question of agricultural workers. It would be difficult to prevent agricultural workers from being diverted to the manufacturing industries. This had been a problem in the last war, and should have careful attention, in advance, if the agriculture industry were to avoid a dangerous reduction of man power.

7. Mr. Power felt that it might be necessary to declare that agriculture was a war industry and that persons engaged in agriculture should be released at the end of the first month's basic training to return to the farm. The difficulty would be with the individuals for whom the comparative attractions of employment in the manufacturing industries and service in uniform would offer strong inducements.

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8. The Minister of National Defence for Naval Services expressed the view that if there were to be an allotment of man power into categories, for service in industrial occupations and in the armed forces, that action to fix wage rates would inevitably follow.

9. Mr. McLarty suggested that before any decision were taken regarding the working out of the training programme, in so far as the placing of trainees in industry was concerned, the report and recommendations of the Interdepartmental Committee on Labour Co-ordination be obtained. The results of the Interdepartmental Committee's studies would shortly be available and would be of great value in enabling the government to reach a decision.

10. After further discussion it was agreed that the Interdepartmental Committee on Labour Co-ordination should be directed to report and make recommendations to the Committee:

(a) upon the general question of industrial training and labour supply in relation to the war effort, and

(b) as to appropriate arrangements for the training and assignment to war industry of trainees, at the conclusion of the first month of participation in a compulsory training programme.

Transport to the U. K. of service personnel

11. The Associate Minister of National Defence referred to the consideration given by the Committee, on November the 22nd, to the transport overseas of service personnel. On that occasion reference had been made to the existing rule of permitting not more than 100 service passengers to be transported at one time, without escort. This should have been 200, which was the maximum number recommended. After consultation with the Naval staff, it was proposed that certain additional rules be adopted.

12. Upon the recommendation of Mr. Power, the following rules regarding the transport overseas of service personnel, were approved:

(a) that ships of 14 knots or better be permitted to take up to 200 all ranks, without escort;

(b) that ships of 14 knots or better be permitted to carry a full complement while in convoy;

(c) that ships of less than 14 knots be not permitted to carry any personnel of the Defence Forces, without escort.

Permanent Joint Board on Defence

13. The Secretary reported that the Permanent Joint Board on Defence had, on Thursday, November the 28th, submitted to the Prime Minister the Board's Journal

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of Discussions and Decisions, covering meetings held at San Francisco, Victoria and Vancouver, on November the 13th, 14th and 15th. In accordance with established practice, copies of the Board's Journal, for these three meetings, had immediately been sent to the Defence Ministers and to the Minister of Munitions and Supply, for consideration and any necessary recommendations.

14. The Minister of National Defence for Air stated that the Report of the Board contained three items of concern to his department, namely:

(a) the Board's "Tenth Recommendation" regarding "air staging" facilities across Western Canada, between the United States and Alaska;

(b) the Board's "Eleventh Recommendation" regarding the construction of an aerodrome on the north end of Vancouver Island (at Ucluelet), and

(c) a reference to the delivery by the United States of patrol planes (P B Ys) for Canadian defence.

Pacific Coast Defence

15. The Minister of National Defence for Air explained that the adoption of the Board's "Tenth Recommendation" ((a) above) would involve the establishment of six or seven aerodromes east of the Rocky Mountains.

The Air Staff regarded this step as of the greatest importance, not only as a war measure for the protection of Alaska, British Columbia, and the North Western United States, but also to retain in Canadian hands, for the future, the "Great Circle" route to the Far East. U. S. officials regarded this move as essential to the Joint Plan of Defence. Weather on the West Coast was so variable that operation from coastal aerodromes was uncertain and irregular.

Expenditure involved for Canada in complying with this Recommendation would amount to some $5,100,000, exclusive of costs of maintenance and operation. Approval by the Committee was recommended.

16. The Minister of Munitions and Supply agreed that the "Great Circle" route was of great importance and that it should be kept in Canadian hands. Considerable work had already been done which would be of value. It was the only good route by air from the United States to Alaska. The sea route was subject to constant interruption by fog. U. S. commercial companies would be glad of the opportunity of developing the route for themselves.

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17. Mr. Power reported that the Air Staff also recommended approval of the Board's "Eleventh Recommendation" ((b) above). The construction of another aerodrome on the north portion of Vancouver Island was regarded as of strategic importance. This would round out the whole West Coast air defences. It was possible that the construction of this aerodrome might eliminate the necessity of building flying fields or establishing naval bases in the Queen Charlotte Islands. Aircraft operating from the north of Vancouver Island would co-operate with U. S. aircraft operating from Alaska and Northern United States, for the defence of the Pacific Coast.

It was estimated that $1,500,000 would be required for this project. This was in addition to a similar amount for the construction of an aerodrome near Hardy Bay, recommended in the First Report of the Board, which had already been approved by the Committee. These amounts were exclusive of maintenance and operation costs.

18. The Minister of Finance enquired whether full examination had been made into the estimated costs involved. It would not be possible to multiply, indefinitely, the projects to which approval was given. The Finance Department would require an opportunity of examining the figures submitted, so as to estimate whether or not the proposed expenditures could be undertaken.

19. It was agreed that the Tenth and Eleventh Recommendations of the Permanent Joint Board on Defence be referred, as to financial commitments involved, to the Minister of Finance for consideration and report.

Patrol planes from the United States

20. The Minister of National Defence for Air referred to a statement contained in paragraph 6 on page 2 of the Board's Journal of November the 14th, with regard to the delivery of patrol planes to Canada. It appeared that this proposal had been approved by the U. S. Chief of Naval Operations and the Chief of the Bureau of Aeronautics. The Chairman of the U. S. Section of the Board had recommended to the President that upon receipt of a request from the Canadian government for these aircraft, an early delivery schedule be arranged. It was stated that so far no request had been received, and that meantime the U. K. government had obtained certain rights to these planes.

21. Mr. Howe stated that, immediately upon receiving the Report of the Board, in which reference was made to the release of patrol planes to Canada, he had made formal application to the Secretary of the U. S. Treasury. This application had been followed by a personal interview with Mr. Morgenthau, and with Mr. Philip Young. The Liaison Officer in Washington, of the Department of Munitions and Supply, had recently taken up the matter again, and it appeared that the recommendation of the Permanent Joint Board had not reached the President's Liaison Committee. Requests

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for deliveries from the United States were required to be made through Mr. Morgenthau. It did not appear that the Board had any established channel through which the release of materials could be secured. In view, however, of the statement in their Report, a new application would be filed with Mr. Morgenthau, immediately.

22. It was agreed that it was important to do everything possible to obtain these planes, in view of the recommendation of the Board that they were necessary for Canadian defence.

Atlantic Coast Defence

23. The Minister of National Defence for Air referred to the recommendations of the First Report of the Permanent Joint Board (which had been approved by the Committee) for Canadian co-operation in the defence of the Atlantic Coast. These arrangements involved:

(a) aircraft operating facilities at New foundland Airport, for which funds had been provided and contracts let;

(b) a fighter aerodrome near St. John's (Tor Bay);

(c) radio and air navigation facilities at Sydney and Newfoundland Airport;

(d) operating facilities at Botwood for three squadrons of flying boats;

(e) operating facilities at Halifax and Shelburne for two squadrons of flying boats; and

(f) the expansion of operating facilities for U. S. aircraft in the Maritime Provinces.

While aerodromes of the Joint Air Training Plan and of the home war establishment, were being utilized to provide facilities for U. S. aircraft, two additional aerodromes would be necessary. Furthermore, runways at existing stations would require extension for use by heavy U. S. bombers.

All of these undertakings involved additional expenditures of $8,725,000, exclusive of operation costs. While the Board's recommendations in this respect had received the Committee's approval, costs of implementing these recommendations had not previously been submitted.

Building of destroyers for the R. C. N.

24. The Minister of National Defence for Naval Services reported that he had requested the Minister of National Defence, while in the United Kingdom, to do what he could to persuade the U. K. government to release key personnel from shipbuilding yards, to assist in the undertaking of destroyer construction in Canada.

25. The Minister of Munitions and Supply said that he would also follow this matter up while in Great Britain.

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Newfoundland War Exchange Tax

26. The Minister of Finance reported that, in respect of the proposed War Exchange Tax, the U. S. government were unwilling to accept treatment less favourable than that accorded Canada. The Newfoundland government have, therefore, requested Canada to accept a tax of 7½%, in common with the United States, rather than 5%, to which the Canadian government had already agreed. A communication from the Newfoundland government, to this effect, might be anticipated shortly.

27. It was agreed that upon the request of the Newfoundland government being received, Canada should agree to accept the same treatment as that accorded the United States.

Far East

28. The Prime Minister read a message from the U. K. government regarding conversations between the British Ambassador in Tokio and the Japanese Foreign Minister. The Japanese Foreign Minister had indicated that Japan did not intend to risk war with Great Britain and the United States, and that Japan's attitude had been misunderstood.

Progress of the War

29. The Prime Minister also read to the meeting a number of despatches regarding the progress of the war. It was reported that the King of Bulgaria had refused to join the Axis. The results of the increased night raids upon industrial areas in the United Kingdom were described. The effect of recent actions in the Mediterranean and the continuance of re-enforcements to Egypt were noted, also the developments in the Greco-Italian war. The proportion of victories to losses in air combats had been much higher in recent weeks.

The meeting adjourned at 8 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

December 4th, 1940.

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SECRET

Ottawa, December 4th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in Room 401, House of Commons, on Wednesday, December the 4th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Acquisition of farm properties at St. Paul l'Hermite, P.Q.

1. The Leader of the Government in the Senate stated that he had received enquiries as to when payment might be expected by the former owners of farm properties which had been taken over for the construction, at St. Paul l'Hermite, of a war industry plant. A number of these persons had already been waiting six months, or more, for their money.

2. Mr. Macdonald, Acting Minister of Munitions and Supply in the absence of Mr. Howe, said that he would look into the matter.

Mobilization of man-power - Compulsory Military Training and Labour Supply

3. The Prime Minister read to the meeting a memorandum from the Minister of National War Services regarding the mobilization and uses of man-power in the war effort.

The memorandum stated that an early decision should be made as to the relative emphasis to be given to industrial requirements and to those of the armed forces. It suggested that consideration be given to the manning of industry in large part by men above the ages suitable for the fighting services, and by women; that the younger men be directed into the armed forces and that the employment offices throughout Canada, with this end in view, should survey the needs of war industry. Such a survey would enable both military and civil authorities to meet their expanding needs.

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(See memorandum of December 4th, 1940, by Honourable J. G. Gardiner, Minister of National War Services, for purposes of discussion by the War Committee of the Cabinet).

4. The Minister of National War Services explained the objects in mind in bringing the subject before the Committee. It was important to decide the objectives which should determine the use of the nation's man-power as the war progressed. Data from the National Registration would be prepared in accordance with the government's decision as to the use to which the information would be put.

5. The Prime Minister remarked that at the last meeting the Committee had discussed with the Minister of Labour the general subject of military training in relation to labour supply in war industries. The institution of a training programme which would provide men for the three Services and for industrial plants as well, had been considered. Means by which this might be accomplished were being studied by the Interdepartmental Committee on Labour Co-ordination.

6. The Associate Minister of National Defence reported that the General Staff were opposed, on military grounds, to the undertaking of a four-month programme along the lines discussed at previous meetings of the Committee. The General Staff recommended a four-month period of purely army training for approximately 60,000 men a year. Four months was regarded as the shortest period for effective basic military training. Any programme on a "combined" basis, that is, involving larger numbers and the diverting of certain trainees, after thirty days, to the other Services and to industry, would be impracticable.

Personally, and from other points of view, Mr. Power was inclined to favour the thirty day training, or the institution of the combined programme.

7. Mr. King expressed the view that Canadian man-power should be directed primarily to war industry, the air force, and the navy, where the needs were most urgent. Pressing requirements of equipment and supplies had been repeatedly emphasized as of first importance. So far as the armed forces were concerned, emphasis should continue to be given to our air effort. The U. K. government, at the very outset, and repeatedly since, had stressed this as Canada's most effective contribution.

The maintenance and expansion of merchant shipping and naval strength was also of great importance. Our own naval losses had already been serious. Word had just been received of the loss of a third Canadian destroyer (H.M.C.S. Saguenay). It was more urgent to replace naval losses and increase available shipping than to undertake now a larger army programme.

All information received continued to point to the vital importance of air and naval strength, rather than to the need for increased land forces. To raise a larger army would involve, under existing conditions, proportionate increases in requirements of equipment. This in turn would involve increased requirements of man-power in industry.

8. Mr. Gardiner said that, when in England, he

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had enquired as to the need for men. The Secretary of State for War had told him that large additional numbers would be needed in about six months time. The U. K. Prime Minister had told him that troops in large numbers would be needed in a year or eighteen months, when equipment would be available to enable them to fight. In the meantime Mr. Churchill had said that munitions were the important thing.

9. Mr. Gardiner expressed the opinion that the emphasis in Canada on the uses of man-power would have to be shifted in six months from industrial to military purposes. Meanwhile we should prepare for this shift by recruiting large numbers of men for the forces; otherwise conscription might become necessary. We should decide now upon the eventual size of our army. In his view Canada would require much larger numbers in the armed forces than in the last war - as many as three-quarters of a million men. All our available man-power would be needed for war purposes. Therefore, industry should be manned by those who would not be needed in the forces. The older men, and women, should be used for industrial purposes. Otherwise we were bound to encounter difficulty in obtaining sufficient volunteers for military purposes.

The thirty-day training programme should be continued. From the public point of view it had been a great success. Furthermore, this programme made large numbers of at least partially trained men available for military service. Modifications might be necessary.

10. The Minister of National Defence for Naval Services expressed himself as strongly opposed to the view taken by the General Staff that a combined training programme was not possible. This was the narrow technical viewpoint. The results of the present thirty-day training scheme were important from the point of view of national morale. No one pretended that thirty days training would make a soldier, but he did not believe that thirty days of training was as ineffective even from the military point of view as the General Staff contended.

11. The Minister of Justice felt that there was danger that other and wider national considerations might be lost sight of in having the problem regarded as a purely military one. He had not understood that approval had been given to a four-month compulsory training programme.

12. Mr. Power stated that it was his recollection that the Committee and the Cabinet as a whole, had approved the extension of the training period from one to four months.

13. The Prime Minister read an extract from the Minutes of the Committee's meeting of October the 31st, stating that, on that occasion, upon the recommendation of the Minister of National Defence, the

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extension of the training period to a basis of four months had been approved, and that a plan would be worked out whereby, at the end of the first month, selections would be made from the trainees, for the army, navy, air force, and for war industry.

(See Minutes of the Cabinet War Committee meeting of October the 31st, 1940, page 7, paragraphs 26 and 27).

14. After further discussion, it was agreed to confirm the decision taken at the meeting of October the 31st, as recorded in the Minutes, with regard to the compulsory training programme, and it was further agreed that the officers of the Defence Departments be directed to prepare and submit to the Committee, plans for the institution and operation of a training programme on that basis.

15. It was also agreed, at Mr. Gardiner's request, that the records of the National Registration be classified by age groups, so as to show the man-power available for military and industrial purposes.

Employment of Canadian forces overseas

16. The Prime Minister stated that it should be decided whether Canadian troops were to be employed in theatres of operations overseas, other than the United Kingdom and Atlantic areas. While it had been understood in the earlier phases of the war that Canadians would fight on the Continent of Europe, the anticipated scene of action had then been France. Later, the use of Canadian forces in Norway had been considered and approved. To send a Canadian army to fight in the Balkans, in the Middle East, or in other remote parts, would be an entirely different matter. No doubt such proposals would be made. Naturally, the army itself, in its desire for action, would favour such a course. On the other hand, the Canadian people might feel quite differently. The government should decide, in advance, what policy was to be adopted.

17. The Minister of National War Services said that the question of Canadians serving in Egypt had, when he was in England, been raised by Mr. Eden, who had enquired whether the Canadian government would have any objection. Lieutenant-General McNaughton had raised the question with him repeatedly. He had been inclined to oppose any such course, although he was concerned at Canadian troops remaining inactive in the United Kingdom, while British units were leaving England for theatres of operations.

18. Mr. King said that in his opinion there was a clear distinction between the interests of the United Kingdom and those of Canada, in the Near and Middle East. Great Britain had large overseas possessions and interests which she was bound to protect. Australia and New Zealand too had a direct interest in the protection of Egypt and the Mediterraneau route. On the other hand, Canada was in a different position. The defence of the United Kingdom was a Canadian interest.

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This whole matter had serious implications in relation to opinion within Canada. Care should be taken that no decision to send Canadian troops abroad should be reached without opportunity for the fullest consideration by the government. The Minister of National Defence, now in England, should be informed of the government's concern with this subject.

19. Mr. King went on to say that personally he was strongly opposed to any course which would result in the sacrifice of the lives of Canadian soldiers unless such a course were deemed absolutely necessary. There were two views of the British Empire, that of a commonwealth of autonomous nations working in co-operation, and the centralist view which, if persisted in, would wreck the Empire. Regard must be had to North American sentiment within Canada.

20. The Associate Minister of National Defence felt that in a general world war, such as the present one, the enemy must be attacked where he was weakest. If that point were in the Balkans or Italy, and Canadian troops could be used effectively in the Mediterranean, then they should be sent there. We were all on the same team, and should play the part most likely to lead to the common victory.

Furthermore, the 1st Canadian Division was now the best trained and best equipped in the United Kingdom. Their morale was deteriorating because of their forced inactivity. These men had enlisted to fight. If we were not prepared to send troops to Egypt, Mr. Ralston should be informed without delay.

21. Mr. Gardiner agreed that, apart from the technical formations which were actively employed, other Canadian troops in England were beginning to be bored. There would be criticism if we refused permission for them to fight outside of the United Kingdom. In his view the front line was where you had to meet the enemy.

22. Mr. Ilsley agreed that Canadians should be sent where they would be of the most use. He was not opposed to their going to Egypt if they were needed there, and felt that public opinion would not stand for any refusal to send them, if they were ready, willing and required.

23. Mr. Crerar said that, while he felt strongly that Canadian troops should not be sent for service in Egypt or elsewhere, without the consent of the government, the only test upon which a decision should be based was where they could be used best to defeat Hitler.

At the same time he was, equally with the Prime Minister, opposed to a centralized and Imperialist view of the Empire.

24. Mr. King stated that he was interested, primarily, in the total contribution which Canada could

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make to the war effort. In his view, if Canadian troops were to be sent to Egypt, at this time, the result would, in the end, prejudice the total contribution which Canada could make to the common cause.

25. The Minister of Justice expressed complete agreement with the views of the Prime Minister. He was totally opposed to sending Canadian troops upon active service in the Near or Middle East.

26. After further discussion, it was unanimously agreed that no decision with regard to the despatch of Canadian troops for service outside of the United Kingdom should be made until there had been full consideration of the question by the Canadian government.

It was also agreed that a telegram should be sent to the Minister of National Defence, in England, stating that it was understood that a proposal to transfer Canadian troops to the Near East might be raised, or might already have been discussed, that, while it was recognized that there might be strong arguments in favour of such a course, there were also strong arguments against it and that, in any event, full opportunity for preliminary consideration by the Canadian government was essential.

Canadian Wheat for Spain

27. The Prime Minister read to the meeting a telegram from the U. K. government requesting that Canada provide Spain with 100,000 tons of wheat to be shipped in Spanish vessels.

The U. K. government urged early and sympathetic consideration of this request on grounds of policy, it being felt that, if the Canadian government would consent, a critical situation in Anglo-Spanish relations might be avoided.

(See Cypher telegram No. 169 of November the 30th, 1940, from the Secretary of State for the Dominions, London, to the Secretary of State for External Affairs, Canada).

A telegram from the Canadian High Commissioner in the United Kingdom, on this subject, indicated the desire of the U. K. government for an early decision. It also referred to the difficulties of arranging terms of payment, if the suggestion were to be accepted.

(See Cypher telegram No. 1993 of December 2nd, 1940, from the Canadian High Commissioner in the United Kingdom, to the Secretary of State for External Affairs, Canada.)

28. Mr. King said that further telegrams had now been received from the Dominions Office and from Mr. Massey, urging immediate consideration of the proposal, and stating that the British Ambassador in Madrid felt that such assistance to Spain was necessary if an imminent crisis were to be avoided. The U. S. government had been consulted on the subject.

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29. Mr. King said that, at his direction, the Under-Secretary of State for External Affairs had spoken of the request to the U. S. Minister in Ottawa. After conferring with the State Department, Mr. Moffat had said that, while at present the United States were not prepared to do anything for Spain, the course suggested by the U. K. government "might be a good gamble" for Canada.

The matter had been discussed today in Council, and Mr. Gardiner had suggested that if it were decided to accede to the request, the wheat should be provided directly to the U. K. government to deal with as they desired.

30. The Minister of Finance said that, if the wheat were to be provided by Canada to the U. K. government, the question was purely a financial one. The U. K. government themselves had ample supplies of wheat, both in Great Britain and in Canada. The matter resolved itself into the question of whether a credit should be extended to the U. K. government for the purchase of the wheat, whether the wheat should be a pure gift, or whether it should be dealt with on the same basis as all previous transactions with the U. K. government. The decision would affect the whole financial relationship between Canada and the United Kingdom.

31. The Under-Secretary of State for External Affairs referred to the political considerations involved. It would be an unfortunate occasion upon which to initiate a system of credits to the United Kingdom, for the Canadian public would resent strongly a credit for the benefit of Fascist Spain, when credits had so far been denied to the British for their own purposes. The matter of credits was important and had wide implications; only recently the U. K. High Commissioner had raised the question of a credit of $100,000,000.

32. After discussion, it was agreed that the quantity of wheat requested should be made available by Canada direct to the U. K. government, and that a telegram should be sent to that effect, reference therein to the terms of settlement to be made after consideration by the Department of Finance.

The meeting adjourned at 8.45 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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War Committee of the Cabinet

December 10th, 1940.

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SECRET

Ottawa, December 10th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Tuesday, December the 10th, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Financial responsibility for R.C.A.F. squadrons overseas

1. The Minister of National Defence for Air reported that he had received a telegram from the Minister of National Defence, in the United Kingdom, recommending that he be given authority to agree, with the U. K. government, upon conditions for the division of financial responsibility for the three R.C.A.F. squadrons now in England.

Mr. Ralston suggested approval of a recommendation of the Acting Deputy Minister for Air, that Canada accept full financial responsibility for No. 110 AC Squadron, from September the 1st, 1940, and for No. 1 Fighter Squadron and No. 112 Reinforcement Squadron from the date of their despatch from Canada, in June, 1940. This proposal had been referred to Treasury Board for consideration, and the Minister of Finance had now stated that it was satisfactory.

2. Upon Mr. Power's recommendation, the above conditions were approved, and it was agreed that a telegram should be sent to Mr. Ralston, authorizing him to consent thereto on behalf of the Canadian government.

Joint Air Training Plan

3. The Prime Minister read a second telegram received from Mr. Churchill, in reply to Mr. King's telegram of November the 14th, in which further substantial expansion of the air training programme had been suggested.

Mr. Churchill's telegram expressed the satisfaction and appreciation of the U. K. government

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at the energy and efficiency with which the Plan had been operated. It went on to state that, after reviewing the training position, it had been found undesirable to embark, at present, on an enlargement of the joint scheme. It then suggested that the U. K. government would be grateful if, as a further measure of assistance, Canada would undertake, the development of the production of training aircraft, particularly Ansons and Harvards. Such an extension of Canadian productive capacity would, Mr. Churchill said, represent "an important reinforcement of Canada's strategic role as a centre of training and supply", which, "with complete confidence", could be entrusted "to an administration which has so amply excelled promise by performance".

(See Cypher telegram No. 178 of December 9th, 1940, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Canada).

4. The Minister of National Defence for Air said that the reference to the production of training aircraft in Canada, might be intended to suggest that Canada should undertake such a programme for the Empire, instead of attempting the development of the production of operational planes. If this were Mr. Churchill's meaning, such a policy would, in fact, be much more suited to Canadian industrial capacity.

At present plans for the building of Anson and Harvard training planes, in this country, were well advanced. Ansons would be in production by June of 1941. The output of Canadian Harvards would begin this week. For the Ansons, Jacobs engines had already been purchased in the United States. Additional engines of this type could probably be secured from the same source, if it were decided to increase production. For the Harvards, Wright engines were required, and there might be some difficulty in securing a sufficient number of these to meet an increased scale of production. In any event, Canada was in a better position to concentrate upon production of trainers. The manufacture of bombers and fighters would be slow and costly in comparison. Trainers too, were likely to be of more value for post-war purposes.

5. The Under-Secretary of State for External Affairs remarked that the Department of Munitions and Supply had expressed concern at the prospect of the undertaking in Canada of a programme for the production of fighters and bombers. Before undertaking a large scale programme for the construction of training aircraft, it would be necessary to have a firm commitment, in advance, from the United States, as to the provision of the necessary engines.

6. The Committee were impressed with the possibility of undertaking a larger production of training aircraft in Canada, as being better suited to Canadian conditions than the building of operational aircraft. It was agreed that Mr. Power should prepare

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a telegram to the U. K. government, describing our present production programme and the possibility of its development, and enquiring as to the scale of production contemplated by the U. K. government.

Army Tradesmen's School

7. The Associate Minister of National Defence reported that the Chief of the General Staff and the Master General of the Ordnance strongly recommended the establishment at Barriefield of an Army Tradesmen's School, for the technical and practical instruction of the large numbers of tradesmen required for the army, at home and overseas.

It was pointed out that these trained men were required for the proper maintenance and repair of the costly mechanical equipment necessary for a modern army. In mechanical transport alone, vehicles were now being issued for the army, at the rate of some 400 a day, which meant that the value of a day's output was about $800,000. To prevent wasteful deterioration of this costly equipment, large numbers of trained mechanics were necessary. Sufficient numbers could not be secured through normal channels.

The cost of the proposed school, which was intended to be operated in conjunction with Youth Training Centres and Federal, Provincial and municipal technical training institutes, was estimated at $3,101,200. The Minister of National Defence, before his departure, had approved, in principle, of the project.

8. Mr. Power said that he was prepared to recommend approval, in principle, provided that care were taken to co-ordinate the operation of the school and the proposed preliminary training of military tradesmen in civilian institutions, with the work of the Youth Training Centres and the Provincial technical schools. Unless such co-ordination were effected, there might be criticism of the use of institutions intended for civilian purposes, by the army. There might be difficulty too in having enlisted and paid soldiers training alongside unpaid civilians as well as those training for the navy and the air force. A full measure of agreement with the civil authorities, Federal and Provincial, should be obtained before the scheme were put into operation.

9. After further discussion, it was agreed that the proposal to establish the Army Tradesmen's School be approved, subject to the concurrence of the Minister of Finance as to the expenditure involved, and subject to prior consultation and agreement with the Department of Labour and the civil authorities, as to the use of the facilities of the Youth Training Centres, and provincial technical schools.

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Hospital accommodation for the armed forces

10. The Associate Minister of National Defence reported that increased hospital accommodation was urgently required for the army, particularly in view of the prevalence of influenza.

It was recommended that as an immediate measure, the Chorley Park property in Toronto, be acquired. The owners were prepared to make this establishment available to the department, without cost, subject to the payment of annual charges of some $8,000. A further sum of $8,000 would be needed to adapt the building to the purpose contemplated.

11. The Minister of National Defence for Naval Services said that he was impressed with the desirability, wherever possible, of making joint arrangements with local civil hospitals for the extension of existing hospital plants to take care of increased military requirements. It had been proposed in Kingston, that the civil and military authorities should share the cost of a permanent addition to an existing institution. In his view such proposals offered the advantage of an immediate financial saving, and would have permanent value in providing increased hospital accommodation for civilian purposes after the war. However, the Director General of Medical Services was opposed to such joint undertakings, and this was the general view of the medical officers of the Services.

12. After further discussion it was agreed that the proposal to acquire the Chorley Park property in Toronto, for hospital purposes, be approved, upon the conditions described by Mr. Power and subject to the concurrence of the Minister of Finance, with regard to the expenditure involved.

13. The Secretary stated that he had received from the Treasury Board a recommendation of the Minister of Pensions and National Health, with respect to the purchase of a property in Calgary, for hospital purposes, at an estimated cost of $30,000.

This recommendation contemplated the erection of a hospital for the accommodation of from 200 to 250 patients. Treasury Board had submitted the recommendation to the Committee, for decision in principle, with the request that subsequently it be returned for detailed consideration.

14. At the suggestion of Mr. Power, the recommendation was referred for consideration and report to a Medical committee of the Services, consisting of Colonel R. M. Gorssline, Director General of Medical Services, Convener, Dr. Ross Millar (Pensions and National Health), Surgeon Commander A. McCallum (Naval Services) and Group Captain R. W. Ryan (R.C.A.F.).

Munitions and Supplies
Rifles from the United States

15. Mr. Macdonald, as Acting Minister of Munitions and Supply, reported that the Department were anxious to obtain 100,000 .3006 rifles, said to be available in the

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United States. It was suggested that a personal request might be made of the President.

16. After discussion it was agreed to defer any decision in this respect - the Associate Minister of National Defence to confer with Mr. Macdonald on the subject.

Permanent Joint Board on Defence

17. Mr. Macdonald, as Acting Minister of Munitions and Supply, stated that it was felt by the Department that it would be of great assistance if a Munitions and Supply representative could be appointed as an observer to attend meetings of the Permanent Joint Board on Defence. The U. S. supply authorities might appoint a similar observer. The result would make for better liaison between those concerned with supply, and the Board, in providing for the needs of joint defence.

18. The Prime Minister referred to the desirability of limiting the size of the Board and restricting it to its proper function of study and report. Any consideration of adding representatives of supply departments should be left to the Board itself. The Board was now free to call upon such persons to attend when matters of supply were being considered.

19. It was agreed to defer any action, in this respect, until consideration had been given to the proposal by the Board.

20. The Secretary reported that the Minister of Finance had communicated to him the suggestion that the recommendations of the Board, which had been approved by the government, should be made available to the Department of Finance for consideration of the financial implications involved in their execution.

21. It was agreed that Mr. Ilsley's request should be approved and for this purpose the Secretary was directed to have the Board's recommendations made available to the Minister of Finance.

22. The Secretary reported that the Associate Minister of National Defence had informed him, by letter, that the technical officers of the Department of National Defence had concurred in the recommendations (Tenth and Eleventh) contained in the Board's Journal of Discussions and Decisions, covering meetings held on November the 13th, 14th and 15th. In so far as the Department of National Defence were concerned, these were now recommended to the Committee.

(See letter of December the 4th, from the Associate Minister of National Defence, to the Secretary).

23. The Secretary reported that the Minister of National Defence for Naval Services had also informed him, by letter, that after discussing these same recommendations with the technical officers of his

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department, he approved thereof, in so far as they concerned the Naval Services.

(See letter of December the 10th from the Minister of National Defence for Naval Services, to the Secretary).

Canadian wheat for Spain

24. The Prime Minister read a telegram from the U. K. government in reply to the telegram sent following the consideration of this subject at the Committee's meeting on December the 4th. The U. K. government now proposed to provide the wheat required for Spain, in part from their own stocks in Canada, and in part by purchase for sterling from the Argentine.

(See Cypher telegram No. 175 of December 7th, 1940, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Canada).

Employment of Canadian forces overseas

25. The Prime Minister referred to the discussion of this subject at the Committee's meeting on December the 4th, following which a telegram had been sent to the Minister of National Defence, in England.

(See Minutes of the Cabinet War Committee meeting held on December 4th, 1940, pages 4-6).

A reply had now been received from Mr. Ralston, stating that no proposal had been put forward for the despatch of Canadian troops to the Near East, and the Chief of the General Staff thought that there was little likelihood that such a proposal would be made. Both General McNaughton and General Crerar had expressed themselves as against such a disposition, unless new strategic developments arose which demonstrated it to be necessary. Mr. Ralston would bear fully in mind the considerations mentioned in the Prime Minister's telegram, in discussions with the U. K. government.

(See Cypher telegram No. 2040 of December 9th, 1940, from the Canadian High Commissioner in the U. K., to the Secretary of State for External Affairs, Canada).

Progress of the War

26. The Prime Minister read extracts from a number of communications received from the U. K. government, with particular reference to successful operations against the Italians in the Western desert, the development of the war on shipping in the Atlantic, the effect of recent German air raids, and R.A.F. bombings on the Continent.

Relations between the U. K., and the U.S.

27. The Prime Minister read a communication describing the attitude which the U. K. government felt compelled to adopt regarding proposals for distributing food to the needy in France. While sympathizing with

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the humanitarian motives of those proposing to take such steps, the U. K. government felt that, in view of the strategic importance of the blockade, they could not, at this time, justify such concessions for the benefit of those in the occupied or unoccupied areas.

Appointment of Honorary Physician and Honorary Surgeon to the King

28. The Prime Minister reported that the Canadian High Commissioner in the United Kingdom had enquired as to whether the government intended to recommend Canadians for appointment as Honorary Physicians or Surgeons, to His Majesty.

29. The Secretary noted that a specific recommendation in this respect had been considered by Council, in April of this year, but had been deferred at that time, and on subsequent occasions.

30. It was agreed that the Associate Minister of National Defence should send a telegram to Mr. Ralston enquiring as to what his wishes were, in this respect.

Shipping Intelligence

31. The Prime Minister read a memorandum which he had received stating that through the facilities of the Canadian Railway Association, lists of the sailings of vessels from Canadian ports were being distributed to railway and shipping agents throughout Canada. The continuance of this practice was regarded as dangerous, in that it permitted such information to become readily available to the enemy.

32. The Under-Secretary of State for External Affairs reported that consideration had been given to this whole matter, that this practice of the Canadian Railway Association had been stopped and that agreement had been reached upon a system of codes for the communication of necessary shipping advice.

Relations with France - French funds in the Bank of Canada

33. The Prime Minister read a telegram from the Canadian High Commissioner in London, outlining the existing arrangements between the U. K. government and France. A modus operandi had been reached. The U. K. government felt that the release of any French funds for use outside of Canada was undesirable.

34. The Under-Secretary of State for External Affairs was directed to prepare a draft telegram to the U. K. government in this connection.

Resignation of the Government Film Commissioner

35. The Prime Minister reported that, in connection with the recent resignation of the Government Film Commissioner, he had received a letter from a member of the National Film Board urging strongly that

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Mr. Grierson's services be retained, if at all possible. He had also received a copy of Mr. Grierson's letter of resignation, in which he described some of the difficulties which had led him to resign.

36. After further discussion, it was agreed that if possible it would be desirable to retain Mr. Grierson's services and that in the absence of the Minister of Trade and Commerce, the Prime Minister would take the matter up with the present Acting Minister (Mr. Crerar).

The meeting adjourned at 4.45 p.m.

A. D. P. Heeney
Secretary

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War Committee of the Cabinet

December 13th, 1940.

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SECRET

Ottawa, December 13th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Friday, December the 13th, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Central Mechanization Depot, London, Ontario.

1. The Associate Minister of National Defence stated that the Master-General of the Ordnance requested, as a matter of urgency, that authority be given for the completion of a "central mechanization depot" at London, Ontario. The object of such an establishment was to provide dead storage, and an assembly plant, for the large numbers of military vehicles being delivered from factories for army purposes.

It appeared that this project had been strongly recommended by the former Master-General of the Ordnance, and approved, in principle, by the Minister of National Defence. The work upon certain of the items involved in the total estimated cost of $1,647,966 had already been put in hand. Authority was now asked for the whole undertaking, it being urged that, in addition to requirements for storage and assembly, servicing of equipment throughout Canada made necessary early completion of the depot.

2. The Minister of Finance said that he was surprised that this matter should have been brought up again. The Steel Controller had given it consideration some time ago, and had reported that steel for the project was unnecessary and should not be made available. Further, Mr. Scully had doubted the necessity of the extensive storage facilities included in the plan, being of opinion that the project was much more elaborate than was actually required.

3. The Prime Minister observed that this costly undertaking, proposed by the army, illustrated

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the necessity of the government deciding upon the relative emphasis to be given to the several phases of the war effort. All available information led to the conclusion that large land forces were not, at present, of first importance. There was a limit to the total effort which could be made, and if all such large projects proposed by the army were to be undertaken, the war effort in other directions would inevitably suffer. It was essential, therefore, that the Services should not, without authorization, proceed with these large projects such as the present one.

4. It was agreed that the proposal be referred to the Minister of Finance for consideration and report, and that final decision, in principle, be deferred until the return of the Minister of National Defence.

Home War Establishment -
Royal Canadian Corps of Signals

5. The Associate Minister of National Defence reported that he had approved an increase in the home war establishment of the Royal Canadian Corps of Signals, involving one officer and 25 other ranks, for duty in the Signals Inspection and Testing Department, Ottawa. The additional expenditure involved amounted to $21,691.

This increase was recommended to provide for the enlistment and training of additional skilled personnel - instrument mechanics, electricians, wireless operators and so forth.

6. The action of the Associate Minister of National Defence, in approving this increase, was confirmed by the Committee.

Defence of Newfoundland

7. The Associate Minister of National Defence reported that he had been somewhat concerned to learn from Brigadier Stuart, the Army member of the Canadian section of the Permanent Joint Board on Defence, that officers of the U. S. general staff were likely to propose that the United States be granted a long term lease, at or near the Newfoundland Airport. Unofficial intimations to this effect had been given during discussions regarding the provision of equipment, particularly anti-aircraft guns, for joint defence.

The Committee would recall that it had been agreed that the United States should establish bases on the Avalon Peninsula. It was now being suggested that this location would not be suitable and that the vicinity of the Airport would be preferable. The matter would be discussed at the next meeting of the Permanent Joint Board on Defence, and Brigadier Stuart had been instructed not to give any grounds for believing that Canada would consent to such a proposal. It would be a mistake to permit the United States to take over a site in the vicinity of the Airport, which was occupied by Canadian forces. Such a site was not ours to grant, but we should not consent to any such proposal.

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8. The Committee agreed with the view expressed by Mr. Power that Canada should not agree to the United States being granted sites for bases, at or in the vicinity of the Newfoundland Airport.

9. Mr. Power stated that the Minister of National Revenue and the Special Assistant to the Associate Minister of National Defence (Mr. Dyde) had reported fully upon their discussions in St. John's with the Newfoundland government.

(See memorandum of meeting at St. John's, Newfoundland, November the 29th to December the 1st, 1940; also memorandum from the Associate Minister, with reference to Newfoundland).

10. It was now recommended that the Canadian government should express agreement upon matters which had formed the subject of discussions. These related to:

(1) The acquisition of property -

The appointment of a Canadian agent to deal with property owners, and the establishment of an advisory board for contentious cases, was recommended.

This was approved by the Committee.

(2) Defence forces -

It was recommended that no substantial change in strength should be made without reasonable prior notification to Newfoundland.

This was approved by the Committee.

(3) Transportation costs of troops on duty -

Newfoundland's agreement to pay these costs should be confirmed.

This was approved by the Committee.

(4) Control of Airports.

Three bases were involved, viz., Newfoundland Airport at Gander, the sea plane anchorage at Gleneagles, and the sea plane base at Botwood.

It was recommended that, upon condition of obtaining effective control of the Airport for the R.C.A.F., the government should agree to Newfoundland's "fundamental points", as stated in telegram No. 47 of September the 30th from the Governor of Newfoundland to the Secretary of State for External Affairs, also to allow facilities for British civil aircraft, local flights and Trans-Atlantic delivery of military aircraft. This would involve assumption, by Canada, of financial responsibility which amounted to some $180,000 annual maintenance, and $100,000 annual cost of operation of wireless services. Newfoundland, however, should be asked to continue its present contribution towards cost of maintenance.

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With regard to Botwood and Gleneagles, the same general principles were practicable, but there was not the same urgency.

Mr. Power read to the meeting a draft telegram to the Governor of Newfoundland, on this subject, which was approved by the Committee, for despatch.

(5) Internees -

It was suggested that the Camp at Carbonnear, of which Newfoundland was anxious to make use, might be utilized for civilian internees.

The Committee agreed that, so far as the Canadian government were concerned, civilian internees might be sent to Carbonnear. It was pointed out, however, that the U. K. government, so far, had not been prepared to intern civilians there.

(6) Telephone and telegram services -

A specific request for increased and improved service might be made, failing agreement to which, steps would have to be taken by Canada.

(7) Financial arrangements generally -

It was recommended that Canada should agree to the payment of Customs duty upon goods entering Newfoundland, on the understanding that sums paid would be refunded as part of the Newfoundland contribution to the defence costs. This arrangement should, if possible, be made at an early date, before Newfoundland-U.S. negotiations, in this respect, were completed.

The Minister of Finance explained the difficulty of the Newfoundland government as regards Customs duties. It was feared that if free entry of bulk goods and consumable stores were permitted, insuperable administrative difficulties would result. Mr. Gibson considered that this constituted a serious problem for the Newfoundland government.

It was agreed that Mr. Power should take this matter up further with Mr. Gibson, with a view to reaching a satisfactory conclusion and that, meantime, the present modus vivendi should be continued.

R.C.A.F. Press Liaison Offices in the United Kingdom and the United States.

11. The Minister of National Defence for Air reported that the Acting Deputy Minister and the officers of his department strongly recommended the establishment of a separate R.C.A.F. press liaison office in London, to provide for the Canadian public full reports of activities of Canadian airmen overseas.

It was urged that with the increasing numbers who would graduate from the Air Training Plan, the Canadian people would want to have fuller information than could be made available under existing arrangements.

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12. The Under-Secretary of State for External Affairs stated that the Canadian High Commissioner in London had given careful study to this whole question. The problem should be considered as a whole, from the viewpoint of all three Services.

13. The Minister of National Defence for Naval Services agreed that the problem should be dealt with as one, for the army and navy, as well as for the air force.

14. After further discussion it was agreed that a telegram should be sent to Mr. Massey, asking for his recommendations as to an appropriate possible establishment in respect of all three Services.

Transfer of R.A.F. schools to Canada

15. The Minister of National Defence for Air referred to the request on the Order Paper of the House of Commons, for the tabling of information regarding the transfer of R.A.F. schools to Canada.

16. The Prime Minister stated that this information could only be made available with the consent of the U. K. government. If they agreed, there would be no objection to the information being made available.

Joint Air Training Plan -
R.C.A.F. Christmas leave

17. The Minister of National Defence for Air stated that reports had been received that the personnel of the technical training school at St. Thomas, Ontario, might attempt a "walk-out", in protest at not having received equal treatment with the army, in the matter of Christmas leave. It would be a serious matter if this were to happen. The young men involved did not realize the seriousness of such action, nor did they know of the compelling reasons which made it impossible for long leave to be given to them. These men were training as mechanics for service - not overseas, but in Canada. Their grievance had no merit whatever.

18. Mr. Power said that, while he would, if necessary, go to St. Thomas himself, to explain the situation to the men, it was not thought wise for him to do so at this stage. The Service authorities should be left to deal with the situation. However, if the outbreak were to occur, it was, in his view, essential that it be dealt with severely, otherwise the effect upon the whole R.C.A.F. would be serious.

Accommodation for members of the forces on leave

19. The Prime Minister said that during his visit to Halifax, he had been much concerned to find how inadequate was the accommodation for sailors on shore leave. It was of the utmost importance that the human side of the war effort should not be neglected. Provision should be made for adequate and suitable accommodation for these men when they came ashore. Otherwise the results would, in every way, be serious.

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20. The Minister of National Defence for Naval Services agreed with the Prime Minister. The problem of providing suitable accommodation at Halifax had been a difficult one. In attempting to meet necessary human needs the importance of the Chaplain Service had been underestimated.

The Auxiliary Services were not doing their job properly in the matter of hostel accommodation and entertainment.

21. The Associate Minister of National Defence agreed that the Auxiliary Services had fallen down. So far as soldiers on leave in Halifax were concerned, consideration had been given to the purchase of the old Halifax Hotel. This had been turned down, however, in favour of an alternative proposal to convert the Armouries. Within a few days these could be made to accommodate six to eight hundred soldiers.

22. The Minister of Finance enquired whether the Canadian Red Cross Society might not assume responsibility for this problem. In his view the Auxiliary Services should either take over responsibility for problems of this kind, which were in their proper sphere, or desist from their drives for public contributions.

23. At the suggestion of the Prime Minister, Mr. Power, Mr. Macdonald and Mr. Ilsley agreed to confer, with a view to taking immediate steps to deal with the problem of adequate and suitable accommodation for members of the forces on leave, particularly at Halifax.

Post discharge pay

24. The Associate Minister of National Defence raised the question of post discharge pay for members of the forces. So far as those who were discharged and under hospital or medical care were concerned, adequate provision had been made. There remained the problem of men who were discharged and not under treatment.

The Minister of Pensions and National Health recommended that men in this category should all be given one month's leave with pay, upon discharge. In Mr. Mackenzie's view a general rule of this kind would save a great deal of trouble and hardship.

A meeting of representatives of the three Services and of the Department of Pensions and National Health had failed to arrive at a satisfactory solution. They had been in favour of rehabilitation grants which would vary with the length of service of the men discharged. The estimated costs of the scheme, prepared by this Committee, would amount to $150,000 a month. A standard period of one month would, at this stage at all events, be preferable.

25. After further discussion the Committee approved, in principle, the standard provision of one month's leave, with pay, to men discharged from the Army, Navy and Air Force, after having served a minimum period of six months.

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Munitions and Supplies

26. Mr. Macdonald, as Acting Minister of Munitions and Supply, stated that under existing practice it was not open to officers of the Department of Munitions and Supply to question or to scrutinize requisitions received from the Defence Departments. There was no opportunity for review of specifications in the light of conditions of production and supply. In many instances this led to waste and delay, and prevented full efficiency in purchasing and production. Cases had come to his attention, in which articles specified in requisitions were impossible to obtain, or where substitutes would obviously be preferable from the point of view of cost or availability.

27. The Associate Minister of National Defence pointed out that it would be difficult to permit the Department of Munitions and Supply to review requisitions. Only the technical officers of the Defence Departments were in a position to determine what was required for the Services.

28. The Minister of Finance expressed the view that in most cases the officers of Munitions and Supply were in a position to be better informed as to what should and could be obtained than were the Service departments.

29. After further discussion, it was agreed that officers of the Department of Munitions and Supply should be permitted to communicate through their Minister, or Deputy Minister, suggestions for the revision of requisitions of the Defence Departments in cases where they felt that such revision would be justified.

Service Attaches at Washington

30. The Minister of National Defence for Naval Services raised the question of the disparity in pay and allowances between the three Service attaches in Washington. The Naval Attache, though senior in length of service was entitled to less than the Air Attache. The Military Attache was receiving less than either of his colleagues.

The present Naval Attache was anxious to leave the post for more active service.

31. After some discussion, it was agreed that further consideration should be given to the question of remuneration of the three Service attaches and also to changing the present Naval and Air Attaches.

Permanent Joint Board on Defence

32. The Secretary reported that all three of the Defence Departments had now completed their study of the Tenth and Eleventh Recommendations of the Permanent Joint Board on Defence, and had recommended their approval to the Committee. In the circumstances, should word of the approval of the government be communicated to the Board, as had been done in respect of previous recommendations.

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33. The Minister of Finance pointed out that the implementing by Canada of the recommendations of the Board involved large expenditures. Possibly the U. S. government should and would contribute a larger share of the costs, than was contemplated in the Board's Reports. In any event there should be full opportunity for examination into the expenditures involved in adopting the Board's recommendations.

34. The Minister of National Defence for Air pointed out that the Board did not attempt to allocate costs as between the two governments but only recommended what steps, in their view, should be taken for adequate joint defence.

35. After further discussion, it was agreed that, in future, recommendations of the Board should not receive the final approval of the Committee, nor should the Board be informed of the government's attitude in respect of such recommendations, until the Minister of Finance, after full opportunity for consideration of the expenditures involved, had expressed his concurrence.

Hospital accommodation for the armed forces

36. The Secretary stated that, as Clerk of the Privy Council, he had received from the Minister of Pensions and National Health two recommendations to the Governor General in Council, requesting authority to proceed with the construction of hospital accommodation. One of these recommendations involved additions to Lancaster Hospital, St. John, N.B., at an estimated cost of $135,000, the other, construction of additions to Camp Hill Hospital, Halifax, N.S., at an estimated cost of $150,000.

37. It was agreed that the two above recommendations be referred to the Medical Committee of the Services (Colonel Gorssline, convener), for consideration and report, with the recommendation for the construction of a hospital at Calgary, previously referred to this committee.

The meeting adjourned at 4.50 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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SECRET

Ottawa, December 18th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, December the 18th, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald),

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The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Defence of Newfoundland

1. The Associate Minister of National Defence reported that the Chairman of the Canadian Section of the Permanent Joint Board on Defence had informed him that the Board had now discussed the suggestion that the United States acquire bases in the vicinity of the Newfoundland Airport. Reference had been made to this at the last meeting of the Committee.

The Canadian representatives, in accordance with instructions, had indicated that the Canadian government would not favour such a proposal. The U. S. representatives had then suggested, as an alternative, that Canada agree to make accommodation and facilities at the Airport available to U. S. formations, for the purpose of operational training.

Approximately 78 aircraft and 1,000 men would be involved. It was contemplated that they would proceed to Newfoundland in February and remain there the year round. The construction of additional hutments and hangars would be required. Control of the Airport would continue to be vested in the R.C.A.F.

2. Mr. Power said that, in his opinion, the establishment of U. S. personnel and aircraft at the Airport would offer distinct advantages from the Canadian point of view, and should be permitted. Though such U. S. forces would not be committed to come to our assistance, their presence would inevitably constitute a much needed addition to the defensive strength of the Airport. At present Canada was not in a position to provide adequate air defence in this area.

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3. The Minister of Finance expressed the view that if Canada were to agree to provide accommodation and facilities at the Airport, the United States should contribute to the cost, by way of rental or otherwise. Use by the United States of these facilities would be for their own defence purposes. It would be only reasonable, therefore, that they should assist in defraying the expenditure involved.

4. Mr. Power said that it might be preferable not to raise the question of contribution to the cost of additional accommodation. Canada did not wish to have any permanent U. S. establishment at or near the Airport and it would be unlikely that the United States would contribute to the expenditures involved without obtaining some share of jurisdiction and security of tenure. In any event Canada would eventually make use of the additional hangars and huts. The matter might, however, be discussed with the Chairman of the Canadian Section of the Board.

5. The Prime Minister expressed agreement with Mr. Power. It now appeared that the enemy was preparing for a spring offensive. Activity in the Atlantic areas was not unlikely. The presence of U. S. aircraft and personnel in Newfoundland would give a sense of security in regard to our defence on the Atlantic. Canada had left her eastern coast exposed by sending all possible planes and ships to the assistance of the United Kingdom, in Europe.

6. After further discussion, the Committee approved in principle agreement on the part of Canada that the facilities of the Newfoundland Airport should be made available to U. S. air formations for operational training, and that the necessary additional accommodation, required for this purpose, should be provided. It was agreed that Mr. Power should discuss with Colonel Biggar the advisability of suggesting contribution by the United States to the cost involved.

Departmental accommodation

7. The Associate Minister of National Defence reported that difficulty had arisen with respect to the accommodation of the Inter-governmental Inspection Board, and their staff. The Board wished to take over premises now occupied by the Dependents' Allowance Board.

This raised the larger question of making proper provision for the accommodation of rapidly expanding departments and agencies of government involved in war work. In view of the large demands upon the limited space available in the Capital, consideration should be given to providing for certain departments and agencies outside of Ottawa. Close proximity to other departments was not, in all cases, necessary.

8. The Prime Minister suggested that the Ottawa Improvement Commission might be asked to review the

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whole situation and report upon appropriate measures to deal with the problem. The personnel of the Commission would be suitable for this purpose, and they could work in co-operation with the Department of Public Works.

9. After further discussion it was agreed that the Prime Minister should take up with the Minister of Public Works the proposal to refer the general question of departmental accommodation to the Ottawa Improvement Commission, with a view to having the Commission undertake a survey of the situation, and that, meantime, Mr. Cardin should be requested to deal with the immediate problem, and to hear and determine the claims of parties concerned.

War Charities Appeals

10. The Minister of Finance stated that he had been greatly concerned to discover that the Department of National War Services had given approval to appeals to the public for funds, in January and February, by a number of war charities, including the Y.M.C.A., the Knights of Columbus, and others. Presumably this approval had been given, subject to the concurrence of the Cabinet, or of this Committee.

If such appeals were to be conducted in the first two months of the year, the result would be a most serious interference with plans for the sale of War Savings Certificates. The National Advisory Committee on War Savings were counting upon having these two months free of competition. It was essential, if their campaign were to succeed, that there should be no charitable appeals during this period.

It was understood that the Y.M.C.A., would require funds in January to permit them to carry on their war services. It would be preferable for the government, if necessary, to finance the Y.M.C.A. for a period of months, rather than to permit them to conduct their campaign in January.

Furthermore, opinion was growing in favour of one unified appeal on behalf of all voluntary organizations engaged in war work.

11. The Prime Minister agreed that priority must be given to the efforts of the Finance Department in the War Savings Certificate programme.

12. After further discussion, it was agreed that appeals by War Charities should not be permitted to interfere with the War Savings Certificate programme, and that, for this reason, campaigns for funds by such organizations should not be allowed during January and February of 1941; if necessary, the government should, by loan, assist the Y.M.C.A., with funds required for the conduct of their war work, until their campaign could be held, at a later date.

It was also agreed that the government favoured one unified appeal on behalf of all voluntary organizations raising funds for war purposes.

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The Minister of Finance was authorized to take these matters up with the Department of National War Services.

Accommodation for members of the forces on leave

13. The Minister of National Defence for Naval Services, referring to the discussion of this subject at the last meeting of the Committee, reported that the Defence Council had given consideration to the particularly pressing situation, in this respect, in Halifax. Various voluntary agencies were engaged in providing hostel accommodation and entertainment for members of the forces on leave. These were principally, the Y.M.C.A., the Knights of Columbus, the Salvation Army, and the Canadian Legion.

The problem might be met by the government offering to build huts for these voluntary agencies to operate, the cost of the huts to be regarded as a loan to be repaid when the agencies were in funds, at the conclusion of their various appeals. An alternative was for the government to build the huts and have them operated by one agency, perhaps the Canadian Legion. In his opinion the former course was preferable.

14. The Minister of Finance expressed general agreement with Mr. Macdonald's recommendation. Such a course would fit in best with the view that the agencies should unite in one appeal to the public for funds.

15. After further discussion, it was agreed that the government should offer to build, in Halifax, huts required for the accommodation of members of the forces on leave, operation to be undertaken by the various voluntary agencies engaged in hostel work, the cost involved to be regarded as a loan to the agencies concerned.

Repatriation of Canadian soldiers' dependents

16. The Minister of Mines and Resources reported that numbers of wives and children of members of the Canadian forces had proceeded overseas, prior to the passing of the Order-in-Council by which this was prohibited. Direction was now required regarding requests for their repatriation. In the last war there had been no control over the movement overseas of families of soldiers. This had resulted in a huge problem involving the repatriation of approximately 50,000 persons. It was, therefore, important that a decision as to the policy to be adopted in the present war should be made without delay.

17. Mr. Crerar recommended that repatriation, at government expense, should be limited to those wives and children who had gone to England from Canada and who were unable to meet the expense of return transportation. No financial assistance should be given to women who had married Canadian soldiers in England, and who now wished to join their husbands in Canada, upon their being invalided home.

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18. After further discussion it was agreed that repatriation of the wives (and children) of members of the Canadian forces should be restricted to those who had been married before their departure from Canada, and that financial assistance by the government should be provided only where private means were not available.

Compulsory Military Training

19. The Associate Minister of National Defence reported that, following the decision taken by the Committee at the meeting of December the 4th, the General Staff had given further consideration to a plan for a combined programme of training which would admit of certain trainees going to the navy, air force and war industry, as well as to the army.

It was argued that the continuation of the one month's training scheme would produce only quarter-trained soldiers, and in such large numbers that they could not be used. A four months' scheme would produce soldiers properly trained as re-enforcements - soldiers ready for operational service and in numbers adequate to provide for the defence of Canada. A revised programme was suggested on a four months basis which, in addition to meeting army needs, would permit of the release at the end of the first month of volunteers for the Navy and Air Force, and the selection, either at the end of the first or of the fourth month, of suitable candidates for employment in war industries.

The revised programme contemplated the calling up of 8,000 men per month, for eleven months of the year. Of these it was estimated that about 1,000 would volunteer for the Navy and Air Force, and perhaps 1,000 would be selected for return to industry or as specially suitable for training for industrial employment. This would leave 6,000 who would continue army training for three months, after which, apart from such as might volunteer for active service, they would return to civilian life, and be available, as adequately trained men, for the defence of this country. This programme would provide 65,000 trained soldiers annually, for addition to the Army Reserve, sufficient to provide one year's re-enforcements for a corps of three divisions and an armoured division.

20. The Prime Minister stated that before approving any revised programme for military training, it would be necessary to decide the priorities which, as a matter of policy, should be accorded to the services and industry. The financial resources of the country should be utilized in accordance with the decisions of this Committee upon the relative degree of importance to the war effort. As he had remarked on previous occasions, the most important spheres at present were those of the navy, the air, and war industry. It was evident that no large army would be required before 1942.

21. Mr. Power observed that the difficulty was that we had no "ceiling" beyond which it was impossible

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to go, no total estimate of our financial or productive capacity within which the requirements of the Services needed to be brought. At present each Service merely put forward its own demands, without relationship to any total figure.

22. The Minister of National Defence for Naval Services observed that the United Kingdom had shown no inclination to request further troops from Canada. In his view it would be absurd to increase the size of the army at present.

23. The Minister of Mines and Resources said that it was important that the Committee should have before them an estimate of the total sum that could be spent within the fiscal year; only then could they make decisions of policy with regard to allocation.

24. The Minister of Finance said that the experts had not yet arrived at any figure representative of Canada's total capacity. The matter had received constant study but was exceedingly complex. At the moment we were spending, in dollars, less than was generally thought - at a rate of approximately $960,000,000 a year. The difficulty was to increase production so as to enable the larger expenditures desired to be made. The new Wartime Requirements Board was making an estimate of the amounts which could be spent upon the war effort. It was hoped that a report, in this connection, would be available before long.

25. After further discussion it was agreed to defer action upon the proposed revision of the compulsory training programme, until the return of the Minister of National Defence from the United Kingdom.

Army Tradesmen's School -
R.C.O.C. Training Centre, Barriefield Camp

26. The Associate Minister of National Defence recommended approval of the expenditure of $87,000 to provide necessary accommodation for 340 instructors at the R.C.O.C. training centre at Barriefield. These men would undergo training as instructors for the army tradesmen's school, the establishment of which had been approved, in principle, at the Committee's meeting on December the 10th.

27. With the concurrence of the Minister of Finance, the Committee approved the expenditure of $87,000, total estimated cost of hutments and other facilities required for the R.C.O.C. training centre at Barriefield camp.

Additional accommodation at Vimy Barracks

28. The Associate Minister of National Defence recommended approval of an expenditure of $57,500 to provide additional accommodation at Vimy Barracks in connection with the training centre located there, for a total of 100 officers and 972 other ranks.

29. Decision in this respect was deferred pending examination of the project by the Department of Finance.

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Central Mechanization Depot, London, Ontario

30. The Associate Minister of National Defence referred to the discussion of this project at the Committee's meeting on December the 13th. It now appeared that this undertaking had not only been approved in principle by the Minister of National Defence but was, in fact, already nearing completion under an arrangement which had been made some time ago. Provisional allotments of over $1,000,000 for the establishment had been made. Approval of the project as a whole was now requested, in total amount, so that the heating facilities could be installed in buildings already constructed.

31. The Minister of Finance reported that he had looked into the matter and was prepared to express his concurrence in approval being given to this recommendation.

32. The recommendation of the Associate Minister of National Defence for the completion of the central mechanization depot at London, at a total cost of $1,647,966 was, accordingly, approved by the Committee.

Recruiting of pilots in the United States

33. The Minister of National Defence for Air reported that, at his direction, Mr. Terence Sheard, Executive Assistant in his department, had recently visited Washington with a view to recommending a revision of existing arrangements for recruiting pilots in the United States through the Clayton Knight Committee. It was desired to avoid any suggestion that residents of the United States were being encouraged by the Canadian government to come to Canada to join the R.C.A.F., and, if possible to devise a method of procedure to which no exception could be taken by the U. S. State Department.

After conferring with the Canadian Legation, Mr. Sheard had consulted Mr. Dean Acheson, and a plan had been worked out to replace the present Clayton Knight Committee by a purely civilian organization. It was understood that this would be eminently satisfactory to the State Department.

34. Mr. Power said that the proposed plan involved the formation of an "Auxiliary Flying Association" which would be organized as a non-profit or government owned corporation. The object of this association would be to obtain and supply civilian pilots for various non-military duties, incidental to the operations of the Training Plan. Such duties would include service instruction at civilian flying schools, ferrying operations and such other duties as are generally described as those of a staff pilot. Pilots performing these duties would be civilians in the employ of the Association.

35. Mr. Power said that it was estimated that the cost of closing out the operations of the Clayton Knight Committee, organizing the proposed association and operating it from January the 1st, 1941, for a period of three months, would amount to some $220,000. Operation

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of the Association included pay and allowances for pilots. It was intended that, in future, the Association and not the R.C.A.F. should make all payments to pilots obtained in this manner from the United States.

The Clayton Knight Committee would be dissolved and the New York Office would continue, under purely civilian auspices.

It was recommended that authority be granted to proceed immediately with the formation and operation of an association in the manner and for the purposes described.

36. After some discussion the Committee approved Mr. Power's recommendation, in this respect, and authorized the formation of the proposed Auxiliary Flying Association and the provision of the necessary funds for this purpose.

Joint Air Training Plan - identification of Canadian pupils

37. The Minister of National Defence for Air reported that he had received a telegram from the Minister of National Defence regarding the progress of negotiations with the U. K. government as to the identification of Canadian pupils when graduating from the Training Plan.

38. Mr. Ralston had reported that several "formulae" had been considered. A first method suggested had been to compute the number of squadrons for which Canadian pilots could have provided the air crew personnel. This would give a total of 112. A second method was to compute the number of squadrons which Canadian personnel at the training establishments could have manned entirely. This would amount to 76. A third method was to estimate the number of squadrons which Canadian air crews, plus personnel in training establishments, could man and maintain if we had also to maintain our own rearward activities and lines of communication. This would give approximately 27 squadrons on the basis of one man in a squadron to five behind the lines.

Mr. Ralston had felt that no mathematical formula could take account of all factors involved. Two principal points should be kept in mind; first, there should be a substantial embodiment of the R.C.A.F., to represent to the Canadian public, in some measurable degree, the Canadian contribution; second, there should be some provision for consultation with Canadian authorities in the employment of Canadian personnel in major operations. He had come to the conclusion, therefore, that we should press for a sizeable number of squadrons, using the third method as an indicator, though not a rule, and further, that some provision should be made for the remaining Canadian personnel to be kept together and officered by Canadians as far as could reasonably be arranged.

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Accordingly, it had been suggested to the United Kingdom authorities that the first twenty-five squadrons be R.C.A.F., in addition to the three squadrons now in the United Kingdom.

(See R.C.A.F. Signal of December the 15th, 1940, to the C.A.S., Ottawa, from Roycanairf, London).

39. Mr. Power said that in answer to Mr. Ralston's enquiry whether there were any objections to his proceeding along the lines indicated, he had, after consultation with the Prime Minister, replied stating that Mr. Ralston should press for acceptance of the third method, giving to Canada the first twenty-five squadrons as R.C.A.F., in addition to Fighter Squadrons 1 and 2 and Army Co-operation Squadron 110.

Mr. Power's telegram had also indicated that for additional formations, assurance of individual identification might be regarded as sufficient for the present, and the situation left open for review at a later date.

As to consultation with the Canadian government prior to decisions on questions of policy regarding employment of Canadian squadrons, the difficulty of devising satisfactory procedure was appreciated, but the desirability of consultation of some kind, if at all possible, before employing R.C.A.F., in other theatres of war, was stressed.

(See R.C.A.F. Signal of December 15th, 1940, from the Minister of National Defence for Air to the Minister of National Defence).

40. Mr. Power expressed the opinion that if arrangements could be made along the lines indicated in this exchange of telegrams, they should be entirely satisfactory from the Canadian point of view. The number of squadrons to be identified as R.C.A.F., could, at a later date, be reviewed as the Plan progressed.

Joint Air Training Plan - financial responsibility

41. The Minister of National Defence for Air reported that Mr. Ralston had also reported upon his discussions with the Air Ministry, of the allocation of ultimate responsibility for commitments made by Canada following the U. K. suspension of shipments of aircraft under the Training Plan.

Mr. Ralston had indicated that the U. K. government were prepared to accept our suggestions as to the principles which should govern, namely; that the U. K. government should assume all costs reasonably incurred to overcome deficiencies in U. K. equipment and to assure alternative supplies; that it was recognized that these additional commitments, in the emergent conditions existing, were costs reasonably incurred; that the U. K. government would assume any additional costs due to increased requirements of twin engine aircraft and also such as might result from revision or extension of the Plan.

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(See telegram No. 2074 of December the 4th, 1940, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs, Ottawa).

42. Mr. Power said that he had replied to Mr. Ralston's telegram expressing satisfaction at the Air Ministry's acceptance of the principles which we had suggested should govern in these negotiations.

(See telegram No. 1951 of December the 14th, 1940, from the Secretary of State for External Affairs, to the Canadian High Commissioner in Great Britain).

Patrol Planes from the United States

43. The Minister of National Defence for Air reported that he had made enquiry of the U. K. government as to whether they would allocate to Canada, for use in Atlantic Coast patrols, three PBY flying boats from those which they expected to obtain from the United States.

A reply had now been received through the Office of the U. K. High Commissioner, stating that the needs in the eastern Atlantic, particularly in the north-west approaches, and in the Mediterranean, were so great and so pressing that it would not be possible to spare any flying boats in the near future. The situation would, of course, be reviewed, if enemy action against shipping in the western Atlantic were to begin on a considerable scale. It was hoped that the Canadian government might persuade the U. S. government to release the needed aircraft, without a corresponding release on the part of the United Kingdom.

(see letter of December the 14th, 1940, from W. C. Hankinson, to Mr. Power).

44. Mr. Power said that this whole matter had been gone into fully by the Chief of the Air Staff, during his visit to Washington. It was quite evident that the U. K. government, who were receiving 88 PBYs from the United States, would not consent to the release of any of these planes in view of their own heavy requirements.

Sinking of vessel carrying Minister of Munitions and Supply, and party, to the U.K.

45. The Prime Minister reported that official word had now been received from the U. K. government, as well as from Mr. Ralston, that Mr. Howe and his party, who had been on board the torpedoed liner "Western Prince" had, apart from the Honourable Gordon W. Scott, arrived safely in the United Kingdom. Official word had also been received which would admit of no doubt that Mr. Scott had been lost.

Construction of Naval vessels in Canada

46. The Prime Minister read to the meeting a reply which had been received from the U. K. government, to our telegram suggesting that immediate steps should

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be taken for the construction, in Canada, of larger naval vessels.

In their reply, the U. K. government referred to the difficulty of providing the necessary special equipment and to the shortage of key men available for this type of work.

It was suggested that consideration might be given by the Canadian government to the building of a flotilla, on U. S. plans and specifications, and that the necessary technical help might be obtained from the United States.

47. The Minister of National Defence for Naval Services stated that, while the Naval Staff regarded U. S. hulls as inferior to those of British design, it would certainly be desirable to undertake building on U. S. models if,,as it appeared, it were impossible to obtain the necessary assistance from the United Kingdom.

48. After further discussion it was agreed that Mr. Macdonald should take up, immediately, with the U. S. government, the possibility of obtaining plans and specifications and necessary technical assistance to set on foot a programme of construction of destroyers in Canadian yards, upon U. S. models.

Relations between the U. K. and the U.S.

49. The Prime Minister read to the meeting telegrams from the U. K. government indicating the reasons which had led them to announce that they could not consent to the Hoover scheme for the supply of foodstuffs to Europe. It was felt that at a later date it might be necessary to reconsider the American Red Cross scheme for the limited distribution of relief to children in unoccupied France.

Relations with Spain

50. The Prime Minister stated that information had now been received that the U. K. government had been on the point of authorizing the British Ambassador to inform the Spanish government that wheat deliveries would begin, when unilateral action had been taken by Spain in Tangier. This had cast doubt on the objectives of Spanish policy and for the present at least, no further steps were being taken to provide assistance to Spain.

Far East

51. The Prime Minister read to the meeting communications received from the U. K. government regarding the progress of conversations with the U. S. government as to policy in the Far East.

The meeting adjourned at 5 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

December 26th, 1940.

55

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SECRET

Ottawa, December 26th, 1940.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, December the 26th, at 4.45 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Internees from Newfoundland

1. The Associate Minister of National Defence reported that a telegram had been received from the Governor of Newfoundland regarding twenty-four German merchant seamen and four German civilians who had been interned in Newfoundland since the beginning of the war. The camp in which they were presently confined was intended, under joint defence plans, for use by U. S. forces; objection by the Permanent Joint Board on Defence made it impossible to use the new premises at Carbonear. The Newfoundland government, accordingly, requested that Canada agree to receive these internees, and an early decision was requested.

(See telegram No. 71 of December 21st, 1940, from the Governor of Newfoundland, St. John's, to the Secretary of State for External Affairs, Ottawa).

2. After some discussion, it was agreed that a reply should be sent agreeing to accept the internees in question, in order to oblige the Newfoundland government; conditions to be the same as had governed in previous cases.

Joint Air Training Plan
identification of Canadian pupils

3. The Minister of National Defence for Air reported that he had received a message from the Minister of National Defence, in England, regarding discussions with the U. K. government as to arrangements for the identification of Canadians upon the completion of their training under the Commonwealth Air Training Plan.

Mr. Ralston had embodied in a telegram the text of a memorandum of agreement, in this respect, which had

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been initialled by him and the U. K. Secretary of State for Air. It was now submitted to the government for confirmation.

(See R.C.A.F. Signal of December 23rd, 1940, to C.A.S., Ottawa, from Roycanairf, London).

Mr. Ralston had also sent, by telegram, his own comments upon the provisions of the proposed memorandum of agreement, which he had commended to the government for early approval.

(See Cypher telegram No. 2139 of December 24th, 1940, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

4. Mr. Power then read to the meeting the text of the agreement as contained in Mr. Ralston's first telegram, and also Mr. Ralston's comments thereon, as contained in his second telegram. The provisions of the agreement and Mr. Ralston's comments were explained by Mr. Power and considered seriatim by the Committee:

Paragraphs 1 and 2, re numbers of R.C.A.F. squadrons and rate of formation. Approved.

Paragraph 3, re central posting organization. Approved.

Paragraph 4, re identification of individual Canadians. Approved.

Paragraph 5, re review of arrangements. Approved.

Paragraph 6. It was not clear what was intended by this provision. There were two possible interpretations - either it intended that R.C.A.F. ground personnel from the Plan, who proceeded overseas to join Canadian squadrons, should be replaced in Canada by R.A.F. ground personnel, or it contemplated the raising of additional Canadian ground personnel to replace them. Under the former interpretation it might be intended to send to Canada "war weary" personnel from the R.A.F., for employment in the training establishments. On the other hand, the provision might mean that Canada would have to raise additional ground crews to take the places of those who joined the squadrons overseas. Each interpretation was open to objection, the former because it would mean putting Canadians into zones of danger while men from the United Kingdom took their places in Canada; the latter because it would involve raising substantial numbers of additional personnel for the R.C.A.F. with a consequent further demand upon the man-power available for war industry.

This question was discussed at some length, and while it was felt that clarification of

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its intention was necessary, it was agreed, in view of Mr. Ralston's urgent recommendation that approval might be given, on the understanding that the correct interpretation in Paragraph 6 involved the replacement by R.A.F. personnel of such R.C.A.F. ground crews as might, by mutual agreement, leave their employment in the Air Training Plan to join R.C.A.F. squadrons overseas. If, on the other hand, Paragraph 6 contemplated the raising of additional Canadian ground personnel to take the places of those who might proceed overseas, further consideration would be required. (x)

Paragraph 7, re squadron commanders, etc. Approved.

Paragraph 8, re pay and allowances. Approved.

Paragraph 9, re Air Officer Commanding R.C.A.F. headquarters, overseas. Approved.

Paragraph 10, re consultation between governments on employment of R.C.A.F. overseas. Approved.

5. Mr. Power drew attention to the request in Mr. Ralston's second telegram, that he be authorized to confirm an understanding with Sir Archibald Sinclair as to exchanges of senior officers of the R.A.F. and senior officers of the R.C.A.F., as opportunity offered.

This was a reasonable suggestion and upon Mr. Power's recommendation, confirmation of the understanding with the Air Ministry, in this respect, was approved.

Joint Air Training Plan
R.C.A.F. Christmas leave

6. The Minister of National Defence for Air reported that in view of the fact that of some thousand men who had been given weekend passes from the training school at St. Thomas, some four hundred had failed to return on the Monday preceding Christmas, he had thought it advisable to make a personal visit to the school. He had addressed the remaining men, prior to their going on Christmas leave, as to the serious nature of such a breach of discipline, pointing out that the result would necessarily entail delay in the progress of the whole Air Training Plan. The response had, on the whole, been good. Of the three thousand who had gone on leave for Christmas, only two hundred odd had failed to return. This meant that there would be in all some six hundred offenders to be punished.

(x) - It was subsequently decided by the Prime Minister and Mr. Power, that in view of the ambiguity of Paragraph 6, immediate approval should be limited to the other provisions of the agreement and that clarification of Paragraph 6 should be requested.

(See Cypher telegram No. 2036 of December 27th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada, London).

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The offence was a serious one. It was proposed, therefore, that those found guilty should be given twenty-eight days detention, and the ring-leaders dishonourably discharged. It seemed certain that the incident had been deliberately planned in advance. It was essential, therefore, to deal sternly and promptly with the offenders, to prevent further similar occurrences.

7. After some discussion the Committee expressed general approval of the course which Mr. Power proposed to follow, the details of punishment, however, being left to the Minister's own judgment in the light of further investigation.

8. As to the desirability of making a public statement as to what had occurred, it was agreed that Mr. Power should do so, when he saw fit. It was the view of the Committee, however, that the public statement should be deferred until the offenders had been punished, unless, meantime, the matter had been given publicity by other means.

Arrival in the United Kingdom of the 8th contingent, C.A.S.F.

9. The Associate Minister of National Defence reported that word had now been received that the 8th contingent of Canadian troops had arrived safely in the United Kingdom. This contingent comprised re-enforcements, ancillary troops and the remainder of the 2nd Division, to a total number of between six and seven thousand men.

Relations with France

10. The Prime Minister reported that a message had been received from Mr. Dupuy, Canadian Chargé d'Affaires, upon his return to London from Vichy. Mr. Dupuy had had interviews with Marshal Petain, and his views of the situation in France were encouraging. Mr. Dupuy had said that Marshal Petain was clearly the active head of the French government. He felt satisfied that the French fleet and bases would not willingly be surrendered to Germany and that there was a good prospect of secret collaboration between France and the British Commonwealth, though it might be wise to maintain the present appearance of tension, as a "smoke screen". The dismissal of M. Laval was regarded as a hopeful sign.

11. Mr. King stated that the U. K. government had requested leave to circulate Mr. Dupuy's report to the other Commonwealth governments. It would be undesirable, however, to have this information attributed to the Canadian Chargé d'Affaires, though there would be no objection to the information itself being made available as from a reliable source.

The U. K. government had also received somewhat similar word from an emissary of Marshal Petain in London. Apparently the French government did not intend to make peace with the Axis Powers.

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Constitution of a Canadian Corps

12. The Prime Minister reminded members of the Committee that, on December the 20th, the Cabinet had acted upon the recommendation of the Minister of National Defence that, for considerations of morale and esprit de corps of Canadian troops in the United Kingdom, as well as because of the effects in Canada, action to constitute a Canadian Corps should be taken before the end of the year. No additional financial commitments were involved.

Accordingly, Mr. King communicated the Cabinet's decision to Mr. Ralston, and, on Christmas Eve, he had announced that, as from Christmas Day, a Canadian Army Corps would be formed, comprising the 1st and 2nd Divisions, and non-divisional troops now serving in the United Kingdom.

(See Cypher telegram No. 2111 of December 19th, 1940, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

(See Cypher telegram No. 1977 of December 20th, 1940, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada, London).

(See Cypher telegram No. 2131 of Dedember 23rd, 1940, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

Public Information

13. The Prime Minister reported that the Director of Public Information and the Associate Director had recommended the institution of a series of radio broadcasts to France under the general title "En famille". The series would be made available to French listeners by short-wave transmission, to be re-broadcast from the British Isles.

14, After some discussion, in which it was generally agreed that such a programme would be advisable only if it were exceedingly carefully conducted, and avoided anything of an obviously propagandist nature, it was decided to defer any decision until French-Canadian members of the Committee were present.

Construction of naval vessels in Canada

15. The Minister of National Defence for Naval Services reported that he had received a message from Mr. Ralston, statin that he had been informed that the Admiralty were unable to release key men to assist in the undertaking of a programme of destroyer construction in Canada. It had again been suggested that Canada enquire into the possibility of obtaining technical assistance from the United States.

The Canadian Naval Attaché in Washington had been directed to explore the situation in the United States and enquire into the suitability of American plans and specifications.

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Despatch of further R.C.N. destroyers for service in European waters.

16. The Minister of National Defence for Naval Services reported that an urgent request had been received from the U. K. government for the despatch of four more Canadian destroyers to serve in co-operation with the Royal Navy in the Northwest approaches to the British Isles, where the need was great.

If this request were to be met, it would leave, for the protection of Canada's Atlantic Coast, only one destroyer at present seaworthy. Two other destroyers were undergoing repairs in eastern ports and the armed cruiser, the "Caradoc", was stationed in the West Indies.

17. The Prime Minister expressed the opinion that in view of Canada's obligations for North American defence, the United States should be informed before we weakened further our naval forces operating off the Atlantic Coast by sending more destroyers to U. K. waters. Possibly, in the circumstances, the U. S. might be able to extend further their patrol in Northern Atlantic waters.

18. It was agreed that the U. S. government should be informed that Canada had received this urgent request from the United Kingdom, that, in the circumstances, the government were anxious to accede to it, and that they felt that the situation should be drawn to the U. S. government's attention in case something might be done to extend the patrol duties of U. S. naval vessels off the Atlantic Coast.

The meeting adjourned at 6.45 p.m.

A. D. P. Heeney
Secretary.

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Documents of the Cabinet War Committee

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October 24/40	P.J.B.D. Journal, meetings of October 2, 3, 4, 1940.
October 31/40	Telegram No. 1800, October 25/40, from HC London to EA, re honours and awards.
	Letter, October 31/40, from Canadian Secretary, P.J.B.D., to Secretary, Cabinet War Committee re Terrace - Prince Rupert Highway.
November 5/40	Circular Telegram D 553 from DO to EA re Supreme War Council.
	Telegram No. 197, November 5/40, from EA to DO re Supreme War Council.
	Telegram No. 1848, November 2/40, HC London to EA re visit to Vichy.
	Telegram No. 1745, November 6/40, from EA to HC London re visit to Vichy.
	"Appreciation" of November 2)40 by General Staff re construction of road from Terrace to Prince Rupert.
	Telegram No. 152, November 2/40, from DO to EA re internment of POW.
November 7/40	Telegram from Mr. Churchill to Mr. King re French gold in Bank of Canada.
November 14/40	Telegram No. 202 of November 14/40 from External to DO re Joint Air Training Plan.
November 19/40	Canadian Chairman, P.J.B.D. to Secretary, Cabinet War Committee, November 15/40 re internment of POW.
	Telegram No. 207, November 20/40, from EA to DO re internment of POW.
November 22/40	Telegram No. 162, November 20/40 from DO to EA re Joint Air Training Plan.
	Telegram No. 165, November 22/40 from DO to EA re shipment of copper to Japan.
	Telegram No. 1946 from HC London to EA re rental of premises for Canada House.
November 29/40	P.J.B.D. Journal, meetings November 13, 14 and 15/40.

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December 4/40	Telegram No. 169, November 30/40 from DO to EA re wheat for Spain.
	Telegram No. 1993 of December 2/40 from HC London to EA re wheat for Spain.
December 10/40	Telegram No. 178 of December 9/40 from DO to EA re Joint Air Training Plan.
	Letter, December 4/40, from Associate Minister of National Defence to Secretary, CWC re recommendations of P.J.B.D.
	Letter, December 10/40, from Minister of National Defence for Naval Services to Secretary, CWC re recommendations of P.J.B.D.
	Telegram No. 175, December 7/40, from DO to EA re wheat for Spain.
	Telegram No. 2040, December 9/40, from HC London to EA re employment of Canadian forces overseas.
December 13/40-	Memorandum of meeting at St. John's, Newfoundland, November 29 - December 1, 1940 re Nfld. bases.
December 18/40	Telegram No. 1951, December 14/40, from EA to HC London re Joint Air Training Plan.
	Letter, December 14/40, from Mr. Hankinson to Mr. Power re patrol planes from the United States.
December 26/40	Telegram No. 71, December 21/40, from Governor of Newfoundland to EA re internees.
	RCAF signal, December 23/40, to CAS from Roycanairf re Joint Air Training Plan.
	Telegram No. 2139, December 24/40, from HC London to EA re Joint Air Training Plan.
	Telegram No. 2036, December 27/40, from EA to HC London re Joint Air Training Plan.
	Telegram No. 2111, December 19/40, from HC London to EA re Canadian Corps.
	Telegram No. 1977, December 20/40, from EA to HC London re Canadian Corps.
	Telegram No. 2131, December 23/40, from HC London to EA re Canadian Corps.

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PAPERS NOT IN PRIVY COUNCIL RECORDS

Date of Meeting	Telegrams
November 7/40	Telegram from Mr. Churchill to Mr. King re French gold in Bank of Canada
December 26/40	Telegram No. 71, December 21/40, from Governor of Newfoundland to EA re internees

NOTE:
Complete set of P.J.B.D. Journals filed in black binders in Room 122.

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"R"

D-19-1-A
1940 Europe

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

No. 2131

LONDON, December 23rd, 1940.

No. 2131. Following from Ralston for Prime Minister, Begins:

Your telegram No. 1977 of December 20th. Had further discussion with Eden today and settled difficulty in connection with the constitution of Canadian Corps on basis set forth in my telegram No. 2111 of December 19th. It will, therefore, be appropriate for you to make announcement as planned on Christmas Eve. Eden has agreed to withhold the announcement in this country until Christmas Day. Suggest that your announcement might include the following points, Begins:

As from Christmas Day, a Canadian Army Corps is to be formed comprising the Canadian Divisions and non divisional troops now serving in the United Kingdom. This important step, taken in full accord with the Government of the United Kingdom, is significant of the steadily increasing scale of Canada's military effort. To the older members of the community as well as to the veterans this announcement will kindle memories of former Canadian Corps which achieved such distinction during the first Great War. To the members of the present Canadian Active Service Force it is a recognition of their long and arduous training and will serve as an incentive to them to emulate as occasion offers the example set by their fathers a generation ago. Ends. Message Ends.

MASSEY

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D-17-1-A
1940 Corps

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN LONDON.

TELEGRAM NO. 1977

IMPORTANT

CYPHER

Ottawa, 20th December, 1940.

Your telegram No. 2111 Canadian Corps.

Following from Prime Minister for Mr. Ralston begins:

Your proposal that steps be taken forthwith to constitute Canadian Corps has been considered by Government here and is approved on the basis set forth in your telegram. I would suggest you see Eden at once to settle details. If it is possible to make necessary arrangements, we consider the effective date for constitution of the Canadian Corps might be Christmas Day. We also consider that the news of the formation should be first announced in Canada. I would be prepared to make announcement on Christmas Eve if that can be arranged. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

IMMEDIATE December 19th, 1940.

CYPHER

No. 2111

No. 2111. Following from Ralston for the Prime Minister, Begins:

I am convinced that considerations of morale and esprit de corps of Canadian Active Service Force serving in the United Kingdom, quite apart from the beneficial effects which would accrue in Canada from such a step, make it desirable to take early action to constitute the Canadian Corps. During the previous Great War the Canadian Corps was formed in September 1915, and it would seem desirable that in this war similar action should not be deferred for any substantially longer related period. Consequently I should think it would be better that this important step should be taken within the calendar year 1940. Our present commitment is to form a Canadian Corps in the field, but conditions in this war are such that the field for this purpose might well be considered the United Kingdom. In addition to that, we have already accepted financial responsibility for the Canadian ancillary troops now serving with the 7th Corps as from September 1st, and the High Commissioner's recent negotiations with the War Office (Massey to External telegram No. 1973 of November 27th) make it clear that the United Kingdom will provide further ancillary units necessary for the completion of the Corps without cost to the Canadian Government, on the understanding that the Canadian Government will replace these units by Canadian troops as soon as practicable. Consequently there would appear no additional

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

financial commitments involved by the immediate formation of the Corps beyond those undertaken, and my recollection is that provision was made in the Departmental estimates for the full cost of the Corps.

On December 17th I discussed this question with the Secretary of State for War as planned, and he expressed himself as being entirely favourable. A formal announcement to this effect seems therefore all that is required. It will be understood that Canada will progressively replace British personnel now making up a proportion (about 30 per cent) of the Headquarters 7th Corps. As equipment becomes available and sea transport makes possible, Canada will furnish the ancillary units still required to make up the full composition of a Corps of two divisions. The great bulk of these ancillary units, which are not yet in or en route to this country, have already been mobilized in Canada.

Would be glad of your cabled views on this proposal, including suggested date of constitution of the Canadian Corps if approved, in which event I will settle details with Eden and advise you as to the final arrangements. Ends.

MASSEY

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON.

IMMEDIATE

SECRET

CYPHER

NO. 2036

Ottawa, December 27th, 1940.

Following from Prime Minister and Power to Ralston, Begins:

1. The Cabinet War Committee have now considered the text of the memorandum of agreement as to arrangements for identification of Canadians from the Air Training Plan, as contained in your Air Force Signal of December 23rd. Full consideration has also been given to the comments contained in your External Affairs telegram No. 2139 of December 24th.

2. The Government are willing to confirm the agreement as set out in your telegram of December 23rd, and initialled by you, subject to what follows regarding paragraph six thereof as to exchange of ground personnel.

3. We are not sure as to what is intended by paragraph six, which appears to be capable of two interpretations. First, this paragraph may be interpreted as a proposal that the United Kingdom ground crews who are to be attached to the twenty-five R.C.A.F. squadrons will be replaced in due course, and as may be considered practicable, by Canadian ground crews previously employed in the Training Plan, and that such R.C.A.F. personnel will in turn be replaced in Canada by equal numbers of United Kingdom personnel of similar categories. Second, paragraph six may be interpreted as requiring the raising of additional ground crews by Canada to take the place in the Training Plan of such Canadians as may proceed overseas to join the R.C.A.F. squadrons, in substitution for United Kingdom personnel. If the twenty-five R.C.A.F. squadrons are eventually to be fully manned by

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Canadians, this would involve, in due course, the raising by Canada of approximately 7,500 ground personnel, additional to the numbers at present contemplated.

We should like to have you clarify the meaning of this paragraph. Immediately we are sure of what is intended in this respect, we will let you have our decision.

4. Subject to what has been said in the preceeding numbered paragraph of this telegram, you may regard this message as confirmation by the Canadian government of the memorandum of agreement with the government of the United Kingdom, and you may inform the Air Ministry accordingly.

5. The government have no objection to your confirming in writing to the Secretary of State for Air the understanding regarding the exchange of senior officers of the Royal Air Force and Royal Canadian Air Force described in the final paragraph of your telegram of December 24th. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

NO. 2139

LONDON, December 24th, 1940.

No. 2139. Following from Ralston to the Prime Minister and Power, Begins:

Following are comments on Memorandum of Agreement as to arrangements made under Article 15 of Air Training Plan, which was cabled you on December 23rd.

Regarding paragraph 2 of Agreement, slowness in forming squadrons is not due to any reluctance on the part of the United Kingdom to carry out spirit of the Agreement, but arises from the fact that air crews cannot simply be thrown into complete squadrons as they arrive in the United Kingdom. It will be obviously necessary to have the proper proportions of pilots, bombers, gunners, wireless and air navigation personnel, and also it may be necessary for them to have some preparatory operational training with experienced Royal Air Force units, thus giving them greater efficiency and avoiding casualties, which would result from forming them immediately into Royal Canadian Air Force operational squadrons.

Paragraph 3. Stevenson feels strongly that centralization of posting is in Canadian interests, and permits most effective employment of personnel, without the delays which would be incurred if Canadians were posted through a separate organization to Royal Air Force squadrons while Royal Canadian Air Force squadrons in course of formation.

Paragraphs 4 and 5 provide for identification of all

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Canadians from the Air Training Plan, wherever serving, with the provision for reviewing the situation in September 1941, which will afford an opportunity to consider practicability of Royal Air Force Canadian squadrons in addition to the 28 Royal Canadian Air Force squadrons in paragraph 1 of the Agreement. As already indicated, the United Kingdom feel very doubtful about such a plan being effectively worked out, but they are willing to leave it open for further consideration. The six months period mentioned for this purpose was considered too short for sufficient experience to be gained to enable practical consideration to be given.

Paragraph 6. This is a new point. It is really not much more than an expression of hope that something may some time be done by way of exchange. The Royal Air Force service people were particularly anxious to have some paragraph of this kind; their earlier draft was much stronger, but, as you will note, final draft only binds as far "as may mutually be considered practicable". We could (hardly?) refuse to go this far, and I hope that (there will be no?) suggestion for change in this paragraph as it is the result of very considerable discussion and revision.

Paragraph 7 speaks for itself, and is designed to ensure operational efficiency.

Paragraph 8 speaks for itself.

Paragraph 9 is a consultation clause, We have made it as wide as we possibly could, and think you will be quite satisfied with it.

Paragraph 10 is designed to make it clear that consultation between service representatives of paragraph 9

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

is supplementary to and not any substitution for consultation between the Governments.

I should have made clear in my earlier telegram that my initialling was subject to confirmation by the Canadian Government, but at the same time I sincerely hope the Agreement can stand as initialled. Sir Archibald Sinclair, in his covering letter sending me a copy of the Memorandum of Agreement, says "at an earlier stage the Memorandum contained clause stating that arrangements would be made from time to time between the two Governments to effect changes between senior officers of the Royal Air Force and senior officers of the Royal Canadian Air Force. This has rightly been deleted from the Memorandum, but I think it would perhaps be well for us to take this opportunity of stating in writing that our respective Governments have it in mind to effect such exchanges as opportunity offers". We had suggested that this matter was really not part of the Agreement respecting the Air Training Plan, and that it be put forward in a separate communication. I see no objection to my confirming Sir Archibald's statement that "our respective Governments have it in mind to effect such exchanges as opportunity offers". Please confirm this as well. Ends.

MASSEY

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B-19-1-C

COPY

TO: C.A.S. RCAF HQ. OTTAWA

FROM: ROYCANAIRF LONDON. December 23rd, 1940.

Following from Ralston for Prime Minister and Power. Begins.

Text of memorandum of agreement as to arrangements to be made under Article 15 of the British Commonwealth Air Training Agreement and letter of December 16, 1939, from Lord Riverdale is as follows:

It is agreed that the arrangements referred to in Article 15 of the Air Training agreement for identifying with Canada the Canadian pilots and aircrews trained under the British Commonwealth Air Training Plan shall be on the following lines,

1. These pilots and aircrews will be incorporated into squadrons of the Royal Canadian Air Force up to the number of 25 in addition to the three already serving in the United Kingdom.

2. The exact rate of formation cannot be guaranteed since it depends on the rate at which the projected Air Force expansion can be achieved; nevertheless the endeavour will be to form these 25 squadrons within the next 18 months, in accordance with the following schedule -

By March 1941 three squadrons to be formed. June 1941 seven. September 1941 twelve. December 1941 seventeen. March 1942 twenty-two. April or May 1942 twenty-five.

3. To facilitate arrangements for posting Canadian pilots and aircrews, there will be established a central posting organization and a central record office, the staff of which will include Royal Canadian Air Force personnel.

4. All Canadian pilots and aircrews from the Air Training Plan not in Royal Canadian Air Force units or formations will continue to wear Royal Canadian Air Force uniforms.

5. The working out of the foregoing arrangements shall be reviewed in September 1941, in order to determine

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whether the schedule in Paragraph 2 can be maintained or accelerated and to consider the position and organization of Canadian pilots and aircrews in excess of those who may be absorbed in Royal Canadian Air Force squadrons under these arrangements.

6. Under the Air Training Plan and at the request of the United Kingdom government, the Royal Canadian Air Force has concentrated on the production of pilots and aircrews.

This has necessitated the provision and employment in Canada of ground personnel who would otherwise have been available for service with Royal Canadian Air Force squadrons overseas. It is recognized, however, as desirable, so far as it may mutually be considered practicable, that the United Kingdom ground personnel who, for the reasons stated above, will be required for the squadrons referred to in paragraph two should gradually be exchanged for Royal Canadian Air Force ground personnel employed on the Air Training Plan, with a view to achieving homogenity of personnel in these squadrons.

7. The concentration of the Royal Canadian Air Force on the Air Training Plan may also, at the outset, result in a shortage of Royal Canadian Air Force officers with the necessary qualifications to fill posts as squadron commanders, etc. It is recognized that, if enough Royal Canadian Air Force officers with these qualifications are not immediately available, some of these posts may require to be filled by Royal Air Force officers.

The replacement of these Royal Air Force officers will be effected progressively as soon as qualified Royal Canadian Air Force officers become available for that purpose.

8. Nothing in these arrangements to implement Article 15 affects the financial responsibilities of the two governments under the Air Training Agreement, it being understood that the cost of the 25 squadrons referred to in Paragraph 1 above will be borne by the United Kingdom government, except that the pay, allowances, and non effective benefits of Royal Canadian Air Force personnel who serve in the new squadrons will be borne by the United Kingdom government only to the extent provided for in Article 17 of the Air Training Agreement.

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9. The Air Officer Commanding the Royal Canadian Air Force Overseas Headquarters, or a senior officer designated by the Canadian government for the purpose, will at all times have access to Commanders of stations and groups and to Commanders in Chief of commands in which Royal Canadian Air Force personnel are serving, and will be furnished by them with such information as he may desire.

He will also have access to the Chief of the Air Staff. He will be furnished with advance information about any major questions which arise from time to time affecting the employment of Royal Canadian Air Force personnel and squadrons. He will be at liberty to make representations to the Air Ministry on any of the above matters.

10. The arrangements in the preceding paragraph will not affect the existing procedure for consultation between the two governments on major questions affecting the employment of the Royal Canadian Air Force personnel and squadrons overseas. Agreement ends.

I have initialled this with Secretary of State for Air and am submitting it for your urgent consideration. I am cabling certain comments to you via External Affairs, but meanwhile thought you would like to have the text of the Agreement, which I hope you can approve. Ends.

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COPY

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM

Earnscliffe,
OTTAWA.

1000/30

14th December, 1940.

IMMEDIATE.

MOST SECRET.

Dear Major Power,

In the High Commissioner's absence, I write to let you know that we have now received a reply from London to the telegram which Sir Gerald Campbell sent about the allocation of PBY flying boats for the West Atlantic patrols on receipt of your letter of the 5th December.

The United Kingdom authorities appreciate the anxiety of the Canadian Government regarding the air protection of convoys out of Halifax and would like to be able to provide the Canadian Government with flying boats for this purpose, but their needs in the Eastern Atlantic, particularly in the North West approaches, and in the Mediterranean, are so great and so pressing that it will not be possible for them to spare any flying boats in the near future. Should enemy action against shipping in the Western Atlantic begin on a considerable scale, they would, of course, immediately consider the possibility of sparing flying boats from the United Kingdom to operate in the protection of convoys out of Halifax.

Meanwhile, the United Kingdom authorities would, of course, welcome greatly any offer on the part of the United States Government to provide flying boats for Canada from their own resources or orders. The United Kingdom authorities, however, feel unable to relinquish any flying boats ordered by them in the United States, but they hope it may nevertheless be possible for the Canadian Government to persuade the United States Government to release three flying boats to them without a corresponding release on the part of the United Kingdom.

Yours sincerely,

(signed) W. C. Hankinson

Major the Honourable C.G.Power, M.P.,
Minister of National Defence for Air,
Ottawa.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

CODE

NO. 1951 OTTAWA, December 14, 1940.

No. 1951. Following for Ralston from Power, Begins:

In reply to your telegram No. 2074, December 13th, 1940. Note with satisfaction acceptance by Air Ministry of four principles outlined your message. Following are reasons for inclusion items B, C, H, I and L in Appendix "A" to letter to Sir Gerald Campbell dated November 12th.

Items B and C required intermediate training to release Harvards which with certain modifications to be used to replace Battles for advanced training.

The same explanation applies to item H insofar as expenditure for spares for Fleet 60 aircraft concerned.

Presumed no question regarding balance this item representing expenditure for engine spares for Canadian built Ansons as item A not questioned.

Expenditure item I necessary to ensure continuity supply engine for Tiger Moth elementary trainers as deliveries Gipsy Major engines that time behind schedule and it was considered continued shipments these engines from United Kingdom doubtful.

Expenditure item L essential to enable manufacture Anson aircraft in Canada. This capital expenditure very doubtful asset to Canada after war.

Breadner bringing detailed information. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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DEPARTMENT OF NATIONAL DEFENCE

CANADA

OFFICE OF THE MINISTER
OTTAWA
December 12, 1940.

CLERK OF THE PRIVY COUNCIL
DEC 13 1940

Dear Mr. Heeney:

Confirming our telephone conversation, I am enclosing two copies of the memorandum covering the meeting held at St. Johns, Newfoundland, November 28 to December 1, 1940.

One copy is for Dr. Skelton.

Yours sincerely,

Hadyde.

H. A. Dyde
Special Assistant

Mr. Gibson's letter to the Prime Minister may have been a personal one. In any event no copy is available to me.

Has.

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
Ottawa, Ont.

HAD

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SECRET

MEMORANDUM OF MEETING - ST. JOHN'S, NEWFOUNDLAND.
NOV. 28th - DEC. 1st, 1940.

There were present:

Hon. Sir John C. Puddester, Vice-Chairman of Commission of Government, Commissioner for Public Health & Welfare.

Hon. J. H. Penson, M.C., Commissioner for Finance.

Hon. Sir Wilfrid W. Woods, K.C., M.G., Commissioner for Public Utilities.

Hon. L. E. Emerson, K.C., Commissioner for Justice and Defence.

Mr. G. B. Summers, K.C., Secretary for Justice.

Mr. H. V. Hutchings, Secretary for Customs.

Hon. Colin Gibson, M.C., Minister of National Revenue.

Brigadier P. Earnshaw, D.S.O., M.C., Officer Commanding Canadian Forces in Newfoundland.

Captain H. A. Dyde, M.C., Special Assistant to Associate Minister of National Defence.

It was decided that the matters first for discussion would be those outlined in the telegram from the Secretary of State for External Affairs, Ottawa, No.55 dated Oct. 20th, and this memorandum is a resumé of the situation on December 1st.

1. Acquisition of property in Newfoundland for use of the Government of Canada.

   (a) Nature of tenure, and

   (b) Procedure to be adopted in settling claims by private owners.

A discussion took place with reference to the method of acquiring property for defence requirements. When Crown Lands are involved, it is understood that title will be conveyed or a lease granted to the Canadian Government without charge. When private property is involved it was recommended that the Canadian Government appoint an agent to negotiate privately. If private

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agreement cannot be reached it is recommended that the Newfoundland Government appoint a Board of three presided over by a Judge of the Supreme Court, the two others being chosen for their particular qualifications. This Board would sit and hear Counsel and take evidence adduced either by the parties or called of its own motion, and a decision arrived at by this Board would be binding on the claimant and on both the Government of Canada and the Government of Newfoundland, with a right of appeal to the Supreme Court.

2. DEFENCE FORCES.

The strength of Canadian Forces in Newfoundland. It was agreed that there would be no substantial changes made in the strength of the forces assigned to the defence of Newfoundland without reasonable prior notification to the Government of Newfoundland.

3. COMMAND OF COMBINED FORCES IN NEWFOUNDLAND.

Newfoundland has passed a Visiting Forces Act identical, mutatis mutandis with the Canadian Act. The Governor in Commission has made an Order that the Canadian and Newfoundland Military Forces are now acting in combination. The Canadian Government has passed similar Order in Council and Colonel Gibson handed a copy of this Order in Council to Mr. Emerson. The Canadian Government has formally consented to the Newfoundland Government appointing Brigadier Earnshaw as Commanding Officer of the combined Force. He will be Gazetted on Tuesday next. It was pointed out that under the arrangement recommended by the Permanent Joint Board on Defence, the Canadian Defence Forces are to control the defence of the nearby waters, harbours and bays of Newfoundland, including the Harbour of St. John's.

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4. NEWFOUNDLAND TROOPS. Enlistment in Canadian Army. Mr. Emerson stated that Major General Elkins had already indicated that it was not possible to consider the formation of a Newfoundland Regiment in the Canadian Army. The forces which go overseas are enlisted in a voluntary basis and in most battalions at the present time there are long waiting lists of volunteers for this service. Under these circumstances it would not be possible to announce that the Canadian Government would welcome Newfoundland volunteers.

It is understood that the Newfoundland Government will be responsible for the maintenance of the Newfoundland Militia, and if this Militia has to be relocated the provision of quarters, etc., will be borne by the Newfoundland Government.

5. CIVIL RELATIONS. The Canadian Officer Commanding will be advised as to the Newfoundland official responsible for calling for military aid. Further consideration will be given this matter by the Newfoundland Government, and also to the matter of any legislation which may be necessary, including the passing of an Act of Indemnity. Apart from this point it would appear that the Visiting Forces Act covers all points for the present. Brigadier Earnshaw is working out the details of the relations between the military and civil authorities, with the relevant Departments.

6. SUPPLIES FOR THE FORCES. This subject will be dealt with under the heading of "Financial Arrangements Generally".

7. TRANSPORTATION COSTS OF TROOPS TRAVELLING ON DUTY IN NEWFOUNDLAND.

It has already been agreed that the Newfoundland Government will pay the Newfoundland Railway for the

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transportation on the Railway system of all Canadian soldiers when travelling on duty, whether individually or in groups. Such cost to be considered as part of Newfoundland's contribution to the cost of Canadian defence measures in Newfoundland. It was agreed that, particularly in the case where substantial numbers of troops are being moved to and from Canada, the Canadian Government will use all possible efforts to land them at and move them from the nearest port at which there is rail communication to their intended station.

The Anglo Newfoundland Development Company is the owner and operator of a Railway from Bishops Falls to Botwood and of another from Millertown Junction to Buchans. When Canadian troops are carried by the Newfoundland Railway cars over these railways the cost is to be borne by the Newfoundland Government.

8. CONTROL OF NEWFOUNDLAND AIRPORTS.

Colonel Gibson referred to the proposal contained in the despatch from the Secretary of State for External Affairs to the Government of Newfoundland, No. 7 of the 13th September, 1940, in which this Government was requested to provide for the discussion of certain proposals under which Canada would assume control of the Newfoundland Airport (and, presumably, the Botwood Seaplane base also) during the period of hostilities. It was explained to Colonel Gibson that this Government had been waiting for a further communication from the Canadian Government in response to this Government's telegram to the Secretary of State No. 47 Secret of the 30th September, 1940, in which this Government expressed its willingness to enter into discussion of the details of an arrangement such as that proposed by Canada provided agreement could first be reached in regard to certain specified fundamental points. In that

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telegram we had suggested that a discussion of details should be deferred until December because of the pre-occupation of the staff at the Airport with current duties, but we had expected to hear in the meantime what the reactions of the Canadian Government were to the fundamental points specified in our telegram. Colonel Gibson explained that a reply to the telegram had not been sent owing to pressure of business on the Canadian Ministers primarily responsible and he added that he was not aware that anything in the fundamental points mentioned in our telegram had contributed to the delay.

In the course of a general discussion on the proposal that Canada should take over the Newfoundland Airport and the Botwood seaplane base for the duration of hostilities, Colonel Gibson brought out the point that his Government was anxious that it should have security of tenure of the sites on which it had erected hutted accommodation for personnel and hangars for aeroplanes at an expense of approximately $1,300,000.00.

It was agreed by the Newfoundland representatives that it was quite reasonable that the Canadian Government should seek an assurance which would meet the possible criticism that the Canadian Government had expended a large sum of public money on buildings without security of tenure of the site on which the buildings had been erected. It was necessary, however, that regard should be had to the fact that the Airport and seaplane base had been constructed at a capital cost of over £900,000 sterling provided by the British Exchequer primarily for North Atlantic Commercial Air Transport and consequently it was necessary that we

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should consult the Civil Aviation Department of the British Air Ministry before agreeing to continued occupation after hostilities ceased, of the sites of the hutments and hangars constructed by the Canadian Government. This was all the more necessary because the sites in question were in both cases in close proximity to the runways and in the case of the Royal Canadian Air Force hutments and hangars between the ends of two runways. Subject to the views expressed by His Majesty's Government in the United Kingdom, the Newfoundland Government considered that it was a practical certainty that general strategical considerations justified this Government in giving the Canadian Government security of tenure extending over a substantial period and the Newfoundland Government would inform the British Government accordingly.

The Newfoundland Government wishes to ensure the facilities at the Airport and seaplane base for British civil aircraft operating across the North Atlantic or undertaking local flights and in particular, that delivery of military aircraft across the Atlantic would be regarded as a matter of paramount importance, and be included as one of the fundamental points.

It was agreed that the Newfoundland Government should await a reply to their telegram No. 47 of the 30th September, to the Secretary of State for External Affairs before taking further steps in this matter.

9. CONTROL OF AIRCRAFT OPERATING IN NEWFOUNDLAND.

The Canadian representatives raised the question of the establishment of uniform control of aircraft operating over Newfoundland and stated that it would be desirable if Newfoundland were declared a prohibited area in order that

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flights may be regulated in a manner similar to flights over the east coast of Canada under direction of the Air Officer Commanding, Eastern Air Command. The Newfoundland representatives stated that under the Defence Regulations no aeroplanes can fly to or from Newfoundland without a permit. Arrangements will be made to inform the Air Officer Commanding, Eastern Air Command of any flight.

10. INTERNEES. The Newfoundland representatives stated that it was their wish that arrangements might be made whereunder it would be possible to make use of the internment camp that had been constructed at Carbonear. Colonel Gibson pointed out the difficulties that would arise from a defence point of view in permitting a considerable group of military prisoners to be concentrated near the Newfoundland coast. It was suggested that a group of representative officers examine and report on the feasibility of using the camp for civilian internees.

11. NEWFOUNDLAND RAILWAY. On the point being raised, the Canadian representatives were informed that little or no delay in the railway service was likely to be suffered by reason of winter conditions. Adequate snow removal facilities were available.

12. BLACKOUT. The Canadian representatives were informed that black-out regulations had been drafted and could be put into effect by order at any place at any time. Practice black-outs have been held in St. John's. Black-out regulations were in existence at the Airport but were relaxed for construction purposes at the request of the R.C.A.F.

13. TELEPHONE AND TELEGRAPH SERVICE. For military purposes it was suggested that a 24 hour service should be instituted

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by the Newfoundland Commission of Government. The Newfoundland representative stated that this would receive consideration.

14. FINANCIAL ARRANGEMENTS GENERALLY.

The Government of Newfoundland believes that insuperable administrative difficulties will arise if bulk goods and consumable stores which enter into the normal economic life of the community are imported by the Canadian Government on a duty free basis.

On the other hand the Government of Newfoundland declares that it does not desire to use these administrative difficulties as a ground for raising revenue out of the importations of the Canadian Government on behalf of service units.

It was suggested that Customs duties should be paid on all goods imported by the Canadian Government into Newfoundland, with the exception of arms, munitions, military equipment, service vehicles and construction materials not available in Newfoundland, and soldiers parcels, the last named during the period of hostilities only.

In order that Newfoundland might contribute to the expense of maintaining the Canadian Forces in Newfoundland, the Newfoundland Government is prepared to consider a contribution that would cover the amount of duties paid, together with such further amounts as may be agreed upon. Railway transportation and other services to be included as part of the Newfoundland contribution.

Until such time as a final agreement has been reached the situation should continue as at present, that is to say:-

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(1) All equipment and supplies to enter Newfoundland duty free, with the exception of canteen supplies and goods for resale, provided that special arrangements be made as to the entry of cigarettes in parcels consigned to individual members of Canadian units, and further provided that there shall continue the arrangement now in effect as to the purchase by the Canadian Government of goods produced and manufactured in Newfoundland.

(2) No drawback to be allowed on local purchases in Newfoundland.

(3) Free transportation for Canadian troops travelling on duty; a return ticket for a one way fare when on leave.

(4) Exemption from income tax for members of Canadian Forces during the period of hostilities.

(5) The Newfoundland stamp tax on cheques to be paid.

(6) Motor licenses to be free, but payment to be made for license plates.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 2040

LONDON. December 9th, 1940.

No. 2040. From Ralston to the Prime Minister,

Begins:

Your telegram No. 1910, December 6th just received. On enquiry find that press despatch was purely shot in the dark without any authoritative foundation. Have had no direct conferences yet with Ministers other than Cranborne, but Crerar reports to me that in his talks with the staff, impression that he gets is that there is very little likelihood of such a proposal being put forward. Have already discussed with McNaughton and Crerar who would be against such a disposition unless new strategic developments arose which demonstrated it to be necessary. Will be meeting the Minister this week and will have views and considerations mentioned in your telegram fully in mind. Much improved. Ends.

MASSEY

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

IMMEDIATE

SECRET

CYPHER

No. 175

LONDON, Dec. 7, 1940.

No. 175. Secret. Your telegram No. 223, and your telegram No. 224 of Dec. 5, wheat for Spain.

We are very grateful for your readiness to help and promptness with which you met our request for an urgent decision. We fully appreciate general considerations you raise. In the circumstances we have decided to offer Spain at once 25,000 tons of our wheat in Canada. We are also offering Spain for shipment in December up to 50,000 tons of wheat which we have bought in the Argentine against sterling. It is thought that these consignments will be sufficient to meet the immediate situation.

We much appreciate your readiness to take into account, in connection with some other transaction, our desire to replace Canadian portion of this wheat in due course without additional strain on our dollar resources.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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CANADA

MINISTER OF NATIONAL DEFENCE
FOR NAVAL SERVICES

Ottawa, December 10th, 1940.

Dear Mr. Heeney,

With reference to the Journal of Discussions and Decisions of the Permanent Joint Board of Defence, it is noted that in the tenth meeting of the Board at Victoria, on November 14th, the tenth recommendation deals with the provision for additional air fields to facilitate the staging of aircraft from United States to Alaska.

In the Journal of Discussions and Decisions of the eleventh meeting of the Board, at Vancouver, on November 15th, the eleventh recommendation calls for construction of an aerodrome at Ucluelet on the West Coast of Vancouver Island to extend the operational range of fighter aircraft.

I have discussed these recommendations with the technical officers of the Department of National Defence for Naval Services, and insofar as these recommendations concern the Naval Service I am prepared to approve of them ~~in principle~~ on behalf of my Department.

Yours very truly,

M. Macdonald

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
O T T A W A, Ontario.

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CANADA

MINISTER OF NATIONAL DEFENCE FOR AIR

OTTAWA, December 4th, 1940.

Secret

A. D. P. Heeney, Esq.,
Secretary to the
Cabinet War Committee,
Ottawa, Ontario.

Dear Mr. Heeney,-

I have your letter of Novemger 28th, regarding the Tenth and Eleventh Recommendations of the Joint Board on Defence.

At Cabinet War Committee Meeting on November 29th, I stated that insofar as the Department of National Defence for Air is concerned, these Recommendations are concurred in by the Technical Officers of the Department and myself.

With regard to page 2, paragraph 6 of the Journal for November 14th, and its reference to absence of request to the United States Government for delivery of patrol planes to Canada, the situation has been somewhat confused -

(a) by a misunderstanding of the wishes of Secretary Morgenthau, the Air Service Officers of the Joint Board were under the apparently false impression that Mr. Morgenthau did not desire any channel of communication respecting Canadian requests other than through the Department of Munitions and Supply, or alternately Mr. Purvis.

This angle of the situation is now being cleared up.

(b) . . . . .

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A. D. P. Heeney, Esq.

(b) by the action of certain British Representatives who were insistent that all flying boats available would go directly to the United Kingdom.

It appears that the United States authorities might forego certain priorities in their own favor if they were assured that the aircraft would remain on this side of the Atlantic, but not otherwise.

They have already consented to allow the British Empire generally to take 88 flying boats as against United States 82 in current production, and feel that the Canadian supply should come at least one half from that allotted to the Empire and the other half from the United States.

In any case, the whole question is now being discussed at Washington between Air Vice-Marshal Breadner and Air Commodore Slessor of the Royal Air Force, now in the United States.

A solution will, it is expected, be reached this week.

Yours very sincerely,

Charles G. Power

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

No. 178

LONDON, December 9th, 1940.

No. 178. Most Secret. Your telegram No. 202 of November 14th and my telegram No. 162 of November 20th. Following for your Prime Minister, Begins:

1. May I renew to you the deep satisfaction we feel over the offer which you are able to make to enlarge the joint training scheme. There could not be a more striking testimony to energy and efficiency with which the scheme has been operated. I send to you and your colleagues my admiration and my gratitude for an assistance which promises to be of major importance in the war.

2. I have now had the opportunity to review our training position. I find that it is not thought desirable to embark, at present, on an enlargement of the joint scheme. The decisive consideration is this: the Air Ministry is absorbed in current operations and in making ready for the spring battle. Until that battle has opened it will not be possible for me to take decisions about an extension of the joint scheme with the Secretary of State for Air. As soon as the situation has cleared, you may be sure that we will cooperate to the fullest in the admirable suggestion you make.

3. In the meantime the Secretary of State for Air will discuss plans at length with Colonel Ralston and Mr. Howe. He has arranged to meet Colonel Ralston on Tuesday next.

4. We should be most grateful if, in another direction, your Government could bring an additional measure of assistance

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

to the training situation. It would be desirable to develop, as swiftly as possible, the production of training aircraft in the Dominion. Any steps which your administration might take to secure this object would have the complete cooperation and eager support of the Secretary of State for Air. In particular, the Secretary of State wishes to draw your attention to the possibilities of Anson aircraft, particularly if Jacobs engines can be got from the United States. He understands further that it is possible that North American Harvards might be built in Canada. This would be a most desirable project provided only that engines are available. You will understand how important it is that there should be no diversion of engines from Harvards already on order in the United States, and destined for Canada.

5. The proposed extension of productive capacity of the Dominion, which I now put forward for your consideration, would represent an important reinforcement of Canada's strategic role as a centre of training and supply. With complete confidence would we entrust it to an administration which has so amply excelled promise by performance. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

D-12

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

NO. 1993

LONDON, December 2nd, 1940.

No. 1993. Dominions Office telegram No. 169, November 30th.

(1) United Kingdom authorities have asked me to emphasize importance of reaching decision as soon as possible, in view of the extreme urgency of the Spanish wheat position.

(2) Concerning terms of payment, Spain has exhausted her foreign exchange. It is doubtful if Spanish-Canadian barter arrangement would be practicable, and some form of long term credit appears to be the only course likely to bring the desired result. Some joint agreement in which the United Kingdom Government would participate might be possible, provided that it involved no present drain on United Kingdom dollar resources.

(3) It is hoped here United States Government will extend credits to Spain, but decision is unlikely in time to meet immediate needs.

MASSEY

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMPORTANT

SECRET

CYPHER

NO. 169

LONDON, November 30th, 1940.

No. 169. Secret. A critical situation has arisen in regard to economic assistance to Spain. The Spanish Government are bankrupt, having no foreign exchange resources, and no means of raising credit on normal terms. Starvation is threatening as a result of failure of harvest. The Spanish Government are forced to seek an immediate solution to the crisis. Two ways are open to them - (a) to accept offers from Germany in the knowledge that this must in all probability lead to complete absorption in the continental bloc: (b) to obtain assistance from sterling area and, in regard to wheat, their most urgent need, from North America. All of our information goes to show that the Spanish Government would prefer the second solution. From the point of view of conduct of the war our military advisers declare everything should be done to prevent Spain entering the war against us, and it is our opinion that an immediate offer to Spain of a sufficient measure of economic assistance would enable her to refuse offers put forward by Germany and would strengthen forces in Spain both in Government, in the army and among the people which do not desire to be drawn into the orbit of the Axis.

The sterling area, with the assistance of credits which we shall be prepared to grant, can provide immediate needs of Spain, with the exception of wheat. Before the recent Government changes in Spain, the United States

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Government were prepared both to send wheat to Spain on credit and to arrange for immediate supplies to be sent through the Red Cross. The Spanish Government, with our encouragement, had asked the United States Government for this loan. Some friction fomented by the Germans has, however, arisen between the Spanish and United States Governments, and the latter Government are hesitating and asked for assurances from the Spanish Government of a nature which that Government was not in a position to give, having regard to pressure from Germany to which they are subjected. The United States Government have now somewhat modified their demands, but it is possible in view of what has passed, that negotiations between United States Government and Spain may lead to no immediate result, and United States Government have not yet made a decision in principle on the matter. Although it would obviously be desirable to proceed step by step with the United States, we feel, for our part, convinced that the importance of the continuance of Spanish neutrality is even greater in this instance than that of pursuing a policy identical with that of the United States Government. We have now consulted the United States Government; Mr. Pyke has said they would have no objection if it were arranged in the meantime for wheat to be despatched to Spain from elsewhere. If such action is taken, Mr. Pyke will arrange to make it clear in the United States that this indicates no divergence between the policies of the two Governments.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

We are convinced, for our part, that it is in the common interest for the prosecution of the war that wheat reasonably close at hand should be found to tide Spain over the winter months. Apart from the Argentine, where some wheat may be available, the only sources of supply outside the United States which could be drawn upon in time are the United Kingdom and Canada. We have considered the supply from stocks in this country or diversions from supplies on their way, but in the present circumstances we feel that these courses could not be justified.

In these circumstances, in view of the favourable attitude of United States Government, we should be grateful if you would consider as a matter of urgency, possibility of providing Spain with 100,000 tons of wheat to be shipped in Spanish vessels. May I ask you to arrange for earliest possible examination of this question, including terms of barter or credit on which Canadian Government might be prepared to provide 100,000 tons which are in question?

SECRETARY OF STATE FOR DOMINION AFFAIRS

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE LONDON, November 21st, 1940.

No. 1946

No. 1946. Experience of the last 3 months indicates there is now much more likelihood of this office being demolished by a bomb and alternative accommodation required in London than there is of evacuation, though provision for the latter still necessary. Suggest therefore we should now take additional accommodation in London which would at once relieve the crowded condition of Canada House, and provide base of operation in case this building destroyed. Banks has received authority from Ministry of Munitions and Supply to take two floors of Imperial Life Building, Saint James's Square, for above purpose. This is a new steel and concrete structure and we can get two lower floors and shelters in the same building, admirably situated for our purposes, at annual rental of £1850 including rates. Our liabilities would be for the duration of the war but would cease if building made uninhabitable by enemy action. Strongly recommend this proposal and would appreciate your views by cable. Matter has become more urgent in view of our narrow escapes recently.

MASSEY

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"R"

CLEAR THE LINE

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

SECRET

CYPHER

No. 165

LONDON, November 22nd, 1940.

No. 165. Secret. Carrier ship "Kosui Maru" sails from Seattle for Osaka today. She carries 300 tons of copper ex Italian S.S. "Leme" known to be destined for Italy. United States State Department have indicated that they would raise no objection to her being intercepted, and we should welcome any steps which Canadian authorities can take to intercept her.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa, 5:30 p.m.

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

No. 162

LONDON, November 20th, 1940.

No. 162. Most Secret. Your telegram No. 202 of November 14th. Following for Prime Minister from my Prime Minister, Begins:

1. I am most grateful to you for your message and for your very generous offer of affording facilities for a further expansion of the Joint Air Training Plan. I am confident that we shall be able to make excellent use of it.

2. A review of air training requirements in the light of latest developments is at present in progress, and it is of the utmost value to the War Cabinet in this connection to know that in such further measures as prove to be necessary they can rely on the continuance of the wholehearted assistance of the Canadian Government, which has already made such a notable contribution to our common effort.

3. As soon as our review is completed, I will let you know for your consideration what we think would be best direction for our further joint efforts.

4. As you mention in paragraph 4 of your message, any measures for extension of the Joint Training Plan must form the subject of discussion and agreement between all Governments concerned. Would you agree to my repeating to the Prime Ministers of the Governments of Australia and New Zealand, text of your message and of this reply, or would you prefer to take this action yourself?

5. Subject to your agreement, we should like to offer a cordial invitation to Air Vice Marshal Breadner to pay a visit to this country. Such a visit would be most valuable

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

for the purpose of consultation on many training questions, and would give Air Vice Marshal Breadner the fullest and most up to date information on our plans for the future development of the Air Force. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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AVR/MMM

"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

OTTAWA, November 20th, 1940.

SECRET

CYPHER

No. 207

My Secret telegram No. 204 of November 15th internment in Newfoundland.

The whole situation has been reviewed by the Permanent Joint Board on Defence during its current session. Full and sympathetic consideration has been given to views expressed in your telegram No. 152 of November 2nd and previous communications. While regretting the expenditure which has already been incurred the Board are strongly of the opinion that the establishment of internment camps in Newfoundland would create an unnecessary and dangerous hazard.

The Canadian Government are prepared to help meet the problem by receiving 1000 airmen in addition to and on the same financial conditions as prisoners of war and internees already transferred to Canada. If this offer is accepted by the United Kingdom Government we should be informed at once, and advised as to the exact number of officers and other ranks and approximate date of arrival.

Accommodation could be ready two weeks from receipt of early notification.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

CODE SECTION
SENT
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Department of External Affairs

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NAVAL MESSAGE

To: K.S.H.Q. 569

From: C.O.P.C.

DEFENCE COMMITTEE REQUEST FOLLOWING PASSED TO A.D.P.HEANEY CLERK OF PRIVY COUNCIL OTTAWA AND DOCTOR O.D.SKELTON UNDER SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA- THE PERMANENT JOINT BOARD ON DEFENCE HOPE THE CANADIAN GOVERNMENT WILL BE WILLING TO SEND A TELEGRAM IN APPROXIMATELY THE FOLLOWING TERMS TO GOVERNMENT OF NEWFOUNDLAND AND TO SECRETARY OF STATE FOR DOMINION AFFAIRS. BEGINS WITH REFERENCE TO YOUR TELEGRAM OF 8TH SEPTEMBER 1940 No. 59 REGARDING INTERNEES IN NEWFOUNDLAND: THE WHOLE SITUATION HAS BEEN REVIEWED BY PERMANENT JOINT BOARD ON DEFENCE DURING ITS CURRENT SESSION. FULL AND SYMPATHETIC CONSIDERATION HAS BEEN GIVEN TO VIEWS EXPRESSED IN YOUR TELEGRAM UNDER REFERENCE AND IN PREVIOUS COMMUNICATIONS. WHILE REGRETTING EXPENDITURE WHICH HAS BEEN INVOLVED, IT IS THE VIEW OF THE BOARD THAT ESTABLISHMENTS OUTSIDE INTERNMENT CAMPS IN NEWFOUNDLAND WOULD CREATE AN UNNECESSARY AND DANGEROUS HAZARD. ENDS.

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S. 1320h
1 Million-4-40 (4637)
N.S. 815-9-1320h

NAVAL MESSAGE

To: From:

(2)

THE CANADIAN SECTION OF BOARD HOPES THE CANADIAN GOVERNMENT WILL BE PREPARED TO ADD FOLLOWING PARAGRAPH TO DRAFT OF TELEGRAM SET FORTH ABOVE. BEGINS : AS ITS CONTRIBUTION TO SOLUTION OF PROBLEM THE CANADIAN GOVERNMENT IS PREPARED TO ACCEPT ONE THOUSAND AIRMEN PRISONERS IN ADDITION TO THOSE PERSONS WHO HAVE ALREADY BEEN SENT FOR INTERNMENT TO CANADA. ENDS. SIGNED O.M. BIGGAR

ready by the end of this mo.

2037/14

W/T N.C.F.O. REC'D S.D.O. 1753/15 C.W. 15.11.40

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

MOST SECRET

CYPHER OTTAWA, November 14th, 1940.

No. 202

No. 202. Most Secret. Following from Prime Minister for your Prime Minister, Begins:

1. It is now possible to forecast with reasonable accuracy the output of air crew under the Commonwealth Air Training Plan. I am advised that the Plan will be operating at capacity before the end of next year. During 1941, the output of air crew will rise from something over 400 in January, to over 1,000 in May, and over 1,700 by December. It is anticipated that at full capacity, that is, from January of 1941 onwards, some 800 pilots will be turned out each fortnight, and 420 observers and 580 air gunners every 28 days. These figures do not, of course, include the output of such Royal Air Force schools as are or may be transferred to Canada under existing arrangements. This means that despite the many difficulties encountered, the Plan, as a result of the efforts which have been made by all concerned, will have reached its peak considerably in advance of the date originally contemplated.

2. While this anticipated output of trained airmen is considerable, our Department of National Defence for Air regards as feasible a further substantial expansion of the present programme under the joint Plan.

3. As administrators of the Plan, under the agreement between the four co-operating governments, we are willing to undertake such a further substantial expansion of the joint programme, and would be glad to do so if the United Kingdom

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Government, in view of their other sources of supply of air crew, the anticipated supply of training and operational aircraft, and their judgment of the probable development of the war, are of the opinion that the additional air crew who would result could be used effectively and would constitute a helpful contribution in the common effort.

4. The detailed arrangements under which such an expansion of the joint programme should be undertaken, and the financial implications of such a revision of the Plan would, of course, form the subject of discussion and agreement between the Governments concerned.

5. My colleagues and I continue to be impressed by the great importance of air power in the struggle in which the Commonwealth is engaged. We continue to follow with admiration the splendid efforts which the United Kingdom is putting forward, under the most difficult conditions, to develop her air strength to the utmost. If the suggestion put forward in this telegram can assist in this great work, we will gladly undertake the further effort involved.

6. In the circumstances we should like to have an early expression of your views as to the desirability of undertaking the substantial expansion of the Commonwealth Air Training Plan to which I have referred. You will readily appreciate that if such action is to be undertaken, preparations should be set on foot with the least possible delay. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

No. 152

LONDON, November 2nd, 1940.

No. 152. Secret. Addressed to Canadian Government No. 152, repeated to Governor of Newfoundland No. 896. My telegram No. 148 of October 29th.

It is not considered possible to transfer to Newfoundland from Canada civilian internees sent from this country. In the light of information contained in Newfoundland telegram of October 31st, repeated to Canada as No. 54, Canadian Government may feel able to agree to transfer to the island of 1000 merchant sea-men of whom 1697 were sent to Canada. It is understood that these are all in "R" camp, and that Canadian Government have nominal roll.

United Kingdom Government would be grateful if Canadian Government would give favourable consideration to this suggestion and to acceptance, in place of sea-men, of like number of air-men to be sent from this country. If this suggestion is accepted, selection of sea-men for transfer could perhaps be undertaken by the Canadian Government, but it is suggested that the transfer should be confined to men who appear on list of 1697 seamen (i.e. not to include others who may be interned with seamen) and that transfer now should not include men who by reason of age, health or other special reason, appeared unsuitable for transfer.

Early reply would be appreciated.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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D-16-2 D-17-1

APPRECIATION

CONSTRUCTION OF A ROAD FROM TERRACE, B.C. TO PRINCE RUPERT, B.C.

1. Prince Rupert is at present served by two main lines of communication, the first by seas along the coast of British Columbia, the second by direct railroad from Edmonton which also connects with a railroad from Vancouver near the British Columbia-Alberta boundary. The object of this paper is to determine whether or not it is necessary for military reasons to establish a third line of communication, by road.

2. It is understood that construction of such a road has been undertaken by the Provincial Government and that only a section of some sixty miles, from Terrace to Prince Rupert remains to be completed. It may be accepted, however, that owing to the nature of the country this section would be difficult and expensive to construct. While this is a material consideration, it will not be given any further weight since the question of cost may not be permitted to outweigh military necessity.

3. Prince Rupert is in an isolated position, situated as it is at the bottom of the coastal strip of Alaska, and far from any place in British Columbia of comparable size. It is, therefore, vulnerable to attack by sea, and to blockade in the event that the railway line could be cut effectively by sabotage, by ship-borne aircraft, or by specially trained demolition parties landed by parachute or from small naval craft.

4. The present scale of attack visualized for the Pacific Coast does not include more than the possibility of a small scale raid. The possible action suggested above would not, therefore, be likely to impair our communications by sea or to make the temporary disruption of rail traffic a vital matter.

5. All present indications confirm the view that Japan's Chief ambition is expansion to the South, and that so long as the fleet of the U.S.A. remains in being she is unlikely to attempt any large scale operations against the North American continent. It is considered, therefore, that no great change in the probable scale of attack is likely to occur.

6. A further factor to be considered is the maintenance of morale of the civil population. To make a second means of land communication available would have a heartening effect and would undoubtedly ease the minds of a large number of people who realize the vulnerability of the present railroad but who do not appreciate the small scale of attack visualized. It is also generally known

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that repair of a damaged road is ordinarily a simpler problem than repair of a railroad and that the complete stoppage of traffic by road is more difficult than the breaking of rail communication.

7. It would appear, therefore, from the above considerations that the completion of a road to Prince Rupert is not vital, but that it might be desirable as a means of re-assuring the people of Prince Rupert as to their security and thereby, possibly, reduce any local pressure there may be for the taking of more extensive precautionary measures.

General Staff,
2nd November, 1940.

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"R"

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

To: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON

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1940

IMPORTANT

MOST SECRET

CYPHER

No. 1745

OTTAWA, November 6th, 1940.

No. 1745. Most Secret. Your telegrams No. 1848 and 1857. In the hope that such a visit would aid in some measure in throwing light on the present uncertainty and in establishing more friendly relations between the Government of France and the British Commonwealth, I have pleasure in authorizing Dupuy to make short visit to France. Please advise Lord Halifax accordingly and convey to Dupuy my desire that he proceed as early as possible after being informed of any special enquiry the Foreign Secretary would wish made. It is of course desirable that visit be made without publicity. The situation of Canadians interned in occupied France may serve as one ground of visit but we shall send word later to London or Lisbon as to further enquiries to be made. Please advise when departure arranged.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

No.1848

LONDON, November 2nd, 1940.

No.1848. Most Secret. Personal to the Prime Minister, Begins:

Lord Halifax wishes me to ask you whether it would be possible for Dupuy, as Canadian Charge d'Affaires accredited to the French Government, to pay a short visit to Vichy next week. Halifax feels that Dupuy might be able to make an informal report on present situation in Vichy which would be of considerable value. Halifax realizes, of course, that you may not wish Dupuy to visit Vichy at the present time, in which case the idea must be dropped, but he feels that if an unobtrusive visit could be arranged with some official business in connection with Canadian interests in France as the excuse, it might be very helpful in present circumstances. There is at present at you know, very little contact betwean London and Vichy. The visit, to be of the greatest use, should take place as soon as possible, and for that reason I should be glad to have your reply, telling me what I am to say to Lord Halifax, as soon as possible. Dupuy suggests that a suitable pretext for visit might be situation of Canadians interned in occupied France. Ends.

MASSEY.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

IMPORTANT

SECRET

CYPHER

No. 197

Ottawa, November 5th, 1940.

Your telegram Circular D. 553.

1. We have given careful consideration to your telegram suggesting the holding of a meeting in London of representatives of Allied Governments constituting a revived Supreme War Council.

2. We recognize the desirability of encouraging the people of the countries in Europe which have been overrun by the enemy to maintain their hope of eventual freedom. We doubt, however, if the establishment of a Council such as proposed would be an effective means to this end or desirable on other grounds.

3. The constitution of such a Supreme War Council might be advocated for (a) its effect on world opinion including the opinion of the countries which have been overrun, (b) its possible value in directing Allied war effort and (c) its possible value in framing and announcing post-war policy.

4. As to the first point, the effect on world opinion, it does not seem that a Council composed largely of governments in exile which no longer control their own countries, would carry authority or impress the world with the strength of the forces resisting the Axis powers. Such an organization would have little claim to the high importance and decisive power which the term Supreme War Council implies. To set up a facade of such doubtful impressiveness might in fact lessen the effect of the great and substantial effort now being put forth by the

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United Kingdom and supported by the Dominions. The omission of France from the group of countries seeking to regain their freedom would have serious repercussions, though on the basis of a council of exile governments it would not be possible to include France or Denmark.

5. As to the second point, the possible value of the Council as a means of directing the Allied war effort, it seems clear the direction of that effort must remain in the hands of the governments of the several countries which are actively engaged in the struggle and throwing the whole of their military and economic resources into the struggle. We recognize the moral value of the aid given by the continued resistance of the European governments now established in London, including the measure of military support they are able to provide, as well as the significance of the overseas possessions of Belgium and the Netherlands. These considerations do not, however, make it appear that their representation in a Supreme War Council would give added unity or responsibility or effectiveness to the efforts of the members of the British Commonwealth which are the determining factor. The increasing and possibly decisive aid to come from the United States could not come within the operations of such a body.

6. It is realized that your telegram suggests that the meeting next week would not be called upon to take decisions and that military plans would not be discussed. It would, however, be difficult to set up a Council which would meet only once. Such a procedure would appear to offset any value its establishment would have as a demonstration to the world of continuing Allied solidarity. If it continued, consideration of the national and personal interests which would inevitably operate makes it doubtful if the role of silent partner would be acceptable for long.

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7. As to (e), the possible value of the Council in framing and announcing post-war policies, it does not appear that this could be effectively met by a body so constituted or by any body operating at the present stage of the war with all the uncertainty as to the trend and shape of future events and even as to who will be our friends and our foes before the war ends. As your telegram indicates, it is difficult to frame now a post-war policy which will avoid both too precise commitments and too vague generalities.

8. The resolution which it is suggested it would be the chief work of the Council to adopt, is brief and has undoubtedly been framed with care and skill. Even so, it does not appear to us to have surmounted the inherent difficulties.

9. The first clause promises to carry on the fight for the liberation of Europe until victory is won. We hope this can and will be done, but any gain arising from encouraging the peoples of the Continent may be more than offset by the effect on opinion in the United States as well as in the Commonwealth of making this the primary objective of our struggle. In the United States the defence of Britain is coming to be considered the first line of defence of America, but defence of the Continent of Europe would undoubtedly be regarded as an entanglement to be avoided. In Canada as in the other Dominions there is strong and rising determination to give all aid to Britain for its sake and our own, but with every sympathy particularly for some of the countries overrun, it would not be easy to make the restoration of all Europe as vital and compelling an objective as the relief of Britain or be certain of readiness to sacrifice to that end. Post-war guarantees to Poland and Rumania might prove as unfortunate as the pre-war guarantees.

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10. To the second clause no objection can be taken, but the third raises very definite difficulties. It is a pledge that all the countries represented in the Council will work in war and peace for a new order in Europe based on the willing cooperation of free peoples in a system of military, economic and social security. The objective is a fine one and well stated. We trust Europe will be able to work toward and attain that goal. We could not, however, consider that such a declaration correctly or adequately represents the objectives which Canada will have in mind. We realize that the Continent of Europe and its policies will continue to be a dominant factor in the fortunes of all countries and Canadians will undoubtedly be prepared to consider any feasible cooperation in its efforts. Few Canadians, however, would consider that their primary task in the future will be to give a continuing and one-way guarantee for the military security of Europe. We look forward to continuing partnership in the British Commonwealth and to continuing cooperation with the United States. To take our part in finding a basis for that partnership and that cooperation, to carry out the obligations each relationship involves and to harmonize and unify both relationships will be a great task, and a task that is ours, a task we cannot forego or subordinate to guaranteeing the performance of the task which faces the countries of Europe.

11. In the discussion which took place last year, we indicated, particularly in our telegram No. 115 of November 28, the general view of the Canadian Government on war aims and peace conditions. Later developments might modify these

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views in some respects, but in general confirm them. This is particularly the case as regards the doubt expressed as to the possibility of finding a firm basis for the future either in the continuance of a large number of small and completely independent states or in plans of world-wide collective security involving pledges to aid any country at any time, and the belief indicated that regional or associated grouping and alliance in various forms would appear to be the probable and practical compromise.

12. We doubt the necessity or effectiveness of setting up any central body for determining war policy. The present means of consultation between the several governments of the Commonwealth, by direct telegram and through the several High Commissioners, and by visits of Ministers from time to time, have proved their adequacy. Consultation with the United States is constant and increasingly effective. Government representatives of four of the overrun countries are established in London and can readily be consulted. It does not appear necessary at present to go into the question of the possibility or effectiveness of Dominion representation on a War Council in London.

13. A temporary Allied Conference would be free from some of the difficulties attaching to a Supreme War Council. In so far, however, as its purpose would be to pass a resolution on war and post-war objectives, the necessity would remain of determining in advance whether an acceptable and realistic declaration could be found.

14. While not overlooking the desirability of encouraging the Allied Governments in their difficult position,

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we believe that the most effective means of restoring faith and hope to their peoples lies in the fresh courage and confidence which are being given all freedom-loving peoples by the magnificent stand of the people of Britain, backed by the full determination of the Dominions. If to that resistance there can be added victory over the Axis attacks in the Near East, all Europe will read and digest the lesson. If that resistance and that victory were to fail, no resolutions or promises would maintain confidence.

15. We are repeating this telegram to Australia, New Zealand and South Africa.

SECRETARY OF STATE FOR
EXTERNAL AFFAIRS.

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D-12

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMPORTANT
SECRET
CYPHER
CIRCULAR D.553.

LONDON, November 1, 1940.

Circular D. 553. Secret.

We are considering holding, during the course of the next ten days, a meeting in London of representatives of the Allied Governments which could be described as a revival of the Supreme War Council.

2. The Governments of Poland, Norway, the Netherlands and Belgium, and the Provisional Czechoslovak Government, would be represented by their Prime Ministers and Foreign Ministers. Greece would be represented by the Greek Minister; the Free French forces by an observer. We hope that the Dominion Governments would agree to be represented at such a meeting; it would appear to us that the High Commissioners in London could appropriately do this if so authorized by these Governments.

3. It is proposed that agenda should consist of a statement by the Prime Minister, any questions raised by a representative arising out of Prime Minister's statement, and adoption of a resolution and a press communique. The meeting would not be called upon to take decisions, but to provide a manifestation of Allied solidarity. Military plans and operations would not be discussed and meeting would have an informal character.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

4. The resolution, which it is proposed would be adopted, is as follows, and subject to any comments which the Dominion Governments may wish to make, would be submitted to the Allied representatives for their agreement. Resolution begins:

The representatives of the Governments of the United Kingdom of Great Britain and Northern Ireland, Canada, the Commonwealth of Australia, the Union of South Africa, Belgium, Greece, the Netherlands, Norway and Poland and of the Czechoslovakian Provisional Government, allied together in the fight against aggression, are resolved:

(1) That they will continue the struggle to liberate Europe from German and Italian aggression until victory is won, and will mutually assist each other in this struggle to the utmost of their respective capacities.

(2) That there can be no settled peace and prosperity so long as free people are coerced by violence into submission to German or Italian domination or live under threat of such coercion.

(3) That the only true basis for a new order in Europe is willing cooperation of free peoples in a system of military, economic, and social security, and that it is their intention to work together, both in war and peace, to this end. Resolution ends.

5. This draft resolution has been compiled with the following considerations in mind. In the first place, we have to take account of the fact that none of the

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Allied Governments, except Greece, is at war with Italy, and that Greece is not at war with Germany. Secondly, account has to be taken of the position of overseas possessions of Belgium and the Netherlands, and for this reason, the resolution has not been limited entirely to Europe. Thirdly, an endeavour has been made to steer a course between a resolution drafted in precise terms and involving substantial commitments which might give rise to difficulties in securing agreement, and a resolution of too general and vague a character which might afford an opening for enemy propaganda.

We should be grateful for a very early expression of the views of the Dominion Government. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

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CANADA UNITED STATES OF AMERICA

PERMANENT JOINT BOARD ON DEFENCE

CANADIAN SECTION

OFFICE OF THE SECRETARY
EAST BLOCK, PARLIAMENT BUILDINGS
OTTAWA

31st October, 1940.

SECRET

My dear Heeney:

This will acknowledge receipt of your secret letter of the 28th of October in which you informed me that the Cabinet War Committee, at a meeting held on October the 24th, considered a report from the Department of Mines and Resources regarding the construction of the highway from Terrace to Prince Rupert, B.C., which has been recommended by the Permanent Joint Board on Defence as part of the Canadian contribution recommended in the Board's "First Report".

This matter has now been further considered by the Canadian Section of the Board and the attached memorandum is supplied for consideration by the Cabinet War Committee.

Yours sincerely,

H. L. Keenleyside

Secretary, Canadian Section,
Permanent Joint Board on Defence.

A.D.P. Heeney, Esq.,
Secretary to the
Cabinet War Committee,
O T T A W A.

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MEMORANDUM

Re Prince Rupert - Terrace Highway

1. North of Vancouver the railway line from Prince Rupert eastwards is the only means of access from the sea to the interior of the continent except by air.

2. The railway is vulnerable to sabotage or air attack since it runs through rough country and use of it might be interrupted for considerable periods by the destruction of bridges or the displacement of hillsides by bomb explosions.

3. In case of a really serious attack on the western seacoast - a heavier attack than presently seems probable - the interruption of the railway might constitute a great handicap or even if uninterrupted might prove unequal to the demands made upon it.

4. A road would not only provide an alternative channel but would have the additional advantages of being less vulnerable, more readily made passable after interruption and more elastic in that traffic would move upon it freely in both directions at once without special methods of control.

5. The road's non-existence is an obvious hiatus in the coastal transport system but should not prove a critical weakness in the continental defence system except in case of developments in the situation

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which do not presently appear imminent. If, however, such developments occur, time to supply this missing link would be unlikely to be afforded.

31st October, 1940.

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H-5

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 1800

LONDON, October 25th, 1940.

No. 1800. Your telegram No. 1654, decorations and awards. Have explained to United Kingdom authorities that there will be some delay in submitting Canadian recommendations for New Year's Honours List, and outlined procedure to them. McNaughton has sent his list to G.H.Q. Home Forces, for transmission to this office via the War Office. His recommendations are as follows:

For C.B.E.:-

Brigadiers G.R. Turner, A.A. Smith, C.B. Price, J.C. Stewart.

For O.B.E.:-

Major C.A. Campbell, First Canadian Tunnelling Company, Royal Canadian Engineers; Lieutenant-Colonel G.A.F. Townsend, D.A.D.O.S., (Canadian) Seventh Corps; Major J.M. Pocock, Royal Canadian Army Service Corps, First Canadian Division; Lieutenant Colonel C. McKerron, Saskatoon Light Infantry; Lieutenant Colonel G.E. McCartney, Fourth Canadian Field Ambulance; Major A.L.S. Nash, Second Canadian Field Regiment; Lieutenant Colonel P. Flynn, Royal 22nd E Regiment.

For M.B.E.:-

Sergeant N.W. Dickson, 12th Canadian A Field Company, Royal Canadian Engineers; Major H.L. Pease, D.A.D.T., Seventh Corps; H/Captain G.R. Addie, Canadian Chaplain Service, attached Third Canadian Infantry Brigade; Captain

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

W.C. Leggett, 27th Battery, First A. Tank Regiment, Royal Canadian Artillery; C.S.M. S. Melbourne, Hastings and P.E.R.; Captain L.F. Dawes, Edmonton Regiment.

For Medal of Order of British Empire for meritorious Service:-

Sergeant A.Condy, R.C.R.; Lance Corporal A. Groves, 48th Highlanders.

Following names brought to attention for valuable services:-

Major General G.R. Pearkes, First Canadian Division; Brigadier E.W. Sansom, Canadian Military Headquarters; Brigadier C.S.L. Hertzberg, Seventh Corps; Colonel J.E. Genet, Seventh Corps; Lieutenant-Colonel C.H.Hill, Canadian Military Headquarters; Colonel P.R. Shields, Seventh Corps; Colonel J.A. Linton, Seventh Corps.

Canadian Military Headquarters recommendations are as follows:-

For C.B.E.:-

Brigadier G.P. Loesie; Colonel J.H. MacQueen.

For O.B.E.:-

Lieutenant-Colonel M.H.O. Penhale; Lieutenant-Colonel N.B. Macdonald.

For Medal of Order of the British Empire for meritorious service:-

Staff Quarter Master Sergeant H.W. Rae.

Names brought to notice:-

Colonel P. Kelly; Colonel R.M. Luton.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Montague points out that his recommendations are confined to original personnel at Canadian Military Headquarters, but he considers for consideration in list emanating from Canada, he may properly draw attention to the very efficient work of Brigadier Pope during the period of his services here.

Completed army form No. 3121 for above recommendations follows by mail. R.C.A.F. list will be submitted shortly.

MASSEY

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Minutes of the Cabinet War Committee

Volume IV, 2 January 1941 - 27 March 1941

(R.G. 2, 7 C, Volume 3)

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21st Jan. Demo on Cabinet Meeting

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Minutes of the

War Committee of the Cabinet

January 2nd, 1941

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SECRET Ottawa, January 2nd, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, January the 2nd, at 2.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Secretary (Mr. Heeney).

Joint Air Training Plan
Identification of Canadian pupils

1. The Minister of National Defence for Air reported that a reply had been received from the Minister of National Defence as to the interpretation of Paragraph 6 of the agreement, discussed at the last meeting of the Committee (December the 26th, 1940).

After reference to the Dominions Office and Air Ministry, Mr. Ralston had reported that Paragraph 6 contemplated that R.C.A.F. ground personnel, sent from Canada to the twenty-five R.C.A.F. squadrons, would be replaced by R.A.F. ground personnel, sent to Canada. Such replacement would, of course, be covered, as regards both parties to the agreement, by the stated condition, "so far as it may mutually be considered practicable".

(See Cypher telegram No. 2160 of December 31st, 1940, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs, Ottawa).

2. The Committee thereupon approved the agreement with the U. K. government including specifically the provisions of Paragraph 6, as interpreted in Mr. Ralston's telegram, and the Secretary was directed to prepare a telegram to Mr. Ralston informing him of the government's approval, and authorizing signature of the agreement.

(See Cypher telegram No. 24 of January 2nd, 1941, from the Secretary of State for External Affairs, Ottawa, to the Canadian High Commissioner, London).

3. Mr. Power observed that while Paragraph 6 provided for the replacement, "so far as it may mutually be considered practicable", of R.C.A.F. ground

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personnel by men from the United Kingdom, it would, nevertheless, be desirable, in his view, to supply such replacements from Canadian sources so far as might be possible. Such a course would be preferable to having any substantial numbers of ground personnel sent from the United Kingdom for employment in establishments of the Air Training Plan.

With this view the Committee were in general agreement, it being pointed out, however, that the condition in Paragraph 6, providing for mutual agreement, would permit of replacements by Canadian personnel to the fullest extent possible.

Greenland
Establishment of air base, aircraft wireless and meteorological stations

4. The Minister of National Defence for Air referred to proposals, by the U. K. government, for the establishment of an aerodrome, an aircraft wireless station, and a meteorological station in Greenland. It had been suggested that an air base would facilitate the delivery of aircraft to Great Britain and that wireless and meteorological stations would be useful in connection with trans-Atlantic flights.

The proposal had been discussed with the U. S. government who, in November, had made available a report by a Captain Lacey of the U. S. Army Air Corps, who had conducted a preliminary survey of possibilities.

The U. K. government now suggested that the Canadian government despatch an expedition at an early date to investigate further the possibility of establishing an aerodrome near Julianehaab. It was also requested that consideration should be given to the early establishment of a permanent wireless and meteorological station in south Greenland.

The Air Staff recommended that the proposed expedition be undertaken by the Civil Aviation Division of the Department of Transport, after previous conference with the U. S. government.

5. The Secretary said that he understood that steps had already been taken to initiate discussions, in this respect, with the United States.

It was agreed by the Committee that, subject to the outcome of such discussions, the undertaking of the proposed survey be approved.

Department of National Defence
Ordnance workshops, unit garages, and spare parts depots

6. The Associate Minister of National Defence submitted a programme prepared and recommended by the Master General of the Ordnance, for the building of ordnance workshops and unit garages, and the rental

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of premises for workshops and spare parts depots throughout Canada.

This programme, which involved a total estimated expenditure of more than $2,000,000, had been designed to provide for the care and maintenance of the large numbers of motor vehicles in use by the army in Canada. It was anticipated that by July, 1941, there would be in Canada some 16,000 of these vehicles, representing a total investment of $35 - $40,000,000. Unless this equipment were properly maintained, it would rapidly deteriorate. The programme presented was regarded as the most efficient means of providing adequate facilities for repairs, service, reconditioning and supply of apare parts.

7. The Minister of National War Services suggested that in Saskatchewan use might be made of eight stations belonging to the Provincial government, and not now in use.

8. After some discussion it was agreed that, in view of the extent of the expenditure involved, no decision should be made without opportunity for careful study of the proposal; the Secretary was, accordingly, directed to refer the matter to the Minister of Finance.

Army, Navy and Air Programmes - control of expenditure

9. The Prime Minister remarked that the proposal put forward by the Associate Minister of National Defence, involving the expenditure of a large sum of money for further army purposes, illustrated clearly the urgent need of the Committee being fully advised as to the total amounts which could be expended in any given period, upon the national war effort. As he had pointed out to the Committee on several previous occasions, it was essential that an estimate of Canada's productive capacity should be available so that the government could, on an informed and intelligent basis, settle the policy which would govern the relative degrees of emphasis to be accorded to the programmes of each of the three fighting services, and to other departments of the war effort.

10. Mr. King said that he felt strongly that until this information was available it was not possible for the Committee to give proper consideration to, and decide upon specific proposals, such as that just put forward by Mr. Power on behalf of the army. This was a matter of the very first importance and attention should be directed thereto without further delay.

11. The Minister of Finance said that the War Requirements Board were presently engaged in a survey of Canada's productive capacity for war purposes. It might be helpful if the Chairman were to attend a meeting of the War Committee. It was hoped that the results of the survey would soon be made available to the Committee. Meantime the present rate of expenditure

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for war purposes was some indication of our ability to produce. We were now spending at a rate of not more than $60,000,000 a month. The Defence programmes as presented, however, already involved in the neighbourhood of $1,400,000,000. Recommendations now put forward, if approved, would be additional to this figure.

12. The Prime Minister again emphasized his view that the present most urgent needs were increased air and sea power. Before undertaking the raising of a larger army to win the war, we should concentrate upon preventing the war being lost as a result of insufficient air and naval forces. Contributions for these purposes were natural to Canada. We must put first things first.

13. Mr. Power said that he was inclined to agree with the Prime Minister. We should inform the U. K. government now that, for the present, we would limit our military effort to the Canadian Corps and to the two divisions in Canada; then concentrate upon the Air Force and the Navy.

14. The Minister of National Defence for Naval Services observed that there was no suggestion from any source that additional infantry were needed at this stage. On the contrary, it was quite clear that priority should be accorded to the requirements of the Naval and Air services. It would be a long time before we were in a position to take the offensive by land.

15. The Minister of Mines and Resources agreed that we should put out of our mind any thought of a 5th or 6th division, and concentrate upon matters which required first attention. It would, however, be well to defer any decision in this respect until the return of the Minister of National Defence.

16. The Minister of National War Services felt that troops would be needed at a later stage, possibly six months or a year from now. The war could not be won without armies and we should lay plans now with a view to meeting military needs when they arose. For example, if we used young men in industry we would not have them for the army, when they were needed.

Department of National Defence

17. The Associate Minister of National Defence submitted recommendations on the following subjects, all of which were referred by the Committee to the Minister of Finance:

(a) Revised estimates for requirements of equipment and reserve ammunition for coast defence, anti-aircraft and mobile artillery and mortars.

(This involved a total expenditure of $72,029,868; of this total, substantial amounts had previously received provisional approval).

(b) War Establishment for a Special R.C.A.S.C. Supply Detachment for service in Newfoundland.

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(c) War Establishment and Organization for Reconnaissance Battalions for the First and Second Divisions.

(d) War Establishment for an Air Liaison Section.

(e) Amendments to War Establishment of a Divisional Field Park Company, R.C.E.

(f) Dental treatment for prisoners of war, etc.

(g) Reserve pool of officer personnel, R.C.S.

(h) Special northern allowances, R.C.S. personnel.

(i) No. 1 Special Wireless Section, R.C.S.

(j) Home War Establishment, R.C.A.P.C.

18. Mr. Power also submitted, on behalf of the Department of National Defence, the following recommendations:

(a) For the establishment of a Canadian Chemical Warfare Defence Laboratory, involving estimated increased expenditure of $510, of which $275 was said to be non-recurring.

(b) To provide dental services for the R.C.A.F. overseas by the formation of Canadian Dental Corps detachments, the personnel of which were to retain their army status. No additional cost was involved.

19. After explanation by Mr. Power, approval was given by the Committee to the two recommendations above described.

Canadian Tunnelling Troops

20. The Associate Minister of National Defence reported that a message had been received from Mr. Ralston, strongly recommending agreement to a request of the U. K. government that the remainder of the First Canadian Tunnelling Company be released for special service at Gibraltar. Mr. Ralston was convinced of the importance of the special work involved, namely hard rock operations, and of the special competence of Canadian personnel for this purpose. Compliance with the request would involve the formation of a Second Canadian Tunnelling Company to be available at all times, for use with the Canadian Corps. It was recommended, accordingly, that the formation of this additional unit be authorized. Lieut.-Gen. McNaughton and the Chief of the General Staff had concurred.

(See Cypher telegram No. 2115 of December 28th, 1940, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs, Ottawa, also Canmilitary to Defensor, Min. 30, and G.S. 3213, both of December 28th, 1940).

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21. After some discussion the Committee agreed that Mr. Ralston's recommendation be approved. The employment of additional Canadian Tunnelling Troops at Gibraltar, and the establishment of a Second Canadian Tunnelling Company was accordingly authorized and the Secretary was directed to prepare a telegram to that effect to the Canadian High Commissioner in the United Kingdom.

(See Cypher telegram No. 27 of January 3rd, 1941, from the Secretary of State for External Affairs, to the Canadian High Commissioner, London).

Royal Canadian Navy -
Increase in permanent complement - post-war policy.

22. The Minister of National Defence for Naval Services submitted, for consideration in principle, a recommendation for the amendment of the Canadian Naval Regulations (1940) to provide for an increase in the permanent complement of the Royal Canadian Navy.

The increase proposed involved 529 Officers and 5,198 ratings. Upon reversion to peace conditions, this would mean an estimated additional annual expenditure of $5,218,330 - no increased expenditure was involved during the war. The proposal was based upon personnel requirements for a navy comprising nine destroyers on each Coast, as well as smaller craft.

23. The Minister of Finance remarked that an important principle was involved in the present proposal, namely, that of giving permanence to increased service establishments. Such action might well be deferred until after the war when requirements could be judged in the light of conditions then existing. For the present it would be advisable to leave the situation more elastic.

24. Mr. Macdonald pointed out that the training of officers and petty officers for the Navy was necessarily long and needed to be planned well in advance. It was important to make the decision now so that Canada would be in a position to man a navy adequate to Canadian requirements.

25. Mr. Power felt that if the present proposal were agreed to, it would result in demands by the other two services for increase in their permanent establishments. It would be felt that similar treatment should be accorded to the Air Force and the Army.

26. The Secretary pointed out that at the meeting held on November the 22nd, 1940, the Committee had expressed general agreement with Mr. Macdonald's statement of post-war naval policy involving substantial additions to existing naval establishments.

(See Minutes of meeting of November 22nd, 1940, page 6).

27. After further discussion the Committee approved, in principle, the recommendation submitted by the Minister

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of National Defence for Naval Services, as above described, for increase in the permanent complement of the Royal Canadian Navy.

Compulsory Military Training

28. The Minister of National War Services submitted a draft communication which it was proposed to send to National War Service Boards and Divisional Registrars, with regard to applications for postponements of training for the training period beginning on January the 10th, 1941.

The draft communication directed that, in dealing with cases such as those of only sons of widowed mothers, or mothers left with farms or businesses because of the father being in the forces, and other legitimate cases, postponement should be allowed, it being pointed out, however, that applicants might be called for service before October the 1st, 1941.

(See draft communication attached to letter of January 2nd, 1941, from the Private Secretary to the Minister of National War Services, to the Secretary).

29. After some discussion the draft communication submitted by Mr. Gardiner was approved.

Relations with France

30. The Prime Minister referred to the report of the Canadian Chargé d'Affaires to France, upon his return from Vichy, and to press reports which had appeared in an American and a Canadian newspaper, attributing to Mr. Dupuy certain statements as to the attitude of the French government.

Enquiry had been made of the U. K. government as to the origin of such serious leakages, but so far no satisfactory reply had been received.

31. Mr. King said that the Prime Minister of the United Kingdom now requested that Mr. Dupuy be permitted to return to Vichy, via North Africa, in order that direct communications with the French government might be maintained. Mr. Churchill had referred to "the Canadian channel" as being "invaluable, indeed, at the moment our only line".

Permanent Joint Board on Defence

32. The Secretary reported that the Permanent Joint Board on Defence had on December the 30th, submitted to the Prime Minister the Journal of Discussions and Decisions covering the Board's meetings at New York on December the 16th and 17th, 1940. In accordance with established practice, copies of the Board's Journal for these two meetings had immediately been sent to the Ministers concerned, for consideration and any necessary recommendations.

33. Mr. Heeney stated that, in connection with the Twelfth Recommendation of the Board, contained in the

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Journal for December the 17th, he had received from the Chairman of the Canadian Section, a letter in further explanation of the Board's attitude on the subject of the appointment to the Board of "supply members".

In his letter, Colonel Biggar had reported that the President of the United States had given approval to this recommendation, subject to Mr. Morgenthau and Mr. Purvis being satisfied that no new channel of communication was in contemplation. Colonel Biggar's letter went on to express the Board's view of the desirability of their being kept in touch with the supply agencies of both countries.

A copy of Colonel Biggar's letter had been sent to the Associate Minister of National Defence and to the Acting Minister of Munitions and Supply.

(See letter of December 30th, 1940, from Colonel O. M. Biggar, to Mr. Heeney).

34. It was agreed that any action upon the recommendation of the Board, with respect to the appointment of "supply members" should be deferred until the return to Canada of the Minister of Munitions and Supply.

Japanese in British Columbia

35. The Prime Minister submitted to the meeting the Report of the Special Committee which had been appointed on October the 1st, 1940, to investigate the situation of persons of Japanese and Chinese racial origin, resident in British Columbia.

(See Report and Recommendations of the Special Committee on Orientals in British Columbia, December, 1940).

36. Mr. King stated that in his opinion the Report of the Special Committee was an excellent one, and with the exception of the 9th Recommendation, regarding revision of the immigration agreement with Japan, should be approved by the government.

At the request of the Committee, Mr. H. L. Keenleyside of the Department of External Affairs, a member of the Special Committee, entered the meeting.

37. The Committee then gave consideration to the recommendations contained in the Special Committee's Report.

38. Mr. Keenleyside in answer to enquiries, stated that representative Japanese who had appeared before the Committee, had not resented the suggestion of registration and had expressed the view that such a step would be desirable in the interests and for the protection of their own people.

The 9th Recommendation regarding the agreement with Japan on the subject of immigration, would not have been included in the Report had the Committee known that the Report might be tabled in Parliament, or otherwise made public. Certain other parts of the Report might

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also require review and some slight revision, if this were the intention.

39. The Associate Minister of National Defence suggested that it might be well to omit any public reference to an intention to intern Japanese in the event of war. It was agreed that this should be done.

40. Upon the recommendation of the Prime Minister, it was agreed:

(a) that general approval be given to the recommendations of the Report;

(b) that the draft press release included in the Report be approved, with slight revision;

(c) that the Report be returned to the Special Committee with the request that it be revised so as to be suitable for tabling in Parliament; such matter as was regarded as confidential could be made the subject of a separate report.

41. Mr. King stated that it had been recommended by Mr. Keenleyside that Lt.Col. A. W. Sparling and Assistant Commissioner F. J. Mead, members of the Special Committee, should be appointed as the nucleus of the standing supervisory committee proposed in the 10th Recommendation of the Report. Assistant Commissioner Mead might supervise the recommended registration of Japanese.

Mr. Keenleyside had also suggested, for consideration as other members of the standing committee; Professor H. F. Angus, Lt.Col. McGregor McIntosh, M.L.A., and Mr. Fred J. Hume, Mayor of New Westminster, who was suggested as Chairman.

(See copy of letter of December 2nd, 1940, from Mr. H. L. Keenleyside, to the Prime Minister).

42. The Committee approved the above as the personnel of the standing committee recommended, subject to the concurrence of the Minister of Pensions and National Health.

The meeting adjourned at 5 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

January 8th, 1941

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SECRET Ottawa, January 8th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Wednesday, January the 8th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald)

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Greenland - Establishment of Air Base, Aircraft Wireless and Meteorological Stations

1. The Prime Minister enquired as to the status of the proposals of the U. K. government for the establishment in Greenland of an air base and aircraft wireless and meteorological stations. These proposals had been mentioned at the last meeting of the Committee and it had been decided that they should be the subject of discussions with the U. S. government.

2. The Under-Secretary of State for External Affairs reported that it now appeared that the provision of an aerodrome at the south end of Greenland was regarded by the U. K. government as a matter of urgency because of the large number of aircraft on order in the United States.

It should be borne in mind that to establish an air base in Greenland would mean a complete change of policy. So far the policy had been one of co-operation and assistance; the present proposals involved occupation.

A draft telegram to the Canadian Legation in Washington was submitted, directing that the matter be now taken up with the U. S. government, as a matter of urgency.

3. The Secretary submitted a copy of a report by the Deputy Chief of the Air Staff, recommending that the U. S. government be urged to approve the proposals at an early date, so that delivery of aircraft might be made by trans-Atlantic flight. In

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his report, Air Commodore Johnson submitted that the large numbers of short range aircraft on order for the U. K. government could not fly the Atlantic direct, and it was now apparent that adequate shipping would not be available. The Greenland aerodrome would, therefore, be required early in June, 1941, if it could be constructed by that time. A proposal was now being investigated to build a single runway to serve as an interim facility. The Air Staff were continuing to give consideration to the problem.

4. After further discussion, it was agreed that the U. S. government be apprised of the urgent reasons for an early decision upon the U. K. government's proposals and that enquiry should be made as to whether the United States would be ready to co-operate with the Canadian government to accomplish the desired ends.

(See Cypher telegram No. 5, of January 9th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Canadian Legation, Washington).

Progress of the War - Near and Middle East

5. The Prime Minister read to the meeting recent communications received from the U. K. government regarding the progress of the war in the Balkans and the probable objectives of German strategy in the Near and Middle East. Effective Turkish resistance to further German aggression was regarded as of the highest importance. The attitude of the U.S.S.R., and that of the French forces in Syria were other vital factors which would determine the course of British strategy. Further staff talks with Turkey would soon be instituted.

Pending developments in the Balkans, Great Britain was doing everything possible to assist the Greeks, with naval and air forces, and with technical aid. The possession of Crete was regarded as an important strengthening of the British position. It was intended to hold the island as a base, even if the situation in the Balkans deteriorated as a result of German intervention.

Far East

6. The Prime Minister read communications from the U. K. government regarding British and U. S. policy in the Pacific area. The President had agreed to secret staff talks being conducted in Washington; and officers of the Army, Navy and Air Force were going to the U. S. capital to discuss the possibilities of concerted and co-ordinated action in the event of war with Japan. Instructions to the U. K. delegates contemplated that Great Britain would require to give first attention to European operations, while the U. S. fleet looked after the Pacific, and co-operated in Atlantic areas.

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As to Dominion representation at the Washington conversations, it was suggested that the Dominions should communicate their views directly, in this respect, through their diplomatic representatives at Washington.

The U. K. government had agreed to give a further measure of assistance to China by permitting the construction of Chinese aircraft in India.

U.K.-U.S. Relations

7. The Prime Minister read a communication from the U. K. government regarding proposals for the taking over of Danish vessels in U. S. ports. The U. S. government had suggested that vessels of the Maersk Line might be made available to the U. K. government, after prior transfer to U. S. registry. The position of French, German and other foreign vessels in U. S. ports, offered greater difficulty.

Recruiting of Radio Mechanics in the U.S.

8. The Prime Minister read a communication from the U. K. High Commissioner requesting Canadian co-operation in the enlistment of volunteer U. S. radio mechanics, up to a total of 8,000, for "Radio direction finding" work with the Air Force and the Army, with possibly a few for naval purposes. The need for R.D.F. personnel was regarded as of the first importance in meeting the problems of the night bomber and attacks on merchant shipping. Radio direction finding, for these reasons, had been allotted the highest priority by the U. K. Cabinet.

It was suggested that the Canadian government should co-operate in enlisting all available U. S. volunteers of this class for service overseas, and that actual arrangements might be undertaken by the Canadian government through the Clayton Knight organization, or by such other means as might be considered appropriate.

The U. K. government had been given to understand, through their Charge d'Affaires in Washington, that the U. S. government would support such a project.

(See letter of January 6th, 1941, from the U. K. High Commissioner, to the Prime Minister).

9. Mr. King also read a telegram, on the same subject, which he had received from the Minister of National Defence, in London, following Mr. Ralston's conference with Lord Hankey, Chairman of a Committee to investigate all possible sources of experienced radio personnel whose services might be obtained.

Mr. Ralston had expressed surprise that the U. S. government would make no objection to the under-

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taking proposed, though he was fully convinced of the vital importance of full operation of R. D. F. equipment. Mr. Ralston had suggested that the Canadian Minister in Washington should discuss the matter with the U. K. Charge d'Affaires.

(See telegram, dated January 7th, 1941, Min. 41, from Canadian Military Headquarters, Great Britain, to National Defence Headquarters, Ottawa.)

10. The Under-Secretary of State for External Affairs reported that a member of the staff of the Canadian Legation in Washington had discussed the project with the U. K. Charge d'Affaires, and had ascertained that Mr. Butler, in reporting to his government, had had no specific reasons for assuming the support of the U. S. Administration. He had based his views merely upon the general friendly attitude existing in Washington.

Enlistment in the R.C.A.F., rather than the R.A.F., had been suggested, as Canadian rates of pay were regarded as more suitable than those provided by the R.A.F.

11. Mr. King observed that, while the recruiting of adequate radio personnel was clearly of vital importance, and Canada should do what she could to assist, the Canadian government would have to assume serious responsibilities in two respects if the proposal of the U. K. government were accepted. In the first place, it was difficult to see how recruiting for the R.A.F., or the R.C.A.F., could be conducted without violation of U. S. neutrality. In this connection, he had undertaken that Canada would not engage in activities which would embarrass the U. S. Administration and make the policy of support for Great Britain the more difficult. In the second place, the Canadian government would be responsible for the men actually enlisted, and for adequate measures to prevent the involuntary enlistment of enemy agents. The Canadian government had no machinery available in the U. S. to enable it to examine the bona fides of persons who might apply.

Any measure of co-operation which Canada could render should be willingly given, but the responsibility was, nevertheless, primarily that of the U. K. government.

12. After further discussion, it was agreed that a communication should be sent to the U. K. government, stating that the Canadian government realized the vital importance of obtaining adequate radio personnel, and that they would willingly do what they could to assist in any possible way. On the other hand, it should be indicated that the Canadian government regarded the matter as primarily one for the U. K. government themselves, for the performance of which the Canadian government had no machinery which was regarded as appropriate.

(See letter of January 9th, 1941, from the Prime Minister to the U. K. High Commissioner).

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Relations with France

13. The Prime Minister read to the meeting a message received from the Prime Minister of the U. K., with regard to Mr. Dupuy's report upon his conversations with the French government at Vichy. Investigation had failed to reveal the source of the leakage of news of Mr. Dupuy's mission.

Mr. Churchill urged strongly that permission be given for Mr. Dupuy to return to Vichy. A secret message had been sent to Marshal Petain through reliable channels made available through Mr. Dupuy's previous visit. This secret message undertook that if the French government decided to resist German demands and move to North Africa, Great Britain would be able and willing to give immediate and powerful aid.

14. It was agreed, in the circumstances, that despite the risk which would be involved, M. Dupuy should be permitted to return to Vichy, via North Africa, in accordance with Mr. Churchill's urgent request.

Canadian Army Overseas Programme 1941-42

15. The Prime Minister read to the meeting a telegram received from the Minister of National Defence, setting out, after full discussion with members of the U. K. government and the War Office staff, his recommendation for a Canadian Army Overseas programme for 1941-42.

The programme recommended by Mr. Ralston involved:

(1) Despatch overseas, during the first quarter of 1941, of remaining Corps troops for the Canadian Corps;

(2) Despatch overseas of the 3rd Division and its complement of Corps troops when warranted by the equipment situation - May 1941 to be the objective.

(3) Despatch overseas, in the first half of 1941, of an Army Tank Brigade. This would be a new formation, not hitherto authorized, though it would be equipped with Mark III infantry tanks, the purchase of which had been approved some time ago, and which were now under construction.

(4) Despatch overseas, by early autumn of 1941, of the Canadian Armoured Division, with such equipment as might be available.

(5) Despatch of the 4th Division to be deferred until probably the summer of 1942; the U. K. government not considering it necessary or desirable that a 4th Canadian Division should be sent to England during 1941.

Mr. Ralston's message stated that these proposals had been thoroughly discussed with Lieut.-Gen. McNaughton and Maj.-Gen. Crerar. He was convinced

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that the Army Tank Brigade was definitely advisable. Its formation would round out the Corps with an effective armoured formation, which could be ready for action at a comparatively early date; it would utilize infantry tanks produced in Canada and would constitute an up-to-date contribution by Canadians, to fill the gap which would exist until the Armoured Division could be completed.

Mr. Ralston felt that early authorization of this programme was important and he had advised the General Staff to make advance plans, accordingly, so that no time would be lost.

(See telegram of January 7th, 1941, Min. 40, from Canadian Military Headquarters, Great Britain, to National Defence Headquarters, Ottawa).

16. The Minister of Finance observed that he had received a written request for approval of increased estimates to a total amount of $138,000,000, for the purchase of 1,150 cruiser tanks, for use with the Armoured Division. These were in addition to the infantry tanks referred to in Mr. Ralston's telegram, which had already been authorized. It was urged that authorization for this increased amount was of the utmost importance in order to permit orders for engines and transmissions to be placed in the United States, concurrently with U. K. and U. S. orders.

17. Mr. Macdonald, as Acting Minister of Munitions and Supply stated that the cost of the tanks, in respect of which application had been made to Mr. Ilsley, had originally been estimated at $50,000 each. It had now been found that they would cost $120,000. This enormous disparity appeared to be quite unjustifiable and he did not think that the urgency for approval of the increased estimates was as great as was contended.

18. The Prime Minister said that it was quite clear that the time had come when approval of further large expenditures should be refused, until the Committee could arrive at intelligent decisions based upon full information of Canadian productive capacity and the total requirements of the Defence Departments.

19. After further discussion it was agreed that decision upon Mr. Ralston's recommendations, in respect of the Army overseas programme, and expenditures involved, should be deferred until Mr. Ralston's return, and until the Committee had before them complete statements of requirements for the three Services, and information as to the national capacity to meet such demands.

Department of National Defence

20. The Secretary reported that he had received from Treasury Board, requests for decision in principle upon recommendations of the Associate

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Minister of National Defence, with respect to the following:

(1) Mobilization of the 4th Fortress (E & M) Company, R.C.E.

(2) War establishment for a road construction company, R.C.E.

(3) Amendment to the war establishment for Headquarters Corps Troops Engineers.

(4) War establishment for Canadian Corps Junior Leaders School.

21. It was agreed that, as these recommendations did not involve matters of principle requiring consideration by the Committee, they be returned to be dealt with by Treasury Board.

22. The Minister of Finance then reported upon other recommendations of the Department of National Defence which had been referred to him by the Committee. At the instance of Mr. Ilsley, these recommendations were dealt with, as set out below:

(5) Consolidated programme for building of Ordnance workshops and unit garages, and the rental of premises for workshops and spare parts depots.

In accordance with a report upon this project by the Chairman of the War Requirements Board, the Committee approved the general principle of making proper provision for the housing of necessary repair facilities for motor transport. It was decided to refer to Treasury Board the specific suggestions made in Mr. MacMillan's report for possible reductions in costs of providing for unit garages and the building of Ordnance workshops.

(6) Revised estimates for requirements of equipment and reserve ammunition for Coast defence, anti-aircraft and mobile artillery and mortars.

It was decided that the recommendation of the Department of National Defence should receive prior examination by Treasury Board.

(7) War establishment for a special R.C.A.S.C. Supply Depot for Newfoundland.

This matter had already been submitted to and approved by Treasury Board.

(8) War establishment and organization for Reconnaissance Battalions for the 1st and 2nd Divisions.

The recommendation of the Associate Minister of National Defence was approved, in principle, and

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referred to Treasury Board for consideration in detail.

(9) War establishment for an Air Liaison Section.

The recommendation of the Associate Minister of National Defence was approved, in principle, and referred to Treasury Board for consideration in detail.

(10) Amendments to war establishment of a Divisional Field Park Company, R.C.E.

The recommendation of the Associate Minister of National Defence was referred to Treasury Board for disposition.

(11) Dental treatment for prisoners-of-war, etc.

While the Committee had no objection, in principle, it was decided that this matter should be dealt with by Treasury Board.

(12) Special northern allowances, R.C. Signals personnel.

It was decided that this matter should be dealt with by Treasury Board. Consideration had been given to this matter by an Inter-departmental Committee, representative of the Army, Navy and Air Force.

(13) Reserve Pool of Officers personnel R. C. Signals.

While no new principle appeared to be involved requiring reference to the Committee, this recommendation was approved and referred to Treasury Board for examination in detail.

(14) No. 1 Special Wireless Section, R. C. Signals.

While no new principle appeared to be involved requiring reference to the Committee, this recommendation was approved and referred to Treasury Board for examination in detail.

(15) Home War Establishment, R.C.A.P.C.

It was decided that this matter should be dealt with by Treasury Board.

Department of Munitions and Supply - Capital assistance to manufacturer

23. The Secretary reported that, as Clerk of the Privy Council, he had received a written request from the Deputy Minister of Munitions and Supply, for approval by the government, in principle, of an advance of working capital to Canada Wire and

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Cable Company, Limited, engaged in the construction and equipment of a plant in Montreal, for the manufacture of brass strip, etc. The Company were in immediate need of $1,000,000, to cover estimated expenditures for raw materials and labour for the month of January; additional working capital would be required after that date.

(See letter of January 7th, 1941, from the Deputy Minister of Munitions and Supply, to the Clerk of the Privy Council).

24. The Minister of Finance observed that this was a matter which should have gone to Treasury Board direct, the principle of capital assistance to the plant in question having already been established by the Order-in-Council authorizing the building and equipping of the plant.

25. The Secretary was, accordingly, directed to refer the request to Treasury Board.

No. 1 Neurological Hospital, R.C.A.M.C.

26. Mr. Macdonald, as Acting Minister of Munitions and Supply, submitted a recommendation of the Minister of National Defence, for approval of expenditure up to £62,000 for the refitting of Hackwood Park, which had been made available for the use of this unit.

27. After explanation by Mr. Macdonald, the recommendation, in this respect, of the Minister of National Defence, was approved in principle, and referred to Treasury Board, for examination in detail.

Army Tradesmens School

28. Mr. Macdonald, for the Minister of National Defence, reported that the department now recommended that the Army Tradesmens School, for the establishment of which approval had already been given, should be located at Hamilton, instead of at Kingston. It was said that a substantial saving could be effected by the use of existing buildings in Hamilton.

29. Mr. Macdonald was inclined to think that a measure of decentralization might result in the facilities of the Army Tradesmens School being more suitable for post-war purposes; at his suggestion, decision in this respect was, accordingly, deferred.

Orientals in British Columbia

30. The Prime Minister, having retired from the meeting to interview the Japanese Minister, returned and reported that he had thought it advisable to inform M. Yoskizawa of the government's conclusions

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with regard to Japanese in British Columbia before any public announcement were made. The only comment made by the Minister, upon being shown the draft press release, was that Japanese Canadians regretted that they were not permitted to serve in the armed forces.

Floating Dry-dock at Halifax

31. The Secretary reported that Treasury Board had submitted to the Committee, for decision in principle, a request of the Department of Munitions and Supply, for approval of an expenditure of approximately $3,000,000, estimated cost of the construction of a floating dry-dock at Halifax.

32. Mr. Macdonald explained the reasons which made necessary the provision of additional facilities for ship repairs on the Atlantic Coast. While Canada had sufficient dockage available for normal times, facilities were not adequate for war purposes, and to meet the increased burden upon Atlantic ports during the winter season. If operations in the Atlantic were extended further westward, an additional dry-dock at Halifax would be essential and would be welcomed by the British Admiralty.

33. The Prime Minister observed that Halifax had already assumed great importance as a vital Empire port, in connection with the war effort. The proposal appeared to be an appropriate one, though as he had remarked previously, he did not feel that further large commitments should be undertaken until the Committee were in a position to make an informed judgment upon all the requirements of the three Services.

34. After further discussion, in which members of the Committee expressed general agreement with the recommendation, it was decided to defer final decision until the Committee were in a position to deal with the programmes of all three Services; meantime the recommendation was referred, for study, to Treasury Board.

Accommodation for members of the forces on leave - Halifax.

35. The Minister of National Defence for Naval Services reported that the Salvation Army, the Canadian Legion and the Knights of Columbus (though not the Y.M.C.A.) were prepared to operate hostels in Halifax, if funds for the purpose were provided by the government, in accordance with the decision of the Committee at the meeting of December the 18th, 1940. The Canadian Legion and the Knights of Columbus did not feel inclined to give firm undertakings for repayment of sums to be advanced by the government, for the purpose. Possibly the government should construct the buildings and turn them over to the agencies for operation.

36. After further discussion it was agreed that it would be advisable to abide by the previous

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decision, and advance, by way of loans to the agencies concerned, the funds necessary for hostel construction in Halifax; the time and terms of repayment to be a matter for decision in the light of circumstances.

Accommodation for merchant seamen in Halifax

37. Upon the recommendation of Mr. Macdonald it was agreed that he be authorized to make arrangements with the Navy League of Canada to provide hostel accommodation to merchant seamen in Halifax on conditions similar to those authorized with other voluntary agencies in respect of members of the forces.

The meeting adjourned at 6.45 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

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Ottawa, January 20th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Monday, January the 20th, at 2.45 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services and Acting Minister of Munitions and Supply (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Permanent Joint Board on Defence

1. The Prime Minister referred to the Twelfth Recommendation of the Permanent Joint Board on Defence, namely, "that a war industry member be appointed to the Board by each of the two governments". At the Committee's meeting on January the 2nd, it had been decided to defer any action upon this Recommendation until the return of the Minister of Munitions and Supply. In view, however, of the fact that the President of the United States had approved the Recommendation, subject to the concurrence of Mr. Morgenthau and Mr. Purvis, and in view of general agreement as to the desirability of having representation on the Board of agencies of both governments responsible for the obtaining of munitions and supplies, the Committee might now approve the Recommendation, in principle, leaving to a later date the appointment of a Canadian representative.

2. It was agreed that the government approve, in principle, the Twelfth Recommendation of the Permanent Joint Board on Defence; the nomination of a Canadian "supply" representative to be deferred until Mr. Howe's return. The Secretary was, accordingly, directed to communicate this decision to the Board, who were now meeting in Montreal.

3. The Minister of Finance stated that he was now in a position to report upon the Tenth and Eleventh Recommendations of the Permanent Joint Board on Defence. These Recommendations had been referred to him by the Committee, at the meeting held on November the 29th, 1940. The Tenth Recommendation provided for the development of air staging facilities across Western Canada, between the United States and Alaska, and the Eleventh Recommendation provided for the construction of another aerodrome at Ucluelet, Vancouver Island.

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4. Mr. Macdonald stated that final approval of these two Recommendations was of no special urgency.

5. It was, therefore, decided to defer further consideration of these Recommendations until the return of the Minister of Munitions and Supply.

U. S. - Canada
Co-ordination of war industries

6. The Prime Minister reported that consideration had recently been given to the need for co-ordination and rational integration of the war industries of Canada and the United States. It was apparent that, in the interests of the economy and efficiency of the war effort, this important problem should receive immediate and detailed study.

It had been suggested that Mr. R. A. C. Henry of the Department of Munitions and Supply, a member of the War Requirements Board, be instructed to prepare a memorandum for consideration by the government, outlining the whole situation in so far as Canada was concerned. If the Committee were agreeable to having Mr. Henry make such a study and report, it could be indicated to the U. S. members of the Permanent Joint Board on Defence, that this was being done, and that a report on the subject would be prepared for the Canadian government's consideration.

7. After further discussion it was agreed that Mr. Henry be directed to proceed accordingly, and that the Permanent Joint Board on Defence be so informed.

Progress of the War
Balkans and the Near East

8. The Prime Minister read to the meeting a number of recent communications received from the U. K. government, regarding possible further military action by Germany in the Balkans and in the Near East. It appeared that no reliance could be placed upon the U.S.S.R., whose policy had tended, of late, to favour Germany. Turkey would probably be left in the lurch in the event of attack.

In view of the German threat to Greece, it had been decided to increase the extent of British military assistance. The Turkish government were being encouraged to make a clear statement of their intentions in the event of German attack through Bulgaria or Jugo-Slavia.

Empire defence

9. The Prime Minister read a communication from the U. K. government describing the policy which was being followed with respect to the development of fixed defences for outlying parts of the Empire. It was not possible, under present conditions, to

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provide sufficient naval forces to guarantee adequate protection against enemy raiders. For this reason, the effort was being made to provide land defences to as great an extent as possible. The views of the Dominion governments were requested.

It appeared that this communication was, to some extent, relevant to the problem of Newfoundland defence, in which Canada was intimately concerned.

Far East

10. The Prime Minister read a communication from the Dominions Office reporting that the U. K. government were making arrangements with the Argentine to take care of British interests in the Far East, in the event of war with Japan.

11. Upon Mr. King's recommendation, it was agreed that similar arrangements should be made by Canada.

U.K.-U.S. Staff Conversations

12. The Under-Secretary of State for External Affairs reported that it was anticipated that the secret staff conversations between the U. K., and the U.S., regarding co-ordination of policy in the Far East, in the event of war with Japan, would take place shortly, in Washington. It was proposed that the conversations would be limited to representatives of the U. K., and the U.S., but that the interested Dominions and the Netherlands might each send a "camouflaged" naval officer to act as an observer.

13. It was agreed that an observer should attend the meetings, on Canada's behalf; the appointment of a suitable officer was left to the Minister of National Defence for Naval Services.

Ireland

14. The Prime Minister read a communication from the Canadian High Commissioner in Ireland, describing the effects upon Irish opinion of recent bombings in and about Dublin. It was suggested that the government propose to the United Kingdom certain measures which might assist in allaying Irish apprehension as to future British policy. It was important that a friendly atmosphere be maintained. The provision of arms from the U. K. would be appreciated.

Mr. Kelly's despatch also reported the bad conduct of two Canadian soldiers on leave in Ireland. This had resulted in certain property damage and had lead to their arrest. Mr. Kelly recommended that he be given authority to settle the damages, and that, in future, members of the Canadian forces be not permitted to take leave in Ireland.

15. After some discussion, it was agreed

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that it would be inappropriate for the government to make any representations to the U. K. government in respect of their Irish policy.

It was also agreed that the Canadian High Commissioner be authorized to settle claims against the Canadian soldiers in question by payment of damages and costs, estimated at £35, and that he be informed that the Department of National Defence would deal with his suggestion that leave to Ireland be suspended.

Economic situation in Germany

16. The Prime Minister read an appreciation, based on the latest information available to the U. K. government, with regard to economic conditions in German Europe. As to oil supply, the effect of bombings by the R.A.F., was estimated to have reduced the output of synthetic plants by about 10%. It would be six months before occupied Roumanian oil fields could make any substantial contribution to the German supply, which, within that period, would fall short of total requirements by an appreciable margin. The effect of bombings upon submarine construction, aluminum production, and the construction of aircraft, involved, perhaps, a 10% reduction over all. The general result in dislocation of transportation, labour efficiency, and export trade was thought to be considerable. On the other hand, the effect of the blockade had been largely offset, at least temporarily, by looting of occupied countries. Of essential commodities, it was likely that Germany would suffer from an early shortage of rubber, leather and tanning materials. The result, too, of giving needed economic help to Italy would increase the strain.

Women's Mechanical Transport Corps - recruiting in Canada

17. The Prime Minister read a communication from the Canadian High Commissioner in London, submitting a request that the Women's Mechanical Transport Corps be given permission to recruit suitable personnel in Canada.

18. It was agreed that consideration of this proposal be deferred until the return of the Minister of National Defence.

Army Tradesmen's School

19. Mr. Macdonald, for the Minister of National Defence, reported that, since the meeting of January the 8th, he had gone further into the proposal to locate the Army Tradesmen's School at Hamilton, instead of Kingston. He was now satisfied that the proposal was sound, and recommended its approval.

20. The Committee, thereupon, approved the location of the Army Tradesmen's School at Hamilton, and authorized the Department of National Defence to proceed accordingly.

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Atlantic Coast Defence -
Gun batteries in Maritime Provinces and Newfoundland

21. Mr. Macdonald, for the Minister of National Defence, recommended that approval be given for the construction, at a total cost of $1,250,000, of works necessary for the establishment of four batteries of 10" guns at Shelburne, N.S., Gaspe, P.Q., and Botwood and St. John's, Newfoundland.

The Permanent Joint Board on Defence had recommended more extended defences of strategic points on the Atlantic Coast. A survey of appropriate positions had, accordingly, been carried out under the General Officer Commanding, Atlantic Command. The guns were to be obtained from surplus equipment available from the U. S. War Department.

22. The Secretary stated that the First Report of the Permanent Joint Board on Defence, which included the Recommendations regarding Atlantic Coast defence, had, after examination by the Defence Departments, been approved by the Committee in October, 1940.

(See Minutes of Cabinet War Committee meeting of October 31st, 1940, pages 5 and 6).

23. The Minister of Finance stated that he had prepared a full report upon the financial commitments involved in implementing the Recommendations of the Permanent Joint Board on Defence, which had received the approval of the government. The present specific recommendation of the Department of National Defence should be referred to Treasury Board, the principle involved having already received the Committee's approval.

24. The Secretary was, accordingly, directed to refer the recommendation to Treasury Board.

Department of National Defence -
other recommendations

25. At Mr. Macdonald's suggestion, consideration of the following recommendations of the Department of National Defence were deferred until Mr. Ralston's return:

(1) For authorization to purchase 1,150 cruiser tanks for the Canadian Armoured Division;

(2) For authorization to convert the 1st Canadian Cavalry Regiment to an armoured regiment.

Hospital accommodation in Canada.

26. It was agreed that, in the absence of Mr. Power, consideration of the following matters be deferred:

(1) Convalescent Hospitals in Canada - division between the Departments of National Defence and Pensions and National Health;

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(2) Hospital accommodation at Camp Hill, Lancaster and Calgary.

Electrical methods of fire control

27. Mr. Macdonald, for the Minister of National Defence, submitted a recommendation of the General Staff, for authority to place orders with Research Enterprises Limited, for the manufacture of instruments and equipment to meet the requirements of the Canadian Army for modern electrical fire control. The adoption of these methods by Canadian formations was regarded as a vital necessity. The success of the new technique against air and sea attack had been amply demonstrated in the defence of the United Kingdom.

Canadian Army requirements for coast defence, anti-aircraft, the 3rd and 4th Divisions, the armoured division, and the training centres, would involve expenditure of some $5,000,000, of which a proportion would be included in the present fiscal year, and the remainder in the two following fiscal years.

28. After some discussion it was agreed that the proposal be referred to the Minister of Finance, for examination and report.

Floating Dry-dock at Halifax.

29. The Minister of Finance referred to the decision of the Committee, at their last meeting, to defer approval of a recommendation for the construction of a floating dry-dock at Halifax, at an estimated cost of $3,000,000. It appeared that a decision upon this proposal was urgently required; the recommendation should be approved even if, as a result, other parts of the war programme were to suffer. The efficiency of Halifax as a vital war port would suffer in serious degree if additional facilities for the repair of vessels were not provided with the least possible delay. In the circumstances, immediate approval, in principle, was recommended.

30. The Minister of National Defence for Naval Services said that he agreed entirely with Mr. Ilsley. The dry-dock would require approximately ten months to build and was urgently needed to take care of the heavily increased demands upon port facilities at Halifax.

31. It was agreed that the Committee give approval, in principle, forthwith, to the construction of a floating dry-dock at Halifax, at an approximate cost of $3,000,000.

Royal Canadian Navy
Shore establishment at Halifax.

32. The Minister of National Defence for Naval Services presented, for consideration by the Committee, a comprehensive recommendation for the provision of temporary and permanent accommodation for the shore establishment at Halifax of the Royal Canadian Navy. The recommendation provided for -

(a) buildings of permanent construction, for barracks, torpedo and gunnery school, signal, seamanship

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and asdic school, machine, engineering and other shops, recreational facilities, hospital, officers' and petty-officers' quarters, and other related purposes, at an estimated cost of $2,797,750, and

(b) buildings of a non-permanent type, for further barrack accommodation, drill shed, heating plant, temporary officers' quarters, and class rooms, at an estimated cost of $383,000.

The permanent accommodation recommended would provide for 2,000 men ashore during peace time; temporary accommodation proposed would increase the total to 4,000. Estimated cost of the whole project was $3,180,750.

The recommendation had been carefully considered and had been prepared in order to make adequate provision for the requirements of a post-war naval establishment of the nature and extent already approved, in principle, by the Committee. It was thought preferable to provide for permanent buildings sufficient to house and train permanent personnel, and temporary structures only for surplus personnel in service for the duration of the war.

33. The Minister of Finance enquired whether it would not be preferable to provide at less cost for the whole establishment, on a purely temporary wartime basis. He doubted whether the present was the time to undertake permanent construction when all financial resources were being concentrated for war purposes.

34. The Prime Minister favoured approval, in principle, of the recommendation submitted by Mr. Macdonald. Maximum naval assistance was admittedly of the greatest importance. The Committee had already agreed upon the type of post-war navy which Canada should maintain. The plan submitted provided for such an establishment. It was preferable to provide now on a permanent basis for establishments which would be needed after the war, rather than to waste eventually a large proportion of the investment. Halifax was destined to remain a vital Empire and continental port. The provision of adequate naval defences would continue to be essential. Development upon this line was natural to Canada.

Careful planning should, however, precede the construction programme contemplated in the recommendation. Full use should be made of expert and professional assistance to see that the work was properly done. It was of the greatest importance to make all suitable provision for naval men ashore.

35. Mr. Macdonald, in answer to comment upon the large expenditure involved, observed that the disproportion between Army and Naval estimates in Canada was, in his view, unjustifiable. The Army programme, at present, called for much larger amounts, despite the fact that ships and naval personnel were more urgently required, in existing conditions. It was evident that we did not need a large army now.

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Halifax was the busiest port in the Empire - a vital outlet for war supplies. If it were to be put in proper shape to fulfil its functions, it was probable that $10,000,000 would be required for dockyards, accommodation for naval personnel and for housing of dockyard employees as the port developed. Such an amount would not be too great, in the circumstances.

36. Mr. Ilsley said that he was concerned as to the housing situation, not only in Halifax, but elsewhere in Canada, in districts where war activities had created shortages of accommodation. The War Requirements Board regarded this problem as very serious. It had been decided by Council, some time ago, that the government should not undertake any general housing scheme but that the Department of Munitions and Supply should have regard to the problem in the establishment of new industries and in the letting of contracts. Such a policy would prove inadequate to meet a situation which was already critical.

37. After further discussion, it was agreed that the Committee approve, in principle, provision for a shore establishment for the Royal Canadian Navy, as set out in the recommendation submitted by Mr. Macdonald, and, further, that authority be given to proceed immediately with the permanent buildings described in Group A and Group B of Exhibit 2, and the buildings of a non-permanent type, described in Exhibit 1, of the Minister's recommendation.

Recruiting of radio mechanics in the U. S.

38. Mr. Macdonald, for the Minister of National Defence for Air, reported that, as a result of investigations made in the United States and discussions there with representatives of the British Embassy, the R.A.F., and the Clayton Knight Committee, the Acting Deputy Minister and the Air Staff recommended that the R.C.A.F., agree to act as an agency of recruitment for radio mechanics in the United States. A procedure had been worked out whereby the services of the U. S. "Radio Relay League" could be retained and instructional staff, for the examination of recruits, provided from the R.C.A.F. Recruits so obtained would be taken into the R.C.A.F., in Canada, and immediately thereafter sent overseas for service with the R.A.F. Such procedure, it was recognized, would require the consent of the U. S. government.

An alternative was to have the R.A.F. themselves undertake recruiting, setting up a special pay category similar to the R.C.A.F. In this event the R.C.A.F. might co-operate in training recruiting "teams", and arranging for an R.A.F. depot in Canada for purposes of enlistment.

(See copy of memorandum of January 13th, 1941, to the Acting Deputy Minister for Air).

39. The Prime Minister stated that the U. K. High Commissioner, prior to his departure to take up

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his new post as Minister in Washington, had made verbal reference to this question, in conversation with Mr. King. Sir Gerald Campbell, referring to correspondence between himself and the Canadian government, had expressed the view that the undertaking to recruit large numbers of radio mechanics in the United States, would involve Canada in a heavy responsibility. He agreed that it was preferable that the U. K. government should themselves undertake the actual recruiting, as the men being intended for service with the R.A.F., would be under their control. Canada, he felt, might help by affording a "stepping stone", where recruits would be brought together for despatch to Great Britain.

40. Mr. King stated that he was not inclined to favour the undertaking of the responsibility of recruitment by the Canadian government. As the personnel to be recruited were for the U. K. forces, there would be the danger of disagreements and misunderstandings. Canada should co-operate in any way possible but should not undertake responsibility for actual recruiting, unless further reports from the British Embassy in Washington should give cause for reviewing the situation.

41. After further discussion it was agreed that, for the present, Canada should not undertake responsibility for the recruiting in the United States of R.D.F. personnel; the R.C.A.F., should, however, agree to co-operate in any way that might be helpful, apart from actual recruitment, particularly in lending suitable personnel for purposes of instruction or examination.

Sir Gerald Campbell was aware of all aspects of the problem and would be able to review the situation at Washington.

Training Officers of the Iraq Air Force

42. The Secretary reported that the U. K. Air Ministry had requested the R.C.A.F., to investigate the possibility of training, in Canada, in engineering, wireless, armament and photography, six or eight officers of the Iraq Air Force. The U. K. government were anxious that this training should, if possible, be done in the Empire.

The Air Staff had investigated the possibilities and advised that the training requested could be given in Canada, in all subjects except wireless. The cost of training these officers would be recoverable.

43. The Committee approved, in principle, acceptance of the U. K. government's request, in this respect, the details to be worked out by the Air Staff.

Release of Trainer Aircraft to Portugal

44. The Secretary reported that the Portuguese government had requested the release of 10 Fleet Trainer Aircraft on order with the Fleet Company. Upon reviewing the requirements of the R.C.A.F., the Air Staff advised that training would not be prejudiced if these aircraft were released, progressively, in

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January and February of this year. It was recommended, accordingly, that, provided the U. K. government saw no objection in the light of current political relations with Portugal, the release requested should be given. Enquiry had been made of the U. K. government, in this respect, but no reply had as yet been received.

45. The Committee, accordingly, approved release to Portugal of the aircraft in question, provided no exception were taken to such a course by the U. K. government.

Canadian firemen for the U. K.

46. The Secretary submitted a memorandum of the Minister of National War Services with regard to the recruiting in Canada of fire fighting personnel, for service in the United Kingdom. A telegram had been received from the Canadian High Commissioner in London, indicating that the U. K. government might now be expected to propose assistance by Canada in this respect.

47. It was agreed to defer consideration of this question until Mr. Ralston's return.

(See memorandum of January 17th, 1941, from the Minister of National War Services, to the War Committee of the Cabinet; also telegram No. 3 of January 2nd, from the High Commissioner for Canada in Great Britain, to the Secretary of State for External Affairs).

Public Information -
Quebec Day of Prayer.

48. The Secretary submitted a memorandum of the Minister of National War Services, with which had been forwarded a memorandum of the Director of Public Information with regard to arrangements for the observance in the Province of Quebec, on February the 9th, of a day of prayer for victory. Mr. Lash's memorandum stated that the Information Office had been asked to assist in arrangements. Because of what was regarded as its national and international value he had agreed to do so. In this connection the printing of 106,000 copies of a special Prayer Book, to be used in the Pontifical High Mass in Notre Dame Church in Montreal, had been undertaken, at an estimated cost of $5,600.

(See memorandum of January 17th, 1941, from the Minister of National War Services).

49. The Prime Minister stated that he was strongly opposed to the government undertaking to pay for the printing of a denominational Prayer Book. In the first place, to do so, would inevitably raise a religious issue. In the second place, prayers "for victory" did not accord with the religious views of many persons, who felt that prayer should be for guidance, that "God's Will", not man's wishes, should be made to prevail.

50. Mr. Macdonald agreed with the Prime Minister that it would be inappropriate for the government to pay for the printing or have to do with the distribution of a Roman Catholic Prayer Book.

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51. After further discussion it was agreed that the government could have nothing to do with the printing or distribution of the Prayer Book in question; that the order should be cancelled, and that the Secretary should immediately so direct the Deputy Minister of National War Services. (x).

Defence of Newfoundland

52. The Under-Secretary of State for External Affairs referred to conversations which would shortly take place in London, between U. K. and U. S. representatives with regard to the transfer of bases in the western hemisphere. No provision had been made for Canadian representation, though Canada was interested because of joint measures being undertaken for the defence of Newfoundland.

53. It was agreed that Canada should be represented at the forthcoming discussions by Mr. L. B. Pearson of Canada House.

53(A) The Secretary submitted two draft telegrams to the Governor of Newfoundland, which had been prepared by Mr. Dyde, Special Assistant to the Associate Deputy Minister of National Defence.

The first telegram dealt with agreement as to the acquisition of property by the Canadian government, for defence purposes, the strength of Canadian forces assigned to Newfoundland, and the provision of telephone and telegraph services. The second telegram, with regard to the control of the Newfoundland airport, expressed agreement to accept a lease, subject to certain conditions, and expressed the view that the U. K. contribution towards upkeep should not cease because of the acquisition by Canada of operational control.

54. The two telegrams, as drafted, were approved by the Committee, for despatch.

(See two draft telegrams from the Secretary of State for External Affairs, to the Governor of Newfoundland).

Reception of Allied refugees from dangerous areas.

55. The Prime Minister read to the meeting two telegrams from the Canadian High Commissioner in London, with regard to possible reception by Canada of a number of Allied nationals, in countries threatened by the enemy. The total number of persons involved were said not to exceed three to four thousand. The situation of these people was urgent.

(x) - The Deputy Minister of National War Services was informed the same afternoon, of the Committee's decision in this respect. The following morning these instructions were confirmed to Mr. Justice Davis, by Mr. Heeney, over the telephone.

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(See telegram No. 72 of January 15th, and No. 104 of January 18th, from the Canadian High Commissioner in London, to the Secretary of State for External Affairs, Ottawa).

56. After some discussion, it was agreed that the question should be referred to the Minister of Mines and Resources, for examination with officers of the Immigration Branch, and subsequent report to the Cabinet.

Orientals in British Columbia

57. The Secretary enquired whether formal approval could now be recorded in the Minutes, of the Report and Recommendations of the Special Committee on Orientals in British Columbia, which had been submitted to the government, in revised form, on January the 6th, accompanied by a letter of the same date from Mr. H. L. Keenleyside. Since that date, the Cabinet, by Order-in-Council, had appointed the Standing Committee, the constitution of which had been recommended in the Report.

58. It was agreed, thereupon, that the Report and Recommendations of the Special Committee (as revised) and submitted to the Prime Minister on January the 6th, 1941, and the recommendation set out in Mr. Keenleyside's letter of the same date, be approved; also that the Report be printed and tabled in Parliament.

Department of Munitions and Supply
Insurance upon explosives in transit and mechanical transport.

59. Mr. Macdonald as Acting Minister of Munitions and Supply, raised the question as to whether explosives, in transit, and mechanical transport should be insured against liability to third parties. The Department recommended that insurance be placed upon explosives in transit, but not on mechanical transport.

60. After some discussion, it was decided to refer this question to the Minister of Finance for consideration with the Superintendent of Insurance.

The meeting adjourned at 6 p.m.

A. D. P. Heeney
Secretary.

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SECRET

Ottawa, January 21st, 1941.

CABINET WAR COMMITTEE

(Memorandum for Minute Book)

At a meeting of the Cabinet held in the Council Chamber on Tuesday, January the 21st, the following matters were discussed:

Reception of Allied Refugees from Dangerous Areas

1. The Minister of Mines and Resources reported to Council, following consideration by the officers of the Immigration Branch, with respect to the reception, by Canada, of a number of Allied Nationals in countries threatened by the enemy. The United Kingdom government had asked whether the Canadian government were prepared to co-operate by taking some of these refugees, and the matter had been discussed briefly at a meeting of the Cabinet War Committee the previous day.

2. As a result of Mr. Crerar's report, and following discussion, it was agreed that the government should inform the United Kingdom government that Canada would take up to 1,000 of the refugees in question for the present as a measure of co-operation, upon the condition that their passage to Canada and responsibility for their maintenance in this country were undertaken by the governments concerned.

Aircraft Production in Canada

3. The Prime Minister stated that for some length of time he had been concerned as to the progress of the aircraft construction programme in Canada. Though he had discussed the matter with individual colleagues, he had refrained from mentioning the matter in Council hitherto because of the absence of the Ministers principally concerned. He felt, however, that the whole subject, which was of the greatest importance, required the fullest investigation. He had already secured much material. He felt immediate drastic action was necessary and that this should be taken immediately upon the return of Mr. Ralston and Mr. Howe, which, he expected, would be this week. The government would be bound to be criticized and attacked on the basis of allegations which were being made publicly.

4. Mr. Macdonald endorsed the Prime Minister's views in this respect.

A → P.L.

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59.

Minutes of the

War Committee of the Cabinet

January 24th, 1941

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Ottawa, January 24th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Friday, January the 24th, at 4.45 p.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Report of Minister of National Defence upon return from the U.K.

1. The Prime Minister stated that the meeting had been called in order that members of the Committee might, as soon as possible, have the opportunity of hearing the report of the Minister of National Defence, who had, this afternoon, returned from the United Kingdom. It would be best to have Mr. Ralston make a general statement now, leaving to a later meeting, consideration of specific matters which had formed the subject of discussions in the United Kingdom.

2. The Minister of National Defence reported that his object in going to Great Britain, at this time, had been twofold - to visit personally the Canadian forces there, and to confer with members of the U. K. government with regard to Canada's military effort, and also, at the request of his colleagues, to discuss particular problems relating to the other two Services.

Among the particular questions considered, during his stay in England, had been, the extension of the compulsory military training programme, the identification of Canadian pilots and aircrews under Article 15 of the Air Training Agreement, arrangements for the ferrying of aircraft from North America, and the obtaining of technical assistance for the building of naval vessels in Canada.

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General strategic situation

3. Mr. Ralston said that the gravity of Britain's present position should not be underestimated. The principal immediate problems with which the U. K. government had to deal, were - the constant threat of invasion, the maintenance of the sea approaches to the British Isles, effective defence against night bombing, and the maintenance and increase of the production of munitions and supplies.

4. Mr. Ralston had conferred with the First Lord of the Admiralty, the Secretary of State for War, the Secretary of State for Air, and the chiefs of their respective staffs, who, in their appreciation of the general strategic situation, had expressed the following views as to the probable course of the war:

(1) An early attempt at invasion of the British Isles was still regarded as the most probable move on the part of the enemy. The most careful and detailed preparations had been made by all three Services to meet any such attempt. The Commander in Chief of the Home Forces (Sir Alan Brooke) had informed him that Germany was thought to have 30 Divisions prepared to participate in an invasion; of these 25 would be sea-borneand 5 air-borne. Against such a force, the British had 20 to 25 Divisions, of which 16 or 17 were well equipped, and, in addition, the Home Guard of one and a half million men. Sir Alan's problem was to maintain, in the United Kingdom, adequate forces to deal with possible invasion; to do so he had to resist constant pressure for more men and materials for the Near and Middle East.

It was felt by some that Hitler would not attempt to invade until he could obtain superiority in the air. So far as day operations were concerned, this had been lost to the enemy in August and September. Night bombing continued to cause substantial damage, but of its nature could not be accurate. Interference with the production programme had not, so far, been of serious proportions.

(2) A move through Spain to North Africa, with the object of securing control not only of the Mediterranean but also of West African ports which would permit of interference with the route round the Cape.

(3) Further penetration in the Balkans, with the object of securing control of the Eastern Mediterranean by a move through Bulgaria or Jugo-Slavia into Asia Minor.

General Crerar was inclined to the view that the enemy's most likely first move would be in the Mediterranean.

5. Mr. Ralston said that he had been greatly impressed by the willingness of the U. K. government to take risks in order to obtain important tactical and

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strategical results. Mr. Churchill had referred to the "wise recklessness" which Hitler had taught. Even at a time when invasion was threatened, large re-enforcements of men and equipment were being sent to the Middle East - a momentous decision which had now been justified by events.

Mr. Churchill regarded the freeing of North Africa as of the greatest possible importance. He was hopeful that Marshal Petain and General Weygand would eventually co-operate to that end. Through M. Dupuy a personal message had been sent to Marshal Petain that Great Britain would send 6 Divisions to France's assistance, if they were required. The reply had been "Message received but not receiveable". It was apparent that Marshal Petain was acting with great courage and, backed by the French Navy, was continuing to resist German demands.

The present year was regarded by the U. K. as a "holding year". Mr. Churchill had said that the first question was that of "survival". There might possibly be raids upon the Continent, but certainly there would be no attempt at an invasion of German Europe. Hitler had some 200 Divisions, of which, perhaps 80, were free for a new offensive. In answer to his enquiry as to how the war could be won, he had been told that we could defeat the enemy, but probably not achieve victory unless there were disintegration in Europe.

Navy

6. Mr. Ralston stated that with regard to the naval situation, the First Lord of the Admiralty had painted a pretty black picture. Destroyers and anti-submarine vessels were at present too few to deal adequately with the serious problem of submarine action. The supply of destroyers was much smaller than in 1917, and re-enforcement in this branch was a stringent need. A heavy building programme was in progress and methods of detection were being improved. Assistance from the Royal Canadian Navy was greatly appreciated, and the work of Canadian destroyers in convoy service had received the strongest commendation. Submarine activity probably constituted the most serious problem of all. Shipping losses for 1940 would run between 4½ and 5 million tons.

Air

7. Mr. Ralston said that Lord Beaverbrook, despite the criticism as to his ruthless methods, had unquestionaly been effective in increasing aircraft production. Reserves of fighters had much improved. There were 800 now "on the shelf", in addition to active and reserve machines. Bombers, however, were required in large numbers. His impression was that the R.A.F. had definitely turned the corner. The driving off of the day bomber, in August and September, had been the greatest victory of the war. It was thought that British air superiority could be achieved within six months.

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Beaverbrook's policy of "dispersion" of factories appeared successful; production had not been decreased to a serious degree - perhaps by 10%.

Further measures of co-operation by Canada. (Air).

9. Mr. Ralston, in answer to an enquiry as to what Canada could best do to give additional assistance in the air, mentioned:

(1) Improvement of arrangements for ferrying increasing numbers of planes to the British Isles; the obtaining of more ferry pilots and the establishment of landing facilities in Greenland;

(2) The despatch of as many trained pilots as possible, as quickly as possible;

(3) The construction of more trainer planes;

(4) The acceptance of further R.A.F. training establishments in Canada.

Army

10. Mr. Ralston said that, as regards the army, he had not realized before visiting the United Kingdom how great was the need for men. The position of the Commander in Chief of the Home Forces had impressed this upon him. Shortage of man power had resulted from requirements in the Mediterranean, and the heavy demands of war industry.

His conclusions as to how Canada could best help in regard to the army had been embodied in the telegram which he had sent from London, outlining his recommended programme for the Canadian Army for 1941.

He was convinced of the usefulness of the immediate establishment of an army tank brigade, to be ready to take the field this year.

A Canadian Corps of three Divisions, with the army tank brigade and ancillary troops, would constitute appropriate and useful assistance, this year, for the defence of Britain.

There had been no suggestion that Canadians be employed in North Africa. Mr. Churchill had confirmed the fact that there had been no thought of so doing.

11. The Prime Minister referred to a recent telegram received from the Dominions Office which indicated that there was increasing evidence of Germany's intention to use gas from the air, and in the event of an invasion.

12. Mr. Ralston stated that reference had been made, during his visit to England, to the possibility of securing, in Canada, a large tract of land for experimental purposes in connection with gas warfare.

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No request had yet been made, though there had been correspondence on the subject with the National Research Council.

If the U. K. government made such a request, the government should agree to make available in Canada the fifty square miles or so which would be required, at a cost of perhaps $400 - $500,000.

Finance

13. Mr. Ralston said that he was more than ever impressed that in Canada's war effort, in all its aspects, we should pay for everything that we could undertake. Furthermore, the struggle was worthy of every effort that Canada could make.

14. Mr. Ralston added that everywhere in the U. K., amongst members of the government and others whom he had met, he had found the most genuine and sincere appreciation of the effort which Canada was making and the assistance which she was giving.

Transfer of further R.A.F. schools to Canada

15. Mr. Ralston referred to the Aide Memoire which had been forwarded to Canada by the Air Ministry, in connection with the suggestion that further R.A.F. schools be transferred to Canada. He had raised the proposal in conversation with Mr. Churchill who had said that he had not been a party to any decision to transfer further schools to Canada - the Air Staff were thinking of 1942 and he was interested in fighting the war in 1941. In Mr. Churchill's view further transfer, at this time, was inadvisable.

Mr. Ralston had said that he did not like the reference in the Aide Memoire to training in the United States, as reflecting on the B.C.A.T.P. Canada should first have been consulted. This he had mentioned to Captain Balfour and Sir Archibald Sinclair. The Air Secretary did not appear to realize its importance, and subsequently Mr. Ralston had asked Mr. Pearson to take the matter up further with Air Ministry officials.

16. The Minister of National Defence for Air pointed out the physical impossibility of the U. S. undertaking further military air training. They simply had not the facilities, and this the U. K. government should understand.

Aircraft production in Canada

17. The Minister of National Defence for Air referred to the problem of the production of trainer aircraft by Federal Aircraft Limited which was charged with responsibility for the production of Anson twin-engine trainers. Whereas deliveries of ten Ansons in January, rising to one hundred by June of this year, had been promised, it now appeared that no Canadian Ansons would be available until September.

In the circumstances, it would be necessary for the U. K. to continue sending Ansons to Canada for

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training purposes, until September. On the other hand, we had plenty of single engine planes which could be used, at least to some extent, in place of Ansons.

Internees from the U. K.

18. The Minister of Mines and Resources said that he wished to obtain early direction with respect to an application which had been made on behalf of an internee who had been sent to Canada from the U. K., and whose family had previously been admitted to Canada and had settled here. It was likely that this internee would be released by the U. K. authorities and, in the circumstances, he felt that permission for him to remain in Canada might be given.

19. Mr. Crerar recommended that the government agree, as a matter of policy, to admit to Canada internees whose release was permitted by the U. K. government, where such internees had first degree relatives resident in Canada.

20. The Committee approved of Mr. Crerar's recommendation in this respect.

Procedure

21. The Prime Minister suggested that next week the Committee should meet to consider the programmes of the three Defence Departments.

22. It was agreed that at an early meeting this matter should be taken up.

23. Mr. Ilsley intimated that he expected that his advisers would be in a position to make a report in this connection, some time next week.

The meeting adjourned at 6.30 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

January 27th, 1941

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Ottawa, January 27th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Monday, January the 27th, 1941, at 3 o'clock.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner)
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Under-Secretary of State for External Affairs (Dr. Skelton),
The Secretary (Mr. Heeney).

Report of the Minister of Munitions and Supply, upon return from the U. K.

1. The Prime Minister suggested that, before the meeting proceeded to the consideration of particular questions, the Minister of Munitions and Supply, who had today returned from the United Kingdom, might give to the Committee his general impressions of the situation there.

2. The Minister of Munitions and Supply reported that he had been most deeply impressed by the spirit of the people. Morale was excellent, though nerves were beginning to show the inevitable effect of continuous bombing.

Enemy night bombings were now being better directed and serious damage was being done. Damaged plants were rapidly put back into operation and damage to production was not as great as might have been expected. A secret report estimated the net loss, through material damage and loss of time, at between 16% and 17% of productive capacity. There had been, however, no great gains in the extension of productive capacity. It was anticipated that losses from enemy action would be cut and the night bomber eventually defeated by new methods of defence.

3. Mr. Howe said that as a result of his discussions with the Minister of Supply and his staff, whom he had found efficient, able and co-operative,

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certain minor changes would be made in the Canadian munitions programme.

Means for improving the co-ordination of the supply programmes in Canada and the United States had been explored. Serious difficulties were, however, involved - the changing of standards in the middle of a war, the loss of time involved, and different views as to the efficacy of various types. Some progress had been made and agreement reached upon certain common types in armament and equipment.

4. Mr. Howe, with regard to the general strategic situation said that it was generally thought that invasion would be attempted before long. There was no thought of a British offensive in Europe before 1942; the aim would be to drive Italy from North Africa, so as to prevent Hitler gaining a foothold in the Mediterranean.

The First Lord of the Admiralty was deeply concerned with the problem of keeping open the sea lanes and protecting the British Isles with an available force of some 250 vessels, as compared with the 850 available in the last war. The ship building programme was going ahead well, at a rate of over 1,000,000 tons a year, and had so far been little interfered with by enemy action.

It was difficult to say how the actual defeat of Germany could eventually be accomplished. Germany would continue to command a vast superiority in army divisions. The numbers of planes at the enemy's disposal, and the shorter distances over which they had to operate, gave him distinct advantages. Invasion, all felt, could be beaten off, but the difficulties in the way of achieving positive victory, without internal trouble in Germany, were much more serious than he had appreciated before his visit to Great Britain. As yet there were no real signs of serious economic deterioration or weakness in Germany.

5. Mr. Howe said that all those with whom he had come in contact in the United Kingdom were most appreciative of Canada's war effort, both as regards munitions and supplies, and the armed forces. The Canadian Corps was widely regarded as the best trained and equipped in the British Isles.

Joint Air Training Plan - identification of Canadian pupils.

6. The Prime Minister read to the meeting a draft statement which it was proposed to make public regarding the agreement which had been concluded in London by Mr. Ralston, with respect to methods of identification of Canadian pilots and aircrews from the Training Plan.

(See Cabinet War Committee Minutes of January 2nd, 1941, page 1).

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7. The Minister of National Defence expressed the view that before any statement were made public, the U. K. government, as party to the agreement, should be consulted.

8. After some discussion, in which suggestions were made for the revision of the draft submitted, it was agreed that it be redrafted by Mr. Ralston and Mr. Power, and the revised text communicated to the U. K. government before publication.

Compulsory Military Training

9. The Minister of National Defence reported that the Chief of the General Staff, when in the United Kingdom, had sought advice as to the minimum period necessary to provide sufficient training to enable trainees to take their places in active army units. The system of exemptions and reserved occupations, in force in Great Britain, had also been the subject of study by General Crerar and himself.

In the light of information obtained in the United Kingdom, and experience in Canada, a revised training programme had now been worked out by the General Staff, with the object of meeting the government's wishes regarding the other Services, and war industry.

(See memorandum of January 26th, 1941, by the Chief of the General Staff to the Minister, re extension of period of compulsory training, to four months).

The proposed new programme, which carried the strong recommendation of the General Staff, and of the Minister himself, contemplated the extension of the period of compulsory training from one to four months. Its principal features were the following:

(a) The calling up for training, each month, of young men of 21 years of age.

It was estimated, on 1941 probabilities, that this would produce annually, 64,000 fit for military service.

(b) In principle, there would be no exemptions, though postponements might be allowed and a certain reduction in time permitted to key men in war industries.

(c) After two months's training, trainees would be given the opportunity of volunteering for active service in the R.C.N., and the R.C.A.F., and, upon representations from their respective employers, key men in industry could be withdrawn.

It was reckoned, on the basis of experience under the present training scheme, that this would leave, from each group called up, approximately 5,500 who would continue military training for two more months.

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(d) Existing centres would be utilized, for the two months basic and two months advanced training contemplated, for those called up under the compulsory programme.

(e) At the conclusion of the four months' course, those who volunteered for active service would be absorbed as re-enforcements or taken into active units. . The remainder would be posted to reserve units and return to civil life, being liable to recall if required for service in Canada, or for additional training.

(f) The cost of the new programme would be about $3,200,000 less than that of the present thirty day scheme; savings would also result for the Department of National War Services, as there would be fewer men to be medically examined and transported.

It was submitted that this proposal would provide a proper system of elementary military training for the young men of Canada in numbers appropriate to the needs of home defence. It would avoid calling up more men than necessary and would mean less disturbance to war industry. The continuance of the present training programme was regarded as wasteful and inefficient from the military point of view.

10. Mr. Ralston said that it was recognized that the needs of the aircraft industry might conflict, to some extent, with the proposed programme. It had been said that considerable numbers of key men in that industry were of 21 years of age.

Upon enquiry it had been found that this had been true of 7% in one aircraft factory, but of upwards of 2½% only in all industry. The matter of exemptions or reserved occupations should receive careful consideration.

11. The Committee then discussed Mr. Ralston's proposals at some length. Mr. Macdonald was not convinced of the need of giving four months' training to the numbers of men contemplated; adequate re-enforcements for active formations appeared to him to be already available in Canada and in England; he would continue the present thirty day programme on general grounds. Mr. Crerar emphasized the importance of doing nothing which would interfere with maximum production of supplies, at present the most important aspect of the war effort; it would be better to institute a recruiting campaign for any re-enforcements required. Mr. Gardiner felt that the principal need would be men for overseas service; the present proposals would not provide the numbers which would eventually be required.

Mr. Gardiner, Senator Dandurand and Mr. Crerar felt strongly that exemption, or at least seasonal adjustment would be necessary in the case

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of agricultural labour, particularly when the man involved was the sole help on the farm. Mr. Power pointed out that postponements would be difficult; at the same time he was opposed to any system of exemptions; this would inevitably lead to endless difficulties. Mr. Howe felt that exemptions should be restricted to agricultural labour and key men in munitions industries.

12. The Prime Minister expressed the opinion that every decision taken in respect of the war effort should be taken in the light of the reports of Mr. Ralston and Mr. Howe, which emphasized the vital importance of the next few months. What could Canada do to be of the greatest assistance in this period? The present proposals should be judged from that point of view.

13. Mr. Ralston stated that the proposed programme was not expected to provide for overseas service, but only for the defence of Canada. It would provide trained reserves who could replace active formations sent overseas. The percentage of volunteers for active service from the extended course was based on experience in the existing programme. The General Staff felt that minimum home defence requirements were three divisions, of which one should be on each Coast.

Army Programme 1941

14. The Minister of National Defence stated that he had expressed in a telegram sent to the Prime Minister and to the Associate Minister of National Defence, prior to his departure from England, his considered recommendations for an effective army programme for 1941.

(See telegram, Min.40, January 5th, 1941, from Cammilitary to Defensor).

The salient features of the programme were the immediate formation of an army tank brigade, the despatch overseas of the 3rd Division, in May, and of the Armoured Division in September. Re-enforcements would continue to be sent from re-enforcement depots in Canada, as and when required.

Army Tank Brigade

15. Mr. Ralston explained to the meeting the nature of the proposed army tank brigade. It would operate with the infantry and be equipped with Mark III tanks of the type which were to be produced in Canada this year. It would be formed from units already mobilized and partly trained, and be ready for service by the early summer. It would involve an additional expenditure of approximately $15,000,000.

The Chief of the General Staff and Lieut.-Gen. McNaughton strongly recommended this formation. It had been discussed with the War Office, who would welcome it, though not if the despatch of the Armoured Division were to be delayed as a result.

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Purchase of cruiser tanks

16. Mr. Ralston described the course of events leading up to the recommendation for authority for the obtaining of some 1,150 cruiser tanks required for the Armoured Division. A submission from the Department of Munitions and Supply in respect of the contract for the building of the tank hulls had already been approved; the additional amount was required for armour and armament. Of the proposed expenditure only some $83,000,000 would come within the next fiscal year.

17. The Minister of Munitions and Supply stated that unless orders were placed in the United States, for transmissions and engines, it was useless to proceed with the construction of the hulls.

Army, Navy and Air Programmes, 1941

18. The Minister of Finance stated that the War Requirements Board had now completed an exhaustive study of the national productive capacity in relation to the war effort. Officers of the Finance Department had also made a careful estimate of the national income for the coming year. The conclusions reached were that 1300 million dollars might be taken as the measure of the total maximum production of Canada for 1941-2, which would be available for war purposes, and 5300 million as the probable total national income. Preliminary estimates for the three Services had already reached 1500 million, though this figure probably included a considerable amount of "water". It was evident that the government would have to consider now where reductions in the Service programmes would be made.

19. Mr. Ilsley said that in the present fiscal year 800 to 850 million dollars would be spent. We were now spending at the annual rate of approximately 1000 million. This rate, it was estimated, could be raised to the 1300 million dollar figure which he had cited, but only by great strain and widespread sacrifices, for which the people of Canada were apparently not yet prepared.

20. The Prime Minister observed that the all-important problem of allotment, as between the three Services should receive immediate study and the Committee should, if necessary, meet daily until it had been settled.

21. It was agreed that the Minister of Finance, the Ministers of National Defence, and the Minister of Munitions and Supply should meet the following morning at ten o'clock to consider the Defence programmes for the coming year, in the light of the foregoing discussion, and that the Committee should meet the same day at 3 p.m., to hear their report and recommendations.

22. At the suggestion of the Minister of National Defence, the Chief of the General Staff (Maj.-Gen. H.D.G. Crerar), and the Assistant Deputy Chief of the General Staff (Col. E.L.M. Burns), entered the meeting to express the views of the General Staff, upon the proposed alteration of compulsory training programme, and the formation of the army tank brigade.

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Compulsory Training Programme

23. The Chief of the General Staff recommended strongly the extension of the compulsory training programme from one to four months. At an earlier stage he had favoured a thirty day programme, not only because of its good psychological effect, but also because of the shortage of equipment which prevented advanced training of large numbers of men. Four months was undoubtedly the minimum period within which a man could be given adequate individual military training. As to exemptions, there should be no difficulty in meeting, by selection, the seasonal demands of agriculture and the requirements of war industry.

In his view, three divisions were required for the defence of Canada. The proposed programme would provide men sufficiently trained to take their places in formations for home defence. The U. S. felt that it was essential to maintain a division in the Maritimes.

24. The Minister of National Defence for Naval Services enquired as to the need of military man power overseas. It appeared to him that there were adequate re-enforcements in the U.K., and in Canada, to meet existing needs and still leave sufficient men in Canada for home defence.

25. Major General Crerar and Colonel Burns, estimated annual requirements for re-enforcements at about 58,000 men. To meet these needs from existing active formations would not leave sufficient personnel for the defence of Canada. It was necessary to plan in advance for the institution of a training programme to meet eventual Canadian needs.

26. Major General Crerar, in reply to Mr. Macdonald's suggestion that too great emphasis was being placed upon land troops, stated that his discussions with the Commander in Chief of the Home Forces in the U.K., had convinced him that men were urgently needed to meet contingencies. For the defence of Britain, twenty-four divisions and beach brigades were needed, and the pressure of requirements for service in the Mediterranean was great.

Army Tank Brigade

27. Major General Crerar stated his reasons for recommending strongly the immediate formation of an army tank brigade. The Armoured Division would not be ready for action until 1942, while the proposed brigade would be ready within a few months to assist and co-operate with the Canadian Corps. Lieut.-Gen. McNaughton was of the same opinion and felt that the brigade should be organized at once, even if it meant delay in the availability of the Armoured Division.

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General strategic situation

28. The Chief of the General Staff, at the Prime Minister's request, indicated briefly his appreciation of the present strategic situation. He described the prospects for invasion of the British Isles, the probable course of events in the Mediterranean and the necessary policy, in so far as Europe was concerned, of undertaking no substantial offensive action during the coming year.

The meeting adjourned at 7 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

January 28th, 1941

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Ottawa, January 28th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Tuesday, January the 28th, at 4.15 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Secretary (Mr. Heeney).

Death of the Under-Secretary of State for External Affairs.

1. The Prime Minister referred briefly to the great personal and national loss which had been suffered in the sudden death, this afternoon, of Dr. Skelton, whose exceptional knowledge, experience and judgment made his services to the government invaluable, particularly at this time. It was doubtful whether any member of the government realized how much they had come to rely upon his wise counsel and advice.

2. Mr. King said that he proposed to have Mr. Norman Robertson appointed Acting Under-Secretary, to assume, immediately, the responsibilities of Deputy Minister of the department.

Army, Navy and Air Programmes, 1941.

3. The Minister of Finance reported that following the discussion at yesterday's meeting of the Committee, he had met, this morning, with the three Defence Ministers and the Minister of Munitions and Supply, to consider, with them, the proposed programmes of the three Services, for the coming year.

The Army and Navy programmes had been prepared and submitted in detail; there was still certain further information required from the Air Department.

The programmes proposed by the Defence Departments, including a rather arbitrary allowance for expenditures by Munitions and Supply, reach a total of 1500 million dollars, made up as follows:

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Army	-	$766,000,000
Navy	-	191,000,000
Air	-	452,000,000
Munitions and Supply	-	91,000,000
Total	-	$1,500,000,000

This total figure exceeded by 200 million dollars the maximum national productive capacity as estimated by the government's economic and financial advisers to be available for war purposes in 1941-2.

4. Mr. Ilsley impressed upon the Committee his view of the extreme gravity of attempting to raise and expend the huge proportion of national income represented by 1300 million dollars. It would mean a budget which would make people gasp. The public of Canada had not yet begun to realize what was involved in such large figures.

When to this amount were added some 350 million dollars, required for repatriation of Canadian securities, and estimated normal expenditures of 450 million dollars, the result meant a reduction of about 15% in the amount of the national income available for private expenditure. That was to say, there would require to be taken from the Canadian public, for all government purposes, all but 2700 million dollars of the national income.

5. Mr. Ilsley said that if the government so decided, he was prepared to undertake a war budget of 1300 million dollars and take the consequences. However, if he did so, he wished his colleagues to understand how great would be the strain and how severe the criticism and agitation to which the government would be subjected. Many people in Canada, such as those in the agricultural industry could be no further depressed; this meant that the increased burden would fall heavily upon, perhaps, half of the population.

Each of the Defence Ministers considered that all items in the programmes they recommended were important to the war effort. They were not inclined to accept reductions to permit of the total being brought down to 1300 million dollars. It had been suggested, this morning, that approval might be given to the programmes as submitted, but that Parliament be asked for 1300 million dollars only, on the assumption that delays in deliveries and failure to obtain certain materials or equipment would, in fact, result in expenditures during the coming fiscal year being short of the total amount involved, viz., 1500 million.

6. The Prime Minister stated that full consideration should be given to the effect upon our war effort, in subsequent years, of what is done in the next fiscal year. If the people felt that the burden was too heavy now, the result later would be serious, and the unity of Canada, absolutely essential to a maximum war effort, would suffer. So far Canada had met every

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request which had been made, without consideration of the total involved. It now appeared that the programmes proposed were beyond the national capacity. If this were so, and the government attempted to put them into effect, public resistance might be aroused and the results mitigate against maximum effectiveness.

Measures which could be of assistance within the next few vital months, should receive priority.

7. The Minister of National Defence observed that the advisers of the Minister of Finance took the view that increases in government expenditures for war purposes would be reflected in increased national income which in turn would provide for what it proved physically possible to produce. No doubt the Army programme contained items which would prove unobtainable in the coming fiscal year. For this reason he had suggested that we budget for 1300 million dollars only, but approve the whole 1500 million dollar programme. If it proved possible to spend the larger amount, then an increased national income, to provide therefor, would be available.

It should be possible to reduce the 91 million dollars allotted to Munitions and Supply. This had been provided for capital expenditures which would eventually be repaid by purchases of the Defence departments.

The Army proposals had been planned to provide a balanced programme without specific financial limitation. He was prepared to budget for 100 million dollars less than the 766 million dollars involved, if approval of all projects were to be given, on the understanding that if they could be completed within the fiscal year, additional funds would be provided. To make reductions on any other condition might endanger the programme in some vital particular.

8. Mr. King observed that he was inclined to doubt the theory that the more we spend, the more we were able to spend, as one upon which we could proceed indefinitely without serious consequences. It would be dangerous to depart from the usual practice with regard to the estimates. It would be preferable, in his view, to lay the whole programme before Parliament. The country would not understand the government budgetting for a larger amount than could be spent.

The figures given by the Minister of Finance, as the maximum expenditure for war purposes, of which the country was capable, should rather be taken as a working limit and we should do our utmost within that figure. It was the duty of the Committee to agree upon what constituted the country's maximum, and work out a balanced programme on that basis.

9. Mr. Ilsley expressed agreement with the Prime Minister; experience of the present fiscal year, during which some 800 million dollars only would have been spent for war purposes, led to the conclusion that it would not be possible to spend next year, at the outside, more than 1300 million dollars. He appreciated

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the difficulties of the Minister of National Defence, who naturally did not wish in any way to detract from what his advisers regarded as a necessary and balanced Army programme. On the other hand, and despite the dangers which he believed to be involved, he was not prepared to recommend a maximum figure below what he had been advised would be the total national capacity. That figure, however, should be taken as the limit within which the Services should adjust and balance their respective programmes.

As to reducing the amount fixed for Munitions and Supply, this could not be done substantially because of the inevitable lag between the extension of capital assistance and the return resulting from Defence orders.

10. Mr. Howe, in answer to an enquiry by the Prime Minister, stated that all possible steps were being taken to increase the construction of shipping in Canada. During the coming year a considerable number of 10,000 ton cargo vessels would be built.

11. Mr. Ralston and Mr. Howe, in answer to an enquiry by Mr. King, stated that the programmes proposed could be adjusted readily in the event of drastic alteration in the war situation by a major defeat of Great Britain in Europe, or a declaration of war by Japan.

12. The Minister of Mines and Resources expressed the view that the only possible course was to bring the Defence programmes within the total estimated capacity of the country. If the Services could not bring their estimates within the figure stated by the Minister of Finance, the Committee should go over their programmes, item by item, and determine where reductions should be made.

13. The Minister of National Defence for Naval Services said that he was prepared to make a reduction in the Naval estimates. 1300 million dollars for war purposes, in his view, represented a substantial and appropriate contribution by Canada. This should be regarded as peak expenditure, beyond which the country could not go.

14. The Minister of National Defence for Air stated the position of his department, under three headings:

(a) The Commonwealth Air Training Plan:

To this, and whatever expenditures were involved in carrying out the Plan, the government were pledged, and every reasonable means would have to be taken to carry out our obligations in this respect. No reduction could be made, except in minor details.

(b) R.C.A.F. squadrons in the U. K.:

We were committed to maintain three squadrons in active service in the British Isles. The cost of so doing was fixed, and incapable of reduction.

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(c) Home defence:

This involved - the purchase of patrol planes (PBYs) from the United States; expenditures for additional accommodation in Newfoundland for U. S. forces; and staging facilities for the Great Circle route. While expenditure for Newfoundland and for the air route to Alaska might be regarded as of secondary rather than immediate importance from the military point of view, the U. S. strongly urged their undertaking without delay. In his view the strengthening of relations with the U. S. was strong and sufficient reason for embarking upon the expenditures here involved.

15. Mr. King expressed agreement with Mr. Power as regards the undertaking of expenditure upon projects for home defence, regarded by the U. S. government as of major importance. Such expenditures would be insurance for Canada in the event of attack from the East.

16. The Minister of Justice reminded the meeting that, in all probability, the war would last for a number of years. There was always a tendency for expenditure to increase, and in making a decision upon defence expenditures for the next fiscal year, this fact should be borne in mind.

17. After further discussion, it was agreed:

(1) That the Defence departments and the Department of Munitions and Supply adjust their programmes for the fiscal year 1941-42, so as to bring them within a total figure of 1300 million dollars, this being regarded by the government's economic and financial advisers as the measure of the maximum physical capacity of the nation which could be made available for war purposes; and,

(2) That the Ministers of Defence and the Minister of Munitions and Supply confer as to the allotment of their respective programmes for the coming fiscal year within this limitation, and subsequently report thereon to the Committee.

18. Mr. Ralston stated that so far as the Army was concerned he did not propose to alter the programme which had been submitted, or eliminate any projects therein contained. By addenda to his draft estimates, he would, however, readjust total figures so as to bring about required reductions.

Compulsory Military Training Programme

19. The Prime Minister suggested that, following the discussion at yesterday's meeting of the recommendations of the Minister of National Defence, for the extension and amendment of the compulsory training programme, the Committee might now be prepared to approve the proposals which Mr. Ralston had submitted.

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20. The Minister of Justice said that, while he realized that there would be, in Quebec, protests against the announcement of such a revised programme, he was prepared to accept Mr. Ralston's recommendations in this respect. He wished to make it quite clear, however, that in so doing he was approving the extension of compulsory military training for home defence only, and not as a prelude to conscription for service overseas.

21. The Minister of National Defence reported that he had consulted with the Department of National War Services as to the possibility of seasonal adjustments for those engaged in agricultural pursuits. It had been suggested that such adjustments would be easier if made at the end of two months only. This, however, would interfere seriously with the proposed training programme.

22. The Minister of National War Services stated that while seasonal adjustments for farm workers, in a four months programme, would present some difficulties, he was confident that they could be made.

23. After further discussion the recommendations of the Minister of National Defence with regard to the extension and amendment of the compulsory military training programme, as submitted to the meeting of the Committee held on January the 27th, were approved.

Army Tank Brigade

24. The Prime Minister stated that the early formation of the Army Tank Brigade, recommended by Mr. Ralston, appealed to him as a measure of assistance which would be available in the emergency which it was felt would probably arise within the next few months; as such it would command public support.

25. The Minister of National Defence for Naval Services observed that it might be helpful if the Army Tank Brigade and the 3rd Division could be despatched overseas before the budget were brought down by the Minister of Finance.

26. The Minister of National Defence for Air agreed that, even if the 3rd Division could not be fully equipped in time, it would help psychologically if it were to be in the U. K. when the anticipated emergency arose.

27. It was agreed that these factors should be borne in mind in timing the introduction of the Budget into Parliament.

28. After further discussion, the Committee approved, in principle, the formation of an Army Tank Brigade, as recommended by the Minister of National Defence.

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Canadian Armoured Division

29. The Committee discussed further Mr. Ralston's recommendations with regard to the Canadian Armoured Division and confirmed authorization already given for its establishment and despatch overseas as and when circumstances permitted.

(See Cabinet War Committe Minutes of August the 13th, 1940, page 7).

Permanent Joint Board on Defence

30. The Minister of National Defence for Air referred to the Tenth and Eleventh Recommendations of the Permanent Joint Board on Defence, which had been referred to the Minister of Finance for report, following approval by the three Defence Ministers. The Tenth Recommendation in respect of the construction of staging facilities between the U.S., and Alaska was of urgent importance and was being pressed strongly by the U.S.

31. The Minister of Finance reported that he had examined both of these Recommendations from the financial point of view and that, in the circumstances, he was not prepared to raise any objection to their approval by the government.

(See Cabinet War Committee Minutes of December the 13th, 1940, page 7).

32. The Committee thereupon approved the Tenth and Eleventh Recommendations of the Permanent Joint Board on Defence.

Recruiting of pilots in the U.S. - Dominion Aeronautical Association.

33. The Minister of National Defence reminded the meeting that on a previous occasion (December 18th, 1940), the Committee had authorized the formation of an auxiliary flying association for the purpose of obtaining civilian pilots from the U.S., for employment in various non-military duties incidental to the operation of the Training Plan.

Plans for the incorporation of the association and arrangements for its operation under contract with the government had been completed. Formal recommendations had been prepared and, if the Committee were agreeable, they would be submitted to Council. These recommended authorization for the incorporation of the company, to be known as Dominion Aeronautical Association, Limited, and for an agreement with the company as to the carrying out of its functions.

34. The Committee, thereupon, approved, in principle, recommendations of the Minister of National Defence for Air, for the incorporation of the Dominion Aeronautical Association Limited, and for the conclusion of an agreement with the said company for the locating, examining, training and employment of skilled civilian personnel, in connection with the British Commonwealth Air Training Plan.

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Transfer of further R.A.F. schools to Canada.
J.A.T.P. - financial arrangements with the U. K. government.
J.A.T.P. - Exchange of senior officers, R.C.A.F. and R.A.F.

35. At the suggestion of the Minister of National Defence for Air, it was agreed that he should confer with the Minister of National Defence with regard to the above questions, all of which had been the subject of consideration with the U. K. government, during Mr. Ralston's visit to the U. K.

Convalescent hospitals in Canada.
Hospital accommodation at Camp Hill, Lancaster and Calgary.

36. The Secretary reported that Treasury Board had requested that a recommendation of the Department of National Defence, regarding home war establishment for convalescent hospitals for the Canadian Army, including immediate approval of two such hospitals, be considered by the Committee in relation to the general policy regarding the classes of hospitalization to be undertaken by the Department of National Defence and the Department of Pensions and National Health. The Board were of opinion that a clearly defined policy, in respect of the division of work between the two departments should be established.

Four specific recommendations of the Minister of Pensions and National Health, regarding additions to Camp Hill and Lancaster hospitals, and the purchase of property and construction thereon of the hospital in Calgary, had been referred by the Committee on December the 10th and 13th, 1940, to a Special Committee, of which the Director General of Medical Services, of the Department of National Defence, was Convener. The Special Committee had now reported and copies of their Report had been sent to Mr. Power, as Associate Minister of National Defence.

37. Mr. Heeney stated that he had discussed the matter, briefly, with Mr. Power and Mr. Ralston. In the circumstances it would seem appropriate to refer both of these matters to Mr. Ralston and Mr. Power, for consideration with the Minister of Pensions and National Health, and subsequent report to the Committee.

38. It was, accordingly, agreed that the questions referred to in paragraph 36 above be referred to Mr. Ralston and Mr. Power, for consideration with Mr. Mackenzie, and subsequent report.

Recruiting of radio mechanics in the U. S.

39. The Prime Minister reported that since this matter was last discussed by the Committee, the Minister of Munitions and Supply, when in Washington, had conferred with Sir Gerald Campbell. Mr. Hankinson of the High Commissioner's Office, had communicated to Mr. King a message from Sir Gerald, to the effect that there was now no doubt that the President would take a favourable view of recruiting for this purpose, in the United States, and that it would be in order for Mr. King to make a request in this respect to Mr. Roosevelt. The Prime Minister had indicated to Mr. Hankinson that as the matter

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was one which concerned the U. K. government, any request that were to be made of the President, should be made by the British Embassy.

40. The Minister of Munitions and Supply reported that Sir Gerald Campbell had told him that informal enquiries had been made of the President, through an unnamed intermediary, and that the reply had been that Mr. Roosevelt was not opposed to such recruiting being undertaken. A formal enquiry of the U. S. government had now been made by the British Embassy. No answer had as yet been received.

41. The Prime Minister reiterated the views which he had expressed, when the matter had last been discussed by the Committee.

(See Cabinet War Committee Minutes of January 20th, 1941, pages 8 and 9).

The Canadian government should be willing to assist in any possible way, apart from recruiting, for example, by receiving candidates obtained by representatives of the U. K. government, and arranging for them to be sent overseas. In view, however, of the fact that service was to be with U. K. forces, and that persons recruited would not be under the control of Canada, the Canadian government should not undertake responsibility for actual recruiting. Furthermore, he had given a specific undertaking to the President, in this matter. It would be permissible to have Canadians used for purposes of medical examination of recruits in the U.S., but they must not be used as recruiting agents for the Royal Air Force.

42. The Minister of National Defence for Air pointed out that even the President, under U. S. law, would be unable to give any binding undertaking that no prosecution would be instituted for breach of neutrality legislation by recruiting activities.

43. While the extreme urgency of the obtaining of large numbers of radio mechanics at this time was recognized, it was agreed that the previous decision of the Committee, in this respect, should stand.

(See Cabinet War Committee Minutes, January the 20th, 1941, page 9).

Interception of Japanese vessels

44. The Prime Minister reported that enquiries had been received from the U. K. government as to whether the Canadian government would concur in the diversion to Vancouver of two Japanese vessels, thought to be carrying contraband from South American ports, to Japan. It was suspected that cargoes carried in these vessels were destined for enemy countries. It was proposed, therefore, that they should be intercepted in the Pacific and brought to Vancouver, to be detained there by the Canadian government, with a view to seizure, providing the U. S., and Canadian governments were agreeable.

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45. Mr. King expressed the view that such steps as were contemplated would be dangerous and might be the cause of a serious incident which would affect relations with Japan. Recent communications had shown the serious possibilities of Japan declaring war on Great Britain. It would be unwise for Canada to give any grounds for drastic action on the part of the Japanese. The British Columbia coast was virtually unprotected.

Dr. Skelton had prepared a draft telegram to the Canadian Legation in Washington, directing that the matter be taken up with the State Department to obtain the views of the U. S. government.

46. After further discussion, it was agreed, that the possible price of such advantage as might be derived from the action contemplated, was too high, that the matter be discussed with the U. S. government, and that, thereafter, the governments' views be communicated to the U. K. government.

The meeting adjourned at 7.25 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

January 29th, 1941

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Ottawa, January 29th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, January the 29th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

St. Lawrence Waterways

1. The Prime Minister reported to the meeting the substance of his conversations, earlier this afternoon, with the U. S. Minister, on the subject of the St. Lawrence Waterway. He had impressed upon Mr. Moffat that the Canadian government must judge the development of the St. Lawrence for navigation as well as power purposes, in the light of war needs. The present position of the United Kingdom was most grave. Canada was determined to do her utmost to assist Great Britain at this critical time, and the forthcoming budget would make provision, accordingly, for expenditure for war purposes based upon the maximum productive capacity of the nation.

It was essential, therefore, if the government were to be in a position to conclude an agreement with the United States, that the whole project should be justifiable as a war measure. A public and written statement by the President, that he regarded it as such, would be a necessary preliminary to the introduction into Parliament, at this time, of legislation relative to an agreement.

Mr. Moffat was going to Washington tonight and would report to the President.

Army, Navy and Air Programmes 1941

2. The Minister of National Defence reported that the Army estimates for the coming fiscal year were being reduced by something over 100 million dollars, with the reservation which he had made at the Committee's previous meeting. There had been no opportunity as yet of conferring further with the other Defence

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Ministers as to the combined programme.

3. The Minister of National Defence for Air reported that direction had been given to reduce Air estimates to 400 million dollars, with the same reservation.

4. The Prime Minister requested that, when available, the combined programme of all three Services, showing the allotment between them of the agreed maximum, should be submitted to the Committee for approval.

Purchase of cruiser tanks

5. The Minister of Munitions and Supply, referring to the requisition of the Department of National Defence for 1,157 cruiser tanks for the Armoured Division, stated that an early decision should be made to permit of the ordering of the necessary transmissions and engines from the United States.

He recommended the placing of the order for the total number, now, in order to retain priority in the U. S. market. Being a common type, the order or part of it could be cancelled at any time, without loss.

6. The Committee, accordingly, approved, in principle, the purchase of 1,157 cruiser tanks, for the use of the Armoured Division and, in part, of the Army Tank Brigade.

Army Tank Brigade

7. At the request of the Minister of National Defence, the Committee authorized the replacement, from Canada, of such infantry tanks as might require to be obtained from U. K. sources, to equip the Army Tank Brigade, in order to permit it to take the field in the early summer.

Aircraft production in Canada

8. The Prime Minister referred to the severe criticisms which had been expressed in many quarters as to the aircraft production programme and, particularly, the alleged failure of Federal Aircraft Limited, the government-owned company, to make full use in this respect of the industrial capacity of Canada. It had been widely contended that production was inadequate; that the powers accorded the Director-General of Aircraft Production were insufficient; that the right types of aircraft were not being built; that the production in Canada of aircraft engines should have been undertaken long since. It was being said that the success of the British Commonwealth Air Training Plan, and Canada's war effort in the air, were being jeopardized as a result of the lack of a vigorous and co-ordinated policy on the part of the government.

9. The Minister of Munitions and Supply stated that there was some truth in the criticisms to which the Prime Minister had referred. Production had been disappointing and forecasts in respect of production schedules had been over-optimistic. This

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was the fault, however, of the industry rather than the government. The primary cause had been the undeveloped pre-war condition of the aircraft industry which had been incapable of responding like other industries to the needs of wartime expansion.

The loudest criticism had come from manufacturers who were themselves far behind in deliveries. All units of the industry had been given ample government orders which remained unfulfilled.

As to Federal Aircraft, this company had been organized by the government to broaden out the industry. Had it not been for the problem of necessary re-design, which had entailed inevitable delay, its performance might have been better. As it was, a recent survey made by a Vice President of General Motors Corporation showed that the company was doing as well as should have been expected. Full production in the Anson programme was now anticipated for July. Meantime the U. K. would be able to supply all twin engine trainers needed for the Joint Air Training Plan. There would be no interruption or interference with training as a result of the failure of the industry and of Federal Aircraft to live up to their production schedules.

As to the adequacy of powers given to the Director-General, he had himself told Mr. Bell not to have anything to do with Federal Aircraft. A new General Manager had been retained and it was anticipated that progress from now on would be satisfactory. It was not proposed to dissolve Federal Aircraft simply because of the criticism which had been voiced by certain newspapers.

The problem of engine production was a difficult one and many obstacles had been encountered in negotiations with both U. K., and U. S., firms. Plans now being considered contemplated engine construction on a comparatively small scale to produce a 1200 horsepower engine solely for Canadian requirements. Were it not for public opinion it would be more efficient to continue to obtain engines for Canadian aircraft from U.S., and U.K. sources.

Despite the difficulties which had been met, Canada would soon be building her own requirements in trainers and fighters, and consideration was being given to Canadian production of the large type bombers so urgently required by the R.A.F.

Ferrying of aircraft to the U. K.

10. The Minister of Munitions and Supply reported that the U. K. government were most anxious to have the Canadian government undertake responsibility for the obtaining of pilots and the ferrying of planes across the Atlantic. Existing arrangements under the U. K. Ministry of Aircraft Production had not been a success. The problem would grow progressively heavier as British orders were filled in the United States.

11. The Minister of National Defence for Air expressed the view that if the R.C.A.F., were requested to assume responsibility for obtaining pilots for ferry

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purposes, this could be done, but so long as existing arrangements continued, it would not be possible for the Canadian government to interfere.

13. The Minister of National Defence confirmed Mr. Howe's report of the anxiety of the Air Ministry on this score. Shipping space would be insufficient by a very large margin, to transport the planes purchased by the British in the U. S. The U. K. government would be most grateful if Canada could undertake to train bomber pilots from the B.C.A.T.P., for ferrying purposes.

14. After further discussion it was agreed that the Minister of National Defence for Air should take up with the Air Staff the possibility of setting up a suitable organization to train and provide pilots for ferrying purposes.

Greenland
Establishment of air base

15. The Minister of Munitions and Supply stated that a landing field in Greenland was regarded by the U. K. government as of vital importance in view of the numbers of short-range aircraft which could make the Atlantic crossing only if landing facilities were available in Greenland.

16. The Minister of National Defence for Air stated that very high priority was given to this project by the U. K. government. As yet no reply had been received from the U. S. government to our enquiries in this respect, although an acknowledgement had been received stating that the matter would be dealt with as urgent.

17. It was agreed that the project should again be taken up with the U. S. government, and the Canadian Legation in Washington should be instructed to press for an early answer.

Internees from the U. K.

18. The Minister of Mines and Resources requested direction with respect to a request by Research Enterprises Limited for the release of a Class B internee who had technical qualifications which would render him useful in the work being carried out by the company.

19. After some discussion it was agreed that permission might be given for this internee to remain in Canada, provided that the U. K. authorities were prepared to release him, upon being made fully aware of the exceptionally secret nature of the work in which it was proposed that he be employed.

Escaped prisoner of war

20. The Minister of National Defence reported the result of a full investigation which had been made into the circumstances surrounding the escape of certain prisoners of war lately arrived in Canada from the U.K.

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One of these prisoners, an air force officer, had succeeded in reaching the United States, and had been the subject of considerable newspaper publicity.

21. The Acting Under-Secretary of State for External Affairs explained that word had been received from the Canadian High Commissioner as to the particularly dangerous character of the man in question; notification to that effect had been sent to the Director of Internment Operations.

He explained to the Committee the difficulty in the way of any request to the U.S. government that the prisoner in question be interned or extradited.

Progress of the war

22. The Prime Minister read to the meeting a number of communications from the U. K. government regarding the progress of the war:

Greece had refused further assistance from Great Britain, for fear that the result would be to create a Balkan front and provoke aggression by Germany in that area; present indications were that Germany would not become involved unless Britain interfered.

Japan - an appreciation by the U. K. Chiefs of Staff of the danger and scale of possible Japanese military action on the west coast of North America, concluded that such a move on a large scale was improbable if not impossible.

Abyssinia - The U. K. government would make an early announcement of their willingness to recognize Haile Selassie.

Transfer of Atlantic Bases to the U.S. - Discussions in London

23. The Prime Minister reported that in reply to a request of the Canadian High Commissioner, a reply had been despatched naming L. B. Pearson and Commodore Murray, R.C.N., to attend, on behalf of Canada, the discussions presently taking place in London between representatives of the U.K., and U.S. governments. A telegram had also been sent to Mr. Massey instructing him as to the Canadian government's attitude in respect of bases in Newfoundland.

Exchange of High Commissioners with India

24. The Prime Minister reported that a suggestion had been made by the U. K. Secretary of State for India that Canada exchange High Commissioners with India. It was not, however, considered that the present was an appropriate time to take such action.

The meeting adjourned at 6.15 p.m.

A. D. P. Heeney
Secretary.

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January 31st, 1941

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Ottawa, January 31st, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office in the East Block, on Friday, January the 31st, at 6.45 p.m.

There were present the following members:

The Prime Minister,
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson).

(Mr. Robertson acted as Secretary).

Newfoundland

U.K.-U.S. discussions in London

1. The Minister of National Defence for Air raised the question of the status of and instructions for those attending, on behalf of Canada, the discussions regarding the transfer of Atlantic bases to the United States. A long and detailed agenda had been agreed upon by the conference and had been communicated to the government by the Canadian High Commissioner.

(See telegram No. 173 of January 29th, 1941, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs).

Lord Cranborne had suggested to Mr. Massey that Canadians attending the meetings should do so in the capacity of observers rather than delegates, inasmuch as the discussions, so far as Newfoundland was concerned, would deal mainly with questions of jurisdiction and administration within the competence of the Newfoundland government. For political reasons the U. K. government considered it important that Newfoundland should appear as the principal in negotiations in these matters with the U. S. representatives.

(See telegram No. 176 of January 20th from the Canadian High Commissioner, London, to the Secretary of State for External Affairs).

2. It was pointed out that in so far as Newfoundland was concerned, the items on the agenda involved questions almost exclusively of interest to the governments of the United Kingdom, the United States and Newfoundland itself, and that Canada's primary

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concern was to preserve rights "actual or potential" in the operational control of the Newfoundland Airport and related services.

3. It was agreed, in the circumstances, to accede to the request of the U. K. government that Canadian representatives should attend the discussions in London as observers only, and that a communication to that effect should be sent to the Canadian High Commissioner, with a reminder that the major Canadian interest lay in the preservation of Canadian rights under arrangements with Newfoundland authorities regarding operational control of the Newfoundland Airport.

(See telegrams No. 158 and 161 of January 31st, 1941, from the Secretary of State for External Affairs, to the Canadian High Commissioner, London).

Report of enemy submarine off the Atlantic Coast

4. The Minister of National Defence for Naval Services, in answer to an enquiry by the Prime Minister, stated that there had been no more definite confirmation of renewed reports of an enemy submarine operating on this side of the Atlantic, than of many such previous reports. It was, however, quite probable that German submarines would be operating off the Atlantic Coast before the summer was out.

Joint Air Training Plan - recruiting in Canada.

5. The Minister of National Defence for Air stated that it was his intention to raise, shortly, the question of recruiting in Canada of numbers of air crews required to maintain the increasing schedule called for under the Air Training programme.

It would be necessary for him to ask his colleagues for priority in enlisting young men between the ages of eighteen and twenty-eight, who had the physical and educational qualifications required.

From July the 1st next, the programme would require recruits at the rate of about 2,200 men a month. The U. K. Air Ministry had suggested that air crews for R. A. F. schools, transferred to Canada, should be recruited here; if this suggestion were accepted, some 600 additional men a month would be needed.

This large recruiting programme was bound to raise the question of priority as between the needs of the different Services, and some supplementary recruiting from the United States appeared to be inevitable.

Mr. Power stated that he was not now asking the Committee for any expression of view, but merely serving notice that this very large question would, in the near future, require the Committee's serious consideration.

Hostel accommodation for naval ratings and merchant seamen, Halifax.

6. The Minister of National Defence for Naval Services referred to the need of additional hostels in Halifax for merchant seamen and naval ratings. The Navy League building which was being rented by the Department of National Defence for Air, for $13,000 a year,

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could be purchased by the government for $200,000; if this were to be done, the Navy League would be prepared to spend $100,000 in establishing and operating hostels in Halifax.

7. The Minister of National Defence for Air stated that his advisers were at present not prepared to approve the offer of more than $100,000 for the building, for which they could see no post-war use by the Department.

8. No decision in this respect was taken by the Committee.

Travelling expenses for British Military Attache, Tokyo.

9. At the request of the Minister of National Defence, the Committee approved a recommendation of the Chiefs of Staffs Committee that Colonel G. T. Wards, Assistant Military Attache to the British Embassy at Tokyo, be offered additional travelling expenses, amounting to $1,085, to enable him to travel via Canada on his transfer from Japan to India, so that he could discuss with the Defence Staffs, the military situation in Japan.

Defence of Canada
Conversion of Coast Defence Battalions to Infantry Battalions

10. Upon the recommendation of the Minister of National Defence, the conversion of existing coast defence battalions to infantry battalions, at a cost of $1,996,604 was approved, in principle, by the Committee.

Army Tradesmen's School

11. Upon the recommendation of the Minister of National Defence, approval was given to the expenditure of $467,500 for the acquisition of land, near Hamilton, for the establishment of the Army Tradesmen's School. This project had already received prior approval, in principle, by the Committee.

(See Cabinet War Committee Minutes for December 10th, 1940, page 3, and January 20th, 1941, page 4).

Canadian Army Overseas Programme
Reorganization of Artillery overseas

12. The Minister of National Defence reported that because of the reorganization of Field Artillery Regiments, now overseas, into three Battery Regiments, resulting from the adoption of the findings of the "Bartholemew Committee", certain batteries had been made available, for conversion to other artillery roles. It was, therefore, proposed by the General Staff that certain changes in the artillery units, at present abroad, should be made. Approval of these changes was regarded as of urgent importance so that reorganization could be undertaken immediately.

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13. The Committee thereupon approved reorganization of Canadian Artillery overseas, in accordance with Mr. Ralston's recommendation; the total commitment involved being estimated at $5,706,358, of which $2,151,150 would be expended during the present fiscal year, and $3,555,208 during the year 1941-42. A further amount of $4,398,019 was included in estimates for 1941-42 to cover current expenditures during that fiscal year.

13. Mr. Ralston also reported that it was proposed to attach to the Royal Canadian Artillery overseas, one further Light Anti-Aircraft Battery; the cost of this unit was estimated at some $379,000, of which some $288,000 would be non-recurring, as covering transportation to the United Kingdom. This recommendation was also consequent upon the findings of the "Bartholemew Committee".

14. The recommendation of the Minister of National Defence, in this respect, was approved in principle.

Formation of the 3rd Divisional Reconnaissance Battalion

15. The Minister of National Defence stated that the formation of reconnaissance battalions had been authorized for the 1st and 2nd Divisions, and it was now proposed that a similar unit be formed for the 3rd Canadian Division, in view of its anticipated early despatch overseas. The costs of this proposal, which was recommended by the Minister, had been estimated to involve a commitment, during the balance of the fiscal year, of $1,308,081, of which part would not be expended until 1941-42. The costs for 1941 and 1942 had been included in the annual estimates for that year at $1,491,165.

16. The Committee, accordingly, approved, in principle, the formation of a 3rd Divisional Reconnaissance Battalion, as recommended by Mr. Ralston.

Munitions and Supplies

17. The Minister of National Defence stated that the Defence Council had requested that they be furnished with a list of the personnel and terms of reference of all Interdepartmental Committees operating "within the field of war production".

The meeting adjourned at 7.30 p.m.

N. A. Robertson

N. A. Robertson
Acting Secretary.

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Ottawa, February 3rd, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Monday, February the 3rd, at 3.45 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Compulsory Military Training

1. The Committee considered, and, with certain revisions, approved a draft statement submitted by the Prime Minister for immediate publication, with regard to the alterations in the compulsory military training programme which had been authorized at the meeting of January the 28th.

Public Information - B.B.C. broadcasts in German

2. The Prime Minister reported that a request had been received through the U. K. High Commissioner's Office, that the Canadian Broadcasting Corporation be asked not to repeat material broadcast in German by the B.B.C.

3. After some discussion the Committee agreed that, in the circumstances, it would be inadvisable to take any action in this respect.

Near and Middle East

4. The Prime Minister read to the meeting a communication from the U. K. government describing the reply which had been sent to the Commander-in-Chief of the British Forces in the Middle East, in answer to his request for an indication of terms which might be considered acceptable, in the event of an Italian request for a termination of hostilities.

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The U. K. government had stated that they would welcome the re-appearance of an independent Ethiopia, with regard to which, however, they were not prepared to make permanent military commitments. Italy might be permitted to retain Eritrea and Italian Somaliland, provided that Italian forces were disarmed. The public statement concerning Emperor Haile Selassie would probably be made on February the 4th.

5. Mr. King also read a communication from the U. K. government describing events which the government of Turkey had indicated that they would regard as a "casus belli".

Greenland -
establishment of air base

6. The Prime Minister reported that word had now been received, through the Canadian Legation in Washington, that the U. S. State Department had communicated with their Consul in Greenland instructing him to suggest that Greenland authorities should request the U. S. to send experts immediately to investigate the possibility of establishing a civil aerodrome and meteorological and wireless station in the south of Greenland. Pending his reply, the whole question of the defence of Greenland, including specifically further defence measures at Ivigtut, was being reviewed by the War Plans Division of the Army and Navy.

(See telegram No. 44 of January 31st, 1941, from the Canadian Charge d'Affaires, Washington, to the Secretary of State for External Affairs, Ottawa).

7. The Minister of Munitions and Supply and the Minister of National Defence for Air emphasized the extreme need of immediate action being taken to establish, in Greenland, staging facilities to permit of the ferrying of short-range aircraft from the United States to Great Britain. The construction of a landing field was urgent, not as a defence measure but primarily to enable the large number of planes on order, for which shipping space could not be obtained, to be delivered for service in and about the British Isles. The procedure being taken by the U. S. government did not meet the need for immediate action in this respect.

8. Mr. King explained the reasons of policy which had doubtless led the U. S. administration to wish to proceed upon a request from the Greenland authorities. The U. S. desired to maintain Greenland as part of the Western Hemisphere free from belligerent operations; it was important from their point of view that no precedent should be set which might be invoked by Japan with respect to the Netherlands East Indies. In relation to Greenland, Canada and the U. S., had so far proceeded by agreement in the co-operative measures taken with local authorities, and in the despatch of Consuls.

9. After further discussion, it was agreed

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that because of the urgency, the Canadian Legation in Washington should confer with Sir Gerald Campbell, with a view to impressing upon the State Department the need for immediate action to establish facilities in Greenland.

Ferrying of aircraft to the U.K.

10. Mr. Power and Mr. Howe both impressed upon the meeting the urgent need of completing, at an early date, arrangements for an adequate ferry service for the delivery of planes across the Atlantic. While the Air Ministry were anxious for the Canadian government to tackle this problem, the organization set up in North America for this purpose by the U. K. Minister of Aircraft Production was still in existence, though the results it had obtained were far from satisfactory.

11. Mr. Power stated that a plan had now been prepared for the establishment of an R.A.F. training centre for ferry pilots at Debert, N.S. Air Commodore Slesser was strongly in favour of this being put into operation at once, and the R.C.A.F. were ready to co-operate and to arrange for graduates of the Air Training Plan to be used as second pilots.

Newfoundland -
U. K.-U. S. discussions in London

12. The Prime Minister read a telegram from the Canadian High Commissioner regarding the progress of conversations in London. Difficulty had arisen because of the U. S. claim for privileges in waters and air "adjacent" to leased areas. This affected Canadian naval and shipping interests in relation to the harbour at St. John's, Newfoundland.

(See telegram No. 194 of February 3rd, 1941, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs).

Newfoundland
establishment of Labour Agency

13. The Minister of National Defence for Air reported that the Chairman of the Canadian Section of the Permanent Joint Board on Defence had informed him of the anxiety of his U. S. colleagues at the slow progress in construction of defence works in Newfoundland. U. S. officers were anticipating the probability of their being involved in the war by midsummer, and, consequently, the eventual use of U. S. aircraft for convoy service. Such aircraft would utilize Newfoundland bases, and for this reason, it was felt that the building programme should be pushed forward as rapidly as possible. It had been suggested that a single labour agency should be set up by the Newfoundland government to improve the present unsatisfactory situation, by avoiding competition for labour, providing for the importation, where required, of workmen, the settlement

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of disputes, rates of wages, and, generally, to devise and administer labour policy efficiently with a minimum of disturbance to local economy.

A draft telegram to the Canadian Legation in Washington was submitted, directing that this proposal be communicated to the U. S. government, with the suggestion that the U. S., and Canada should appoint representatives to such a body.

14. After some discussion the Committee approved the despatch of the draft telegram submitted, and agreed that the proposal to establish a single labour agency with U. S., and Canadian representation, should be taken up with the Newfoundland government, provided the U. S. government were agreeable.

(See telegram No. 27 of February 4th, 1941, from the Secretary of State for External Affairs to the Charge d'Affaires, Canadian Legation, Washington).

Newfoundland
additional accommodation for U.S. forces

15. The Minister of National Defence for Air stated that, following surveys which had been made, U. S. engineers had now reported that substantial additions would require to be made to accommodation which had been planned for U. S. aircraft and crews at the Newfoundland Airport. This additional accommodation involved estimated expenditure of $4,000,000, beyond that which had already been authorized and undertaken by the Canadian government for this purpose.

16. Mr. Power said that despite the further substantial expense involved, he felt that it was justified by the importance, for the defence of Canada, of the presence of U. S. air forces in Newfoundland.

17. The Committee expressed general agreement with Mr. Power's recommendation in this respect, it being pointed out that the principle of providing for U. S. forces in Newfoundland, at Canadian expense, had already been approved.

Munitions and Supplies -
U. K. purchases in the U. S.
British Supply Council in North America

18. The Prime Minister referred to the appointment of the Minister of Munitions and Supply as a member of the British Supply Council in North America. Public announcement of Mr. Howe's appointment had been made and the Canadian government had been informed in advance.

19. Mr. Howe explained that the purposes of setting up the new organization was to co-ordinate British purchasing in the United States. While Canadian supply to the U. K., was not directly involved, representation on the Council would permit of proper co-ordination of British and Canadian buying in the United States.

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Canadian firemen for the U. K.

20. The Minister of National War Services referred to a recent telegram from the Canadian High Commissioner in London, stating that in view of developments of concentrated attacks and consequent strain on fire fighting personnel, the Home Office were anxious to re-open discussions regarding offers of firemen from Canadian municipalities, and that a proposal to have Canada supply 1,000 trained men might shortly be anticipated.

(See telegram No. 3 of January 2nd, 1941, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs).

21. Members of the Department of National War Services had discussed this matter in London with the Home Office, and as a result of a departmental study and report presented to him, Mr. Gardiner recommended that the government agree, in principle, to render this assistance, to the extent of 1,000 men.

If the government were prepared to do this, it remained to be decided whether volunteers would be enlisted in the army, or in a special organization set up for the purpose. Pay, transportation, allowances and other costs would also require consideration.

22. The Minister of National Defence referred to the difficulties which would be involved were firemen to be taken on army strength, while Mr. Power drew attention to the expense which would be involved in setting up a separate organization, with consequent further problems related to pay and allowances.

23. The Prime Minister referred to the discussion last week leading to agreement in fixing a limit representing the maximum effort of which the country was capable, during the coming fiscal year. The attention of the Committee had been directed by the Ministers concerned to the magnitude of the problems represented by commitments already entered into.

24. After further discussion it was agreed that a reply should be sent to Mr. Massey's telegram, stating that since the return of the Ministers of National Defence and Munitions and Supply, the Canadian war programme for the coming year had been settled upon a basis of the estimated maximum national capacity in men, money and materials, that consequently the government would prefer not to assume the organization of a fire fighting force; if, however, the problem was pressing, it was felt that the U. K. government should, themselves, undertake responsibility for organization, control and compensation of fire fighting personnel who might be recruited for the purpose, in Canada.

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Recruiting of radio mechanics in the U.S.

25. The Minister of National Defence for Air, in answer to an enquiry by the Prime Minister, stated that he had taken the opportunity when writing Sir Gerald Campbell on another matter, to make a personal enquiry as to his views of the present situation with regard to the recruiting of radio personnel in the U.S.

26. The Minister of National Defence enquired whether all possible Canadian sources had been exhausted. Large numbers of R.D.F. personnel were required, for the army and navy, as well as for the air force; perhaps Canadian universities might prove a useful field from which to obtain additional volunteers.

27. Mr. Power reported that the R.C.A.F. had succeeded in recruiting some 100 officers and 600 men. A further examination of Canadian resources was being made, based upon the results of the national registration.

28. The Prime Minister emphasized the importance of complete frankness in all dealings with the U. S. government, particularly with respect to possible recruiting activities. The President and the U. S. Administration were anxious to do everything possible for Great Britain. Canada should avoid taking any step which might result in hampering their efforts.

It was equally important that communications involving the U. S. government should follow official and established channels. Informal negotiations through irresponsible intermediaries might lead to great mischief being done to the cause of British assistance by the U.S.

Transfer of further R.A.F. schools to Canada

29. The Minister of National Defence for Air referred to the expressed desire of the Air Ministry to send to Canada additional R.A.F. elementary and advanced training schools. The Chief of the Air Staff, upon his return from the U. K., had confirmed telegrams which had been received to this effect from the Air Ministry.

At the Committee's meeting on January the 24th, Mr. Ralston had reported that Mr. Churchill had expressed to him the view that further transfer at this time was inadvisable.

30. The Secretary read Mr. Massey's telegram of January the 8th regarding a communication from the U. K. Secretary of State for Air, in connection with the further expansion of air training in Canada.

(See telegram No. 37 of January 8th, 1941, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs).

31. Mr. Heeney observed that the above telegram had been followed by an aide memoire

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from the Air Ministry referring to the severe restrictions on flying training in the U. K., resulting from the course of the war, and the heavy aerodrome requirements for operational purposes which made difficult the completion of the U. K. portion of the planned expansion of flying training there. The aide memoire went on to "ask Canada to contemplate, at any rate, before the middle of 1941, the transfer from the U. K., of additional training units", that was, additional to those R.A.F. units which Canada had already undertaken to accept.

(See R.C.A.F., message of January 9th, 1941, Roycanairf, London, to C.A.S., Ottawa).

32. After further discussion, it was agreed that the Minister of National Defence for Air should prepare a draft cable, for despatch from Prime Minister to Prime Minister, asking to be informed of the wishes of the U. K. government regarding the transfer of further R.A.F. training schools to Canada, in order that the Department of National Defence for Air might survey the possibilities of such action, since Canada was anxious to do everything possible to assist in the matter of air training.

Army, Navy and Air Programmes, 1941
recruiting in Canada

33. The Minister of National Defence for Air stated that it was estimated the Commonwealth Air Training Plan, to December 1941, would require between 22-23,000 recruits for air crews only. It was necessary to keep three months' supply in hand.

As he had remarked at the previous meeting, this would mean that a fairly intensive recruiting campaign of a special character would have to be undertaken. The most fruitful sources of recruits appeared to be the universities and high schools, the army, and the United States.

34. The Minister of National Defence stated that the army programme called for a minimum of 40,000 and a maximum of 80,000 recruits during the coming year. This was a serious problem. The navy would require 10,000, and the efficiency of war industry must also be protected.

35. After some discussion, it was agreed that the Army, Navy and Air Force staff officers in charge of personnel, should confer with a view to co-ordinating their recruiting programmes and with the particular object of avoiding unnecessary interference with war industry.

Chemical warfare
experimental and training area

36. The Minister of National Defence stated that an informal enquiry had been received from the Acting U. K. High Commissioner, as to whether Canada

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would be prepared to provide a suitable area for chemical warfare experiments and training.

Detailed proposals had been prepared as a result of preliminary discussions which had taken place between the U. K. Ministry of Supply and the National Research Council - alternative areas in Alberta and Saskatchewan were contemplated.

37. After some discussion it was agreed that Mr. Ralston should inform Mr. Hankinson that the Canadian government were prepared to co-operate in the establishment of a chemical warfare centre; mutually satisfactory terms and conditions to be the subject of discussion.

Permanent Joint Board on Defence - appointment of supply member

38. The Minister of Munitions and Supply referred to the recommendation of the Board that a war industry member be appointed by each of the two governments. He was heartily in agreement with the recommendation which had been approved by the government, and would shortly make a nomination as to a Canadian supply representative.

39. The Secretary pointed out that the President had approved this recommendation, subject to the concurrence of Mr. Purvis and Mr. Morgenthau.

The meeting adjourned at 6.55 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Ottawa, February 11th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Tuesday, February the 11th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Associate Minister of National Defence and Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Canadian publicity in the U.S.

1. The Prime Minister read a long telegram just received from the Canadian Charge d'Affaires in Washington, concerning publicity in the United States with regard to Canada's war effort. Mr. Mahoney reported that certain U. S. newspapers were contending that since Canada, a member of the British Commonwealth, had not provided "lend-lease" legislation to assist the United Kingdom, Congress should not enact the bill now under discussion in the U. S. Senate Foreign Affairs Committee. The telegram pointed out the possibility of serious misrepresentation, by opponents of the bill, of the extent of Canada's contribution, by reference to figures with respect to the U. K. financial position, submitted to the Committee of the House of Representatives by the Secretary of the Treasury. In the circumstances, it was urged that immediate action be taken to put the Canadian position in its proper light. It was suggested specifically that a public statement be made, on behalf of the Canadian government, to offset isolationist opposition to the pending legislation by use of a false analogy.

(See Most Immediate and Secret telephoned message No. 52, dated February 11th, 1941, from the Canadian Charge d'Affaires, Washington, to the Secretary of State for External Affairs, Ottawa.)

2. The Committee considered the situation at some length and discussed the various proposals which had been put forward in Mr. Mahoney's telegram.

At the Prime Minister's request,

the Deputy Minister of Finance, and
the Director of Public Information,

entered the meeting.

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3. Mr. King pointed out the danger of having the Canadian government appear to intervene in what was a domestic issue in the United States. While opponents of the Lend-Lease Bill might seek to create a false impression of the extent of Canada's war effort, any attempt on the part of Canada to enter the controversy would embarrass the administration and prejudice the issue. Accurate information might, however, be made available, informally, through U. S. correspondents in Canada.

The reply to attempts at unfavourable comparison between Canada's war effort and the objects sought in the Lend-Lease Bill was that Canada was actually in the war. There was no need for any similar legislation in Canada - our contribution was freely given, equipment, weapons and men serving in the theatres of war.

4. After further discussion it was agreed that it would be undesirable to adopt the expedients suggested by the Canadian Legation, but that the Deputy Minister of Finance should indicate to the Director of Public Information the facts of Canada's relationship with the U. K., in respect of the war effort, and that Mr. Lash should, informally, pass this information on to selected U. S. newspaper correspondents.

5. The Minister of Finance drew attention to a movement to compel the Ontario Paper Company to agree with other newsprint producers in Canada to limitation of production, for the reason that the Company was a subsidiary of the anti-British Chicago Tribune. Such a step would be construed as an attempt by Canadian authorities to influence U. S. editorial opinion, and the movement should be discouraged.

6. The Committee agreed with Mr. Ilsley's views that any such move by the newsprint companies would be unfortunate and should be discouraged.

Canadian Legation, Washington

7. The Prime Minister referred to the necessity of adding to the strength of Canadian diplomatic representation in the U. S., in view of the Minister's ill health. At this critical time, Canadian representation in Washington should be of the strongest.

8. A number of names were considered in this connection, the general opinion being that an outstanding Canadian should be selected, at as early a date as possible. Mr. Leighton McCarthy, K.C., whose services had been offered to the government, was regarded by the Committee as a person whose appointment would be particularly suitable.

Progress of the War

9. The Prime Minister read a number of recent communications with regard to the progress of the war, including:

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(1) Balkans and Near East. It was evident that German preparations for a thrust through Bulgaria were being accelerated.

(2) Far East. The anti-British trend of Japanese policy was increasingly evident. Official expression had been given to the Japanese programme of "peaceful" expansion eastward, for economic development.

(3) Invasion of the British Isles. The progress of enemy preparations for an early attempt at invasion was noted. March the 10th was regarded as the earliest likely date.

(4) Ireland. The Canadian High Commissioner expressed his views of the conditions upon which Ireland would agree to abandon a policy of neutrality.

(5) Spain and Portugal. The probable attitude of the two governments, in the event of a German thrust southward to Gibraltar, was forecast.

British Blockade Policy - interception of neutral vessels.

10. The Prime Minister read a telegram from the Secretary of State for Dominion Affairs expressing the concern of the U. K. government at increasing efforts by Germany to obtain supplies by the Trans-Siberian route. It was proposed to intercept vessels bound for ports in the Far East, where there was reason to believe that goods, destined for the enemy, were being carried. It was thought that interception of a few such ships would have a strong deterrent effect. Information was requested as to whether the Canadian government would agree to vessels intercepted in the Eastern Pacific being brought into B.C. ports for contraband control examination.

(See Circular D. 60 of February 9th, 1941, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs, Canada).

11. Mr. King observed that the Committee had already given consideration to the question of possible Canadian co-operation in the interception and detention of Japanese vessels. At that time it had been decided that the risk which would be incurred would be greater than any advantage likely to accrue from the seizure of contraband. Since the Committee's last meeting, a specific request had been made for Canadian action to intercept two Russian vessels bound for the Far East.

12. The Minister of National Defence for Air and the Minister of National Defence for Naval Services expressed the opinion that, in view of the virtually unprotected state of Canada's Pacific Coast, it would be advisable to delay, so long as possible, any steps which would be likely to precipitate hostile action on the part of Japan.

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13. After further discussion, it was agreed that a reply should, at once, be sent to the U. K. government, expressing frankly the government's opinion that, in view of accumulating evidence of the risk of war in the Far East, it would be unwise to persist in plans for interference with Japanese and Russian shipping in the Pacific, for the comparatively small advantage to be gained. Reference should be made to the meagre British naval forces in the Pacific, the inadequacy of coastal defences in British Columbia, and the presence there of a large Japanese population.

(See telegram No. 23 of February 11th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

Sales of Canadian wheat to Japan

14. The Prime Minister reported that as a result of enquiry by the Australian government, it had been ascertained that a sale of 50,000 tons of Canadian wheat to Japanese interests was likely to be made in the near future. No reply had been received from the U. K. government to an earlier enquiry whether it would be helpful if export permits for the shipment of wheat for Japan were to be required and refused. The question was in reality a domestic one which the government would have to decide in the light of political and economic considerations involved.

15. After some discussion it was agreed that, in present circumstances, a large sale of Canadian wheat to Japan would be undesirable, and that the Wheat Board should be informed of the government's view in this respect. No action, however, was taken with regard to export license requirements.

Polish refugees from Japan

16. The Prime Minister reported that a request had been received that Canada should agree to accept, for the duration of the war, 79 of a group of some 400 Polish refugees from Japan, all of whom would be vouched for by the Polish government.

(See telegram No. 17 of February 7th, 1941, from the Canadian Charge d'Affaires in Japan, to the Secretary of State for External Affairs, Ottawa).

17. It was agreed to accept the 79 Poles from Japan, on the understanding that these would be included in the number of 1,000 refugees whom it had previously been agreed to accept from dangerous areas in Europe.

Reception of allied refugees from dangerous areas.

18. The Prime Minister reported that word had now been received from the Canadian High Commissioner in London, enquiring whether the government would inform the allied representatives in Ottawa of the government's decision, or whether this should be done by the U. K. government.

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19. It was agreed that the allied representatives in Ottawa should be informed of the government's consent to the acceptance of 1,000 refugees.

Recruiting of Czechoslovaks in Canada.

20. The Prime Minister reported that the Czechoslovak government had requested that the Canadian government consent to receive a Czechoslovak military mission to engage in the recruiting and training in Canada of Czechoslovaks for service with the allied forces. It was proposed that the Canadian government grant a credit for this purpose.

(See letter of February 4th, 1941, from the Consul General of Czechoslovakia, Montreal, to the Minister of National Defence, Ottawa).

21. The Acting Under-Secretary of State for External Affairs explained the policy which had been adopted towards recruiting in Canada by agencies of other allied governments. The Netherlands, Norwegian, Polish and Belgian governments had been informed that, subject to certain specified conditions, they might enlist their own nationals in Canada. No financial assistance had been given in these cases;recruitment was, of course, voluntary, and Canadian nationals were not to be enlisted. A report would shortly be submitted by the Department of National Defence with regard to the status and jurisdiction of military agencies of allied governments in Canada.

22. After some discussion it was agreed that the Canadian government could extend no financial credits for the purpose suggested, and that the Czechoslovak government should be informed that their military mission would be received on the same basis as other allied recruiting agencies already operating in Canada.

(See telegram No. 206 of February 13th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Canadian High Commissioner, London).

Recruiting of radio mechanics in the U. S.

23. The Prime Minister read a reply which had been sent, with his approval, to the Acting U. K. High Commissioner, in reply to a further enquiry as to the extent to which the Canadian government were prepared to co-operate in the recruitment of R.D.F. personnel in the United States.

(See letter of February 10th, 1941, from the Acting Under-Secretary of State for External Affairs, to the Acting U. K. High Commissioner, Ottawa).

24. The Minister of National Defence for Air referred to the statement in Mr. Hankinson's letter to Mr. Robertson, of February the 5th, that "President Roosevelt had no objection to recruitment of this kind ..... providing recruiting stations were not actually opened in the United States". It was difficult to

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understand how effective recruiting could be done without opening recruiting offices, for the necessary personal investigation, trade testing and medical examination of candidates. Such being the case, it was also difficult to see how violation of U. S. neutrality laws could be avoided.

25. Mr. Power stated that it had been reported by Colonel A. A. Magee, upon his return from Washington, that the President was alleged to have expressed surprise that Canada had not already undertaken recruiting in the U.S., and further that Mr. Roosevelt knew of no undertaking which had been given by Canada that recruiting would not be carried on.

26. The Prime Minister stated that in conversation with him, the President had been most emphatic and categorical upon the subject of recruitment. Mr. Roosevelt had said to him that, while there would be no objection to Canada receiving such persons as might cross the border to join allied forces there, recruiting in the U.S., should on no account be undertaken. Enquiry might now be made of the President whether his attitude, in this respect, remained the same.

27. After further discussion it was agreed that, in view of what were considered by the Department of National Defence for Air to be the minimum requirements for the undertaking of recruitment in the U. S., further enquiry should be made as to the methods which the U. K. government contemplated which would avoid the necessity of opening recruiting stations, and consequent violation of U. S. neutrality.

28. It was agreed that Mr. Power should communicate with the Minister of Munitions and Supply, now in Washington, in order that Mr. Howe might discuss the matter further with the British Embassy.

Greenland -
establishment of air base

29. The Prime Minister reported that word had been received from the Canadian Legation in Washington, that the State Department were seized with the urgency of the aerodrome problem, and had agreed to the sending of an expedition in the immediate future. The U. S. Consul had reported that Greenland would be pleased to receive a group of U. S. experts.

(See telegram No. 47 of February 5th, 1941, from the Canadian Charge d'Affaires, Washington, to the Secretary of State for External Affairs, Ottawa).

Ferrying of aircraft to the U. K.

30. The Minister of National Defence for Air reported that he was now advised that it would probably be impossible to establish staging facilities in Greenland, in time to permit fighters and medium bombers to be ferried this year. Alternative plans, involving the construction of improvised runways on rafts were being considered.

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31. Mr. Power said that the situation with regard to the supply of ferry pilots was confused. The Air Ministry wanted the R.C.A.F., to take the matter over; the Aircraft Production Ministry were apparently unwilling that this be done. The R.C.A.F. were prepared to make an aerodrome available to the R.A.F., for the training of ferry pilots, but no request had yet been received. It was hoped that Mr. Howe would be able to clarify the situation upon his return to Canada.

Wings for Britain

32. The Minister of National War Services requested direction regarding an application of certain persons for the registration, under the War Charities Act, of a fund to be known as "Wings for Britain". The intention of the applicants was to appeal for funds for Canadian and British war purposes. It was proposed that donations from the U. S. should be solicited.

(See letter of February 6th, 1941, from the Minister of National War Services, to the Secretary).

33. The Committee agreed that Mr. Gardiner should approve registration of the application submitted.

Control and destination of "Spitfire" and other privately raised funds.

34. The Minister of National Defence for Air enquired as to how special funds which were collected by private subscription for the purchase of "Spitfires" and similar purposes were being dealt with.

35. The Minister of Finance stated that where the object was contribution to the U. K. government, the Canadian government were not concerned.

36. The Minister of National War Services stated that his department provided for the registration of such private projects as applied therefor. No investigation, however, was made unless application was made for registration. He would take the matter up with the R.C.M. Police.

Department of National War Services - Auxiliary Services Branch - liaison officer

37. Upon the recommendation of the Minister of National War Services, the Committee approved the appointment of a liaison officer to confer with the Auxiliary Services Branch of the Department of National Defence.

Permanent Joint Board on Defence

38. The Prime Minister submitted the Journal of Discussions and Decisions covering the Board's meetings at Montreal on January the 20th and 21st, 1941. Copies of the Board's Journal, for these two meetings, had already been sent to the Defence Ministers, and to the Minister of Munitions and Supply.

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39. In accordance with the usual practice, the Journal of the Board, and the recommendations therein contained, were regarded as referred, for any necessary recommendations, to the Ministers of Defence and Munitions and Supply. The Thirteenth and Fourteenth Recommendations of the Board, contained in this report, were referred to the Minister of Finance for report as to commitments involved, for Canada, in the event of approval.

Transfer of further R.A.F. schools to Canada

40. The Minister of National Defence for Air, in answer to an enquiry by the Prime Minister, reported that no message had yet been prepared, for despatch to Mr. Churchill, regarding the transfer of further R.A.F. training schools to Canada. It had been thought advisable, before communicating formally with the U. K. government, to have the Chief of the Air Staff communicate with the Chief of the U. K. Air Staff to ascertain the present status of the Air Ministry's proposals in this respect.

Chemical warfare
Experimental and training area

41. Mr. Power reported that, as Associate Minister of National Defence, he had written to the Acting U. K. High Commissioner in accordance with the decision taken at the last meeting of the Committee.

(See Cabinet War Committee Minutes of February 3rd, 1941, page 8, paragraph 37).

St. Lawrence Waterways

42. The Prime Minister read two draft communications which had been prepared, for his signature, by the Department of External Affairs in consultation with the Department of Transport, the one addressed to the U. S. Minister, the other to the Premier of Ontario.

43. Mr. King stated that both of these communications would require revision. The letter to the U. S. Minister should make it clear that, in present circumstances, the government would prefer not to proceed now with the St. Lawrence scheme, in whole or in part. The U. S. government would presumably reply setting out their contentions as to the immediate importance of proceeding with the scheme as a war measure.

Pacific Coast Defence -
anti-submarine net at Prince Rupert, B.C.

44. Upon the recommendation of the Minister of National Defence for Naval Services, the Committee approved, in principle, an expenditure of $98,200, for which provision had been made in the 1941-42 estimates, for the laying of a second line anti-submarine net at Prince Rupert, B.C.

Mr. Macdonald pointed out that this additional

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protection was required as a result of recommendations of the Permanent Joint Board on Defence.

Exchange of military information with Australia

45. Upon the recommendation of Mr. Power as Associate Minister of National Defence, the Committee approved the exchange of military information between the Canadian and Australian General Staffs.

Publicity in connection with Prisoners of War

46. The Associate Minister of National Defence asked direction regarding the request of a U. S. journalist for permission to visit camps where prisoners of war were interned, for the purpose of gathering material upon Canada's war effort for publication in U. S. papers.

47. The Secretary submitted a memorandum which had been prepared for the Prime Minister by a Sub-Committee of the Committee of the Chiefs of the Intelligence and Censorship Branches, regarding the publication of information concerning the arrival and disposition in Canada of prisoners of war.

The memorandum directed attention to the following grave results of permitting such publicity:

(1) Disclosure of the presence in Canadian ports of ships which might be assumed to be available for troop movements eastward;

(2) Identification of prisoners;

(3) Contravention of the Defence of Canada Regulations, Article 16 (d).

The Sub-Committee recommended that, in future, no information whatsoever should be given to the press concerning these questions.

(See memorandum for the Prime Minister, dated February 11th, 1941).

48. After some discussion, it was agreed that the request submitted to Mr. Power be refused, and that the recommendation of the Chiefs of the Intelligence and Censorship Branches regarding the publication of information concerning the arrival and disposition in Canada of prisoners of war, be approved.

Canada-U.K. Bacon Agreement

49. Mr. Gardiner, as Minister of Agriculture, submitted a draft telegram to the U. K. government regarding a request which had been received for the supply of 75,000,000 pounds of bacon, additional to that provided for under the present Bacon Agreement. The draft telegram submitted contemplated revision upward of the price upon future deliveries under the existing contract.

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50. After some discussion it was agreed that the telegram submitted should be revised so as to retain the existing price arrangement under the present contract; conditions for the additional purchase proposed to be the subject of separate negotiations.

Hostel accommodation in Halifax

51. The Minister of National War Services reported that the National War Charities Funds Auxiliary Board, had recently examined the budgets of war service organizations in contemplation of their forthcoming appeals to the public. The Advisory Board were of opinion that it was unwise to have included in such appeals amounts for capital expenditures for huts and hostels; it was recommended that such expenses should be borne by the government.

52. After some discussion it was agreed that an amount of $35,000 each, for hostels at Halifax, should be admitted to the campaign budgets of the Knights of Columbus, the Salvation Army, and the Canadian Legion War Services, and that, where the urgency was sufficient, advances for this purpose be made by the government to the agencies concerned; furthermore that if the urgency were sufficient, a similar amount of $35,000 be advanced to the Navy League for a fourth hostel in Halifax.

(See letter of February 7th from the Minister of National War Services, to the Secretary).

The meeting adjourned at 7.25 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

February 18th, 1941.

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Ottawa, February 18th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Tuesday, February the 18th, at 5.15 p.m.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),

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(Mr. Robertson acted as Secretary).

War Requirements Board

1. The Minister of Munitions and Supply raised the question of the status of the Wartime Requirements Board, which, in his view, had not been performing the functions for which it had been designed. The Board's usefulness had been adversely affected by press publicity during recent weeks. If the Board were to be continued it might be transferred from the Department of Munitions and Supply to another department, or, alternatively, it might be required to report through the Secretary of the Cabinet War Committee.

2. The Minister of National Defence read from a confidential report prepared by Colonel G. S. Currie of his department, regarding possible re-organization of the Board. This report contended that, as at present constituted, the Board was advisory only, lacked administrative authority and was inadequately geared into the machinery of the Defence and Munitions and Supply Departments. In the circumstances, it should be dissolved and its functions transferred to the Economic and Statistical Section of the Munitions and Supply Department. In its place a War Production Council might be established, co-ordinate with the Defence Council, and made up of representatives of the Defence Departments and the Departments of Munitions and Supply, and Finance.

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Munitions and Supplies
U. K. government programmes in Canada and the U.S.

3. The Minister of Munitions and Supply read a secret memorandum prepared by Mr. Keenleyside of the Department of External Affairs, regarding The Integration of War Industry in Canada and the United States. In the Minister's view the references in the memorandum to liaison between the Canadian and U. S. defence programmes reflected unfairly upon his department.

4. After some discussion the Acting Under-Secretary of State for External Affairs was directed by the Prime Minister to have Mr. Keenleyside discuss this matter with Mr. Howe and the Minister of Finance.

5. Mr. Howe stated that he was gravely concerned at the possible effect upon the Canadian economy of arrangements which would be put into effect under the Lease-Lend Bill when it was enacted, and the enlargement of such arrangements to include U. K. requirements of raw materials and food stuffs. The full force of these developments was as yet far from clear. As a Canadian member of the British Supply Council, however, he had been disturbed by recent exchanges of telegrams between the U. K. government and the British Purchasing Commission, in which it was suggested that there might be considerable transfers of United Kingdom purchases from Canada to the United States.

Canadian Legation in Washington

6. The Prime Minister explained the arrangements under consideration to give more effective representation to Canada, in Washington. Mr. Leighton McCarthy, K.C., had been offered the post of Canadian Minister, and it was proposed to give Mr. Loring Christie a prolonged leave of absence, with pay. If Mr. Christie's health continued to improve, he might be in a position to open one of the new Legations in South America.

In view of the increasing importance of financial and economic liaison with the U. S. Treasury, consideration was being given to the addition to the Legation's establishment of a Financial Attache. The name of Mr. J. E. Coyne, Secretary of the Foreign Exchange Control Board had been suggested as appropriate for such a post.

Imports of passenger automobiles from the U. S.

7. The Prime Minister read a letter from the U. S. Minister conveying the appreciation of the U. S. Secretary of State at the action of the government in meeting Mr. Hull's representations regarding the importation into Canada of passenger automobiles and the qualification of restrictions in this respect.

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Recruiting of radio mechanics in the U.S.

8. The Minister of National Defence for Air read a memorandum which had been prepared, for communication to the U. K. government, describing the steps which were being taken in Canada to recruit additional R.D.F. personnel. The memorandum also raised a number of specific questions regarding recruitment, to which it was hoped that the U. K. government would reply as soon as possible.

9. After some discussion it was agreed that the memorandum submitted by Mr. Power be approved for communication to the U. K. government, with the addition of an enquiry regarding allocation as between the two governments, of the costs involved.

(See letter of February 20th, 1941, from the Acting Under-Secretary of State for External Affairs, to the Acting U. K. High Commissioner; also telegram No. 256, of February 21st, 1941, from the Secretary of State for External Affairs, to the Canadian High Commissioner in London).

Ferrying of aircraft to the U. K.

10. The Minister of National Defence for Air read a telegram which had been sent by the Minister of Munitions and Supply to Lord Beaverbrook, setting forth the views of Mr. Howe regarding the inadequacy of the present organization for ferrying planes from the U. S. to the British Isles, and containing an appreciation of the problem by Mr. Power, from the R.C.A.F. point of view.

The telegram urged upon Lord Beaverbrook the magnitude of the operations involved in arrangements for ferrying large numbers of fighters, as well as bombers, and emphasized the importance of early direction from the U. K. government.

(See telegram No. 459 from Defensor to Canmilitry, for Lord Beaverbrook and Captain Harold Balfour).

Defence of Newfoundland - accommodation for U. S. artillery personnel

11. The Minister of National Defence recommended that authorization be given to proceed with the construction, in Newfoundland, of accommodation for the crew of the U. S. coast defence battery and its guns, mounted in St. John's Harbour, outside of the leased area; the estimated cost was $50,000.

12. The Committee approved in principal the recommendation of Mr. Ralston in this respect.

Purchase of anti-tank guns

13. The Minister of National Defence recommended that authorization be given for the purchase of 7 cwt. Mk. I anti-tank guns, required for the 3rd and 4th Divisions, the Armoured Division, and training centres - a total of 195 guns. This order, if approved, would involve a

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total additional outlay of $2,854,215, and spare stores and components, $370,000.

14. The recommendation of Mr. Ralston, in this respect, was approved by the Committee.

British blockade policy
interception of neutral vessels (U.S.S.R.)

15. The Prime Minister stated that the U. K. government had enquired whether the Canadian government would be prepared to reconsider their views regarding the interception, in the Pacific, of vessels belonging to the U.S.S.R., and their diversion to a Canadian port for contraband examination.

16. After some discussion it was decided not to modify the position, in this respect, already taken and communicated to the U. K. government by telegram.

(See telegram No.23 of February 11th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

Anti-Fascist Volunteers

17. The Acting Under-Secretary of State for External Affairs stated that the U. K. government had forwarded an official request through the Canadian High Commissioner in London, that the government facilitate the transit through Canada, and accommodation while here, of a number of anti-Fascist volunteers who were being assembled in New York and who would be sent to Great Britain for training. The cost of their transportation and accommodation in Canada would be borne by the U. K. government. Local arrangements for their reception could be made by the R.C.M. Police and the Immigration authorities.

18. The Committee approved of acceding to the U. K. government's request, in this respect, and of arrangements being made accordingly.

The meeting adjourned at 8 p.m.

N. A. Robertson
Acting Secretary.

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February 26th, 1941.

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Ottawa, February 26th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Wednesday, February the 26th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

There were also present:

The Chief of the Naval Staff (Rear Admiral Nelles),
The Chief of the General Staff (Major-General Crerar),
The Chief of the Air Staff (Air Vice-Marshal Breadner).

The Minister of National Revenue was present during discussion by the Committee of exports of asbestos to Japan.

Exports of asbestos to Japan

1. The Prime Minister said that he had asked the Minister of National Revenue to be present in order that he might assist the Committee in giving consideration to the question of asbestos exports to Japan. Enquiries had been made by the press concerning a Japanese vessel which was reported to have sailed carrying a cargo of Canadian asbestos to Yokohama.

Asbestos had been the subject of consideration with the U. K. Ministry of Economic Warfare, whose suggestions had resulted in quantitative and qualitative restrictions upon exports. Shipments to Japan this year had been small, and in the lower groups; only 184 tons, in group 3 (spinning fibre), could by any possibility be used for munitions. The Metal Controller had decided to permit monthly shipments of not more than one-twenty-fourth of the five year average of spinning fibres.

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2. After some discussion, it was agreed that the Minister should make a public statement, indicating, in general terms, the comparatively small quantities and limited grades of asbestos included in recent exports to Japan.

At this point Mr. Gibson left the meeting.

Exports of wheat to Japan

3. The Prime Minister reported that despite the recent decision of the government not to allow wheat exports to Japan, pressure continued to be brought to bear by interested parties to have permits granted, at least for limited shipments.

In view of the active support which Japan was giving to the Axis Powers, the critical situation in the Far East, and the strong anti-Japanese sentiment in British Columbia, there should, however, be no qualification of the previous decision.

4. The Acting Under-Secretary of State for External Affairs explained that a second application for an export permit contemplated sufficient quantities to load two vessels which were en route to Canada before the imposition of license requirements. Australia was permitting substantial cash sales; the U. S. had imposed no restrictions.

5. After further discussion it was agreed that, in the circumstances, no permit should be given for the export of wheat to Japan.

Defence of Canada

6. The Prime Minister stated that, since the outbreak of war, the government, upon the advice of the Chiefs of Staff, had consistently followed a policy of sending all possible aid to Britain. This had been regarded as the sound policy for Canada to follow, despite the fact that, of necessity, it has involved the weakening of Canada's own defences. In view of the recent course of the war, the Chiefs of Staff had been requested to review the state of the home defences and, in the light of their appreciation of the present military situation, to advise the government what course should now be followed.

7. The Chief of the Naval Staff reported that the present state of naval defences was not adequate to deal effectively with "tip-and-run" raids of the kind which must be regarded as a possibility with the coming of spring. Naval protection for the Atlantic Coast consisted at present of: one R.C.N. destroyer fit for service, British destroyers and more powerful units engaged in convoy duty to and from Canadian ports, and forces in the West Indies areas. This situation would be improved materially in the near future by the return of two of our own destroyers to re-fit, and the arrival about the middle of next month of the Second Submarine Flotilla, R.N., comprising eight submarines and a mother ship.

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While the present weakness of Canadian naval defence had to date been "justified by events", consideration should now be given in the changed circumstances to retaining, on this side, the two R.C.N. destroyers returning for repairs.

It should be borne in mind that at no time would Canada have been in a position to deal with a pocket battleship, even had we retained all our naval forces.

8. The Chief of the Air Staff reported that there were available for coast defence bomber aircraft capable of acting as a deterrent to raids by enemy naval units. On the East Coast there were now four bomber reconnaissance squadrons, of which one could operate 600 miles from its base.

While trained pilot personnel in these squadrons had been reduced by 50% to meet demands for instructors for the Air Training Plan, this situation would be improved by April or May, as a result of the Plan's output. In any event, pilots could always be taken from the Plan for operational duty. There was nothing to be gained for home defence by reducing the numbers of air crews proceeding overseas.

9. The Chief of the General Staff reported that, so far as men were concerned, there were sufficient army formations manning coast defences and in reserve to deal with any scale of attack that might be anticipated. Canada was not now parting with guns or equipment which would be of value for home defence. Coast defences from the army viewpoint were reasonably strong, except as regards anti-aircraft guns and equipment, in respect of which existing provision was inadequate.

10. The Minister of Justice enquired whether, in view of the emphasis which the U. K. government continued to give publicly to the provision of ships and planes, it might not be of greater assistance were Canada to divert to these purposes resources at present being utilized in the army expansion programme.

11. The Minister of National Defence and General Crerar replied that from the information and experience they had gained in the U. K., they were convinced of the great importance of army man-power. At present the Germans had ready and equipped for invasion six divisions more than were available for defence. The U. K. government were most anxious that Canada should, as quickly as possible, despatch the 3rd Division and the Armoured Division. This had been made clear to them on several occasions.

12. Mr. King read a number of extracts from the Committee's Minutes showing that the government had, from the first, realized the serious implications, in regard to home defence, of pursuing the policy of sending to Britain every possible assistance, naval, military and air. They had, in formulating this policy, taken, and followed, the advice of their Chiefs of Staff. The government, however, had not failed to appreciate their responsibility for the defence of Canada and they had realized that

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severe criticism might be anticipated on the grounds that Canadian defences had been depleted to a dangerous extent.

13. The Prime Minister read an appreciation of the situation which, at his request had been prepared by the Chiefs of Staff Committee.

(See Chiefs of Staff Committee - Brief appreciation of the situation as of the 24th February, 1941).

Mr. King enquired whether the officers present agreed that the government had followed the policies which they had advised, whether they wished to add to their written appreciation and, in the present circumstances, what course of action they wished to recommend with regard to Canadian defence.

14. The Chiefs of Staff agreed that the policy which the government had pursued had been in accordance with the best judgment of the Services. So far as the present situation was concerned it would not be reasonable to expect re-enforcements from the United Kingdom. At present the only possible source of material assistance for Canadian defence, was the United States.

15. After further discussion it was agreed, with the concurrence of the Chiefs of Staff, that while, at present, no request should be made for assistance, the defensive position of Canada, as set out in the appreciation submitted by the Chiefs of Staff Committee, should be communicated to the U. K. government.

Enquiry into aircraft disaster in Newfoundland

16. The Minister of National Defence reported that a telegram had been received from the Governor of Newfoundland requesting the Canadian government to provide the personnel for a court of enquiry to investigate the loss in Newfoundland of the plane carrying the late Sir Frederick Banting. The plane in question was en route to the British Isles.

17. The Minister of Munitions and Supply expressed the view that, while the government were not technically responsible for the operation of the aircraft involved, the company operating the ferry service was a Canadian company and some degree of responsibility for the enquiry could not be avoided. In the circumstances the government should accede to the request.

18. After further discussion, it was agreed that Canadian personnel should be made available to compose the court of enquiry; for this purpose the names of Air Commodore G. V. Walsh (in a civil capacity) as Chairman, Stewart Graham of the Department of Transport, and Wing Commander Adams (in a civil capacity) were recommended by the Chief of the Air Staff, and approved.

The Chiefs of Staff then left the meeting.

Munitions and Supplies -
U. K. government programmes in Canada and the U.S.

19. The Prime Minister read a telegram from the U. K. government regarding possible effects of the enactment of the U. S. Lease-Lend Bill, with particular reference to the British purchasing programme in Canada.

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(See Cypher telegram No. 31 of February 19th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Canada).

20. Mr. King submitted a draft reply which had been prepared by the Department of External Affairs, in consultation with the government's financial advisers and the representative in Washington of the Department of Munitions and Supply.

The problem involved a possible recasting of the whole British supply programme in North America, food supplies as well as munitions of war; major Canadian interests were bound to be affected and it was of great importance that they should be adequately represented both to the U. K. and U. S. governments. It was proposed that the Deputy Minister of Finance and the newly appointed Senior Counsellor of the Canadian Legation in Washington should proceed, immediately, to Washington, to explore the situation thoroughly with the British Purchasing Commission and representatives of the British Treasury, and subsequently with the U. S. authorities. Sir Frederick Phillips, chief U. K. Treasury representative in Washington had urgently requested Dr. Clark's presence.

21. The Minister of Munitions and Supply expressed the view that the question raised by Mr. King was of the utmost importance. Reports from the representative in Washington of his department, indicated that it was essential, in Canadian interests, that representatives of the Finance Department confer with the U. S. Treasury. There was real danger that the U. K. government, upon the passing of the Lease-Lend Bill, would seek to divert, in large measure, to U. S. sources, their programme of procurement in Canada to comply with the expanding requirements of which heavy commitments had been made on our part. A strong Canadian delegation should go to Washington immediately to see that Canadian interests were protected; otherwise the result to the Canadian war industrial programme might be disastrous.

22. The Minister of Finance agreed that the situation was difficult. It was in Canada's interests that the U. S. be neither too restrictive nor too generous in arrangements made with the U. K. government under the Lease-Lend Bill. In any case it seemed inevitable that Canada would have to grant credits (perhaps to the extent of $250,000,000 this year) to the U. K. government.

23. After further discussion, the draft telegram to the Secretary of State for Dominion Affairs, submitted by the Prime Minister, was approved, with the addition of a reference to Sir Frederick Phillips' request.

(See Cypher telegram No. 34 of February 27th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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It was also agreed that the Deputy Minister of Finance and the Senior Counsellor to the Canadian Legation at Washington, proceed to Washington immediately to confer with U. K. and U. S. officials.

Canadian Army -
Senior Staff Appointments

24. The Minister of National Defence recommended to the Committee the names of officers whom it was proposed to appoint to certain senior commands, including those of the 3rd Division, the Armoured Division and the Armoured Tank Brigade.

These recommendations were approved by the Committee.

Hospital accommodation in Canada

25. The Secretary stated that he had today received a report signed by the Deputy Minister of Pensions and National Health and the Director General of Medical Services of the Department of National Defence, regarding the provision of additional hospital accommodation at Calgary, Saint John (Lancaster Hospital) and Halifax (Camp Hill Hospital). Recommendations for these projects, after consideration by a Special Committee, under Brigadier Gorssline, had, on January the 28th, been referred by the Committee to Mr. Ralston and Mr. Power, for consideration with the Minister of Pensions and National Health.

(See report dated February 26th, 1941, to the Honourable J. L. Ralston and the Honourable Ian Mackenzie, signed by Dr. Wodehouse and Brigadier Gorssline).

The report of Dr. Wodehouse and Brigadier Gorssline recommended that the additional hospital accommodation proposed in the original submissions of Mr. Mackenzie, in respect of Calgary and Saint John, be approved for immediate completion; that in respect of Halifax to be deferred until further information was available.

26. The Minister of Finance said that in his view sufficient attention had not been given to the financial considerations involved in carrying out the recommendations in question. These should be carefully examined before approval was given.

27. The Minister of National Defence agreed with Mr. Ilsley. Agreement had been reached as to the additional accommodation which would be required, after a careful examination into this aspect of the matter. The question of cost of site and building should have further examination. Colonel Gibson, real estate adviser to the Department of National Defence might be loaned to Mr. Mackenzie for this purpose.

28. After further discussion the Committee approved provision at Calgary and Saint John of the extent of additional hospital accommodation recommended

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in original submissions of the Department of Pensions and National Health. The question of responsibility for operation of the hospitals involved was referred to the Minister of National Defence for decision in consultation with the Minister of Pensions and National Health.

It was also agreed that Mr. Mackenzie should be requested to have careful consideration given to the costs of providing the approved additional accommodation required at Calgary and Saint John.

Canadian tour for U. K. editors

29. The Minister of National War Services submitted a recommendation that arrangements be made by the government for a tour of Canada by leading British editors and press representatives.

(See letter from the Minister of National War Services to the Secretary, dated February 20th, 1941).

30. After some discussion, during which doubt was expressed as to whether the expense involved would be justified at present, it was agreed to defer decision, in this respect, until a later meeting.

The meeting adjourned at 8.25 p.m.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

March 5th, 1941.

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Ottawa, March 5th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Wednesday, March the 5th, at 6.15 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Defence of Canada

1. The Prime Minister read the telegram which he had sent to the Prime Minister of the United Kingdom, following the Committee's meeting on February the 26th, when the defensive position of Canada was considered with the Chiefs of Staff.

(See Cypher telegram No. 35 of March 2nd, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

2. Mr. King read a telegram from the Canadian High Commissioner in London regarding a report of Japanese interest in the Canadian Pacific Coast. This report discounted the suggestion that any Japanese offensive against Canada would bring in the United States on the ground that, under some conditions, it might be well to bring in the United States and keep her fleet concentrated round British Columbia. Reference was also made to the assistance which might be given by Japanese in British Columbia.

(See Cypher telegram No. 349 of February 28th, 1941, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

3. The Minister of National Defence for Naval Services expressed the view that there was little danger of serious attack by Japan, on the Pacific; the naval problem involved in such an operation was one of great difficulty.

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4. It was agreed that the U. K. government should be advised of the report received from Mr. Massey, and, in that connection, attention should be drawn to the present weakness of Canadian Pacific defences, as indicated in the appreciation of the Chiefs of Staff.

Defence of Newfoundland
London discussions re Atlantic bases.

5. The Prime Minister read telegrams received from the Canadian High Commissioner in London, reporting difficulties which had been encountered in the course of U.K.-U.S. discussions in London. The most serious differences related to the defence and control of the territories concerned. The Foreign Office had instructed the British Ambassador in Washington to take these matters up with the Secretary of State.

(See Cypher telegram No. 370, Part I and II, of March 4th, 1941, and Cypher telegram No. 373 of March 5th, 1941, from the High Commissioner for Canada in London, to the Secretary of State for External Affairs, Ottawa).

6. Mr. King stated that the Chiefs of Staff viewed these developments with grave concern because of the vital interest of Canada in the defence of Newfoundland. After consideration they had reached the conclusion that the agreement to be made with respect to Newfoundland should be the subject of separate discussions, at which Canada should be represented, and that the views, in that respect, of the Permanent Joint Board on Defence and the Chiefs of Staff Committee should be available to the government before Canada consented to any permanent arrangement. In their opinion Newfoundland was Canada's first line of defence in this Hemisphere, and its preservation and protection were absolutely vital to Canadian interests.

(See Secret memorandum of March 4th, 1941, from the Chiefs of Staff Committee to the Ministers).

7. The Minister of National Defence for Naval Services stated that, in the opinion of the Chiefs of Staff the result of acceding to the contentions of the U. S. delegates, in respect of jurisdiction, would be serious for Canada. It would mean, for example, complete U. S. control of the harbour at St. John's, in the event of war. The Chiefs of Staff felt that, after agreement had been reached between the governments concerned, the defence of Newfoundland should be dealt with by a joint board upon which Canada and Newfoundland should be represented.

8. The Minister of National Defence read a draft telegram to the Canadian High Commissioner in London, which had been prepared for consideration in the event that the Committee were not agreeable to direct discussions, on the part of Canada, with the

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governments concerned.

(See draft telegram for transmission from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada, London).

9. The conclusions of the Chiefs of Staff Committee, as set out in Paragraph 4 of their memorandum to the Ministers, with certain amendments, were approved by the Committee. The amended conclusions were as follows:

"(a) Discussions and agreements in regard to Newfoundland should be held separately from those in connection with other leased bases in the Western Hemisphere. The problems involved are entirely different to those connected with Bermuda and the West Indies; and in addition Canada is vitally interested in Newfoundland and has in fact assumed responsibility for its defence."

(b) In the proposed discussions, the United Kingdom, the United States, Canada and Newfoundland should all be represented."

(c) The Permanent Joint Board on United States-Canadian Defence should review the recommendations resulting from the above proposed discussions before any Governmental action by any of the Parties concerned is taken to implement such recommendations. Further, that the results of such a review should also be considered by the Chiefs of Staff Committee and reported upon by them to the War Committee of the Cabinet."

10. The Committee also expressed agreement with the statement contained in Paragraph 5 of the memorandum of the Chiefs of Staff Committee. This statement read as follows:

"Newfoundland represents a most important outpost, and is in fact Canada's first line of defence in this hemisphere, the preservation and protection of which is absolutely vital to her interests."

11. The Minister of National Defence for Naval Services expressed the view that the government should take the attitude that the position of Canada in Newfoundland, in any arrangements which might be made, should not be inferior to that of the United States.

12. After further discussion, it was agreed that the views of the government, as expressed above, should be communicated immediately to the U. K. government through the Canadian High Commissioner in London.

Chemical warfare - experimental and training area

13. The Minister of National Defence stated that a formal request had been received from the U. K. government with regard to the establishment in Canada

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of an experimental station for gas and chemical warfare. It was proposed that Canada should bear the cost of land and buildings, and that the cost of equipment and maintenance should be shared equally with the U. K.

(See letter of March 1st, 1941, from the Acting High Commissioner for the U. K., Ottawa, to the Acting Under-Secretary of State for External Affairs, Ottawa).

14. Mr. Ralston reported that the project had received careful examination by the real estate adviser of his department, in whose opinion a total expenditure of at least $1,400,000 would be involved, apart from fencing and an aircraft landing field, both of which might be necessary.

Colonel Gibson had suggested that the total cost should be shared equally between the two governments. An equal sharing of the cost had been mentioned during preliminary discussions in London. The present proposal, however, would involve a much greater expenditure on Canada's part.

15. After further discussion, it was agreed that the proposal submitted by the U. K. government could not be entertained, but that the government would be prepared to contribute one-third of the total cost involved. The Acting Under-Secretary of State for External Affairs was directed to reply accordingly.

Supply of ammunition, Canadian Army 1941-42, 1942-43.

16. The Minister of National Defence reported that the army requirements for ammunition for coast defence, anti-aircraft, mortars and mobile artillery for the coming year had been carefully reviewed. By cutting down the reserve supply to 25%, the necessary expenditure for 1941-42, which had been included in the estimates for that year, was estimated at $46,150,000, and that for 1942-43, at $5,760,475. Authority was requested for expenditure of these amounts.

17. The Minister of Munitions and Supply stated that there would be no difficulty or delay in obtaining adequate supplies of artillery ammunition from Canadian plants. Arrangements were now being made for substantial storage in Canada for ammunition produced for the United Kingdom. Large reserves would, therefore, be unnecessary.

18. The Committee approved the programme submitted by Mr. Ralston for the purchase of ammunition, as outlined above, it being understood that the Defence Department would stagger orders as far as might be found possible.

Convalescent hospitals in Canada - home war establishment

19. The Minister of National Defence submitted, for consideration in principle, a recommendation to provide for the home war establishment in Canada of army

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convalescent hospitals. The recommendation provided the necessary personnel for such hospitals as had been or would be authorized.

20. The Committee approved, in principle, the recommendation of Mr. Ralston, in this respect.

Officers Training Centres

21. The Minister of National Defence recommended the establishment of two officers training centres, at Brockville, Ont., and Victoria, B.C., at an estimated cost of $2,786,151. This amount had been included in the Army estimates.

22. Mr. Ralston stated that these centres were necessary to provide adequately for the revised officers training course recommended by the General Staff. Present provision for officer training was insufficient and unsatisfactory. In future, candidates for commissions would serve four months in the ranks, to be followed by a three months' course at one of the proposed centres.

23. The Committee approved in principle the recommendation of Mr. Ralston, in this respect.

Financial assistance to the National Research Council

24. The Minister of National Defence submitted a request of the Minister of Trade and Commerce for assistance to the National Research Council in connection with experimental work upon, and manufacture of radio equipment.

Mr. MacKinnon recommended that an amount of $25,000 be provided for increased laboratory accommodation and that the Department of National Defence pay the Council for service equipment constructed by the Council and taken over for defence purposes.

(See letter of March 1st from the Minister of National Defence to the Secretary, and attached letter of February 26th from the Minister of Trade and Commerce).

25. After some discussion Mr. MacKinnon's proposals in this respect were referred to the Minister of Finance for consideration and report.

Universities War Committee

26. The Prime Minister read a letter from the Principal of McGill University, suggesting the formation of a small committee to assist the government in making the most effective use in the war effort of university personnel and equipment.

27. After some discussion, it was agreed that Mr. James' proposals be referred to the Minister of National War Services, for consideration with the Defence Ministers, and subsequent communication with Mr. James.

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(See letter of February 25th, 1941, from the Principal of McGill University, to the Prime Minister).

Insurance upon destroyers under construction

28. The Minister of National Defence for Naval Services reported that the cost of insurance for destroyers under construction in the U. K., had been raised from an estimated £25,000 to some £35,000, for each vessel. It had previously been agreed that insurance should be placed upon the two destroyers now building, and it was recommended that, despite the increased cost, the insurance be authorized.

29. The Committee approved Mr. Macdonald's recommendation, in this respect.

(See submission to Council, February 7th, 1941, by the Minister of National Defence for Naval Services, also letter of February 10th, 1941, from the Acting Deputy Minister, to the Clerk of the Privy Council).

Economic co-operation with the United States.

30. The Minister of Munitions and Supply reported that the Wartime Requirements Board had given consideration to a plan for exploring the possibility of a greater degree of economic co-operation with the U.S., in the war effort, and in relation to post-war conditions. A memorandum on the subject had been prepared by Mr. Keenleyside of the Department of External Affairs, and Mr. Goldenberg of the Department of Munitions and Supply. It recommended that, for purposes of preliminary study, an informal committee of three persons be appointed by each government, to analyze the problems involved and report thereon, as well as on the form of a more permanent organization if the necessity arose. The Canadian Committee should be composed of two nominees of the Department of Munitions and Supply, and one of the Department of Finance, with a liaison officer from the Department of External Affairs.

(See memorandum of February the 27th, 1941, from the Acting Chairman of the Wartime Requirements Board to the Minister of Munitions and Supply, and attached memorandum on economic co-operation with the United States).

The Wartime Requirements Board recommended that the proposals of the memorandum be approved and implemented, and that steps be taken to communicate with the U. S. government, for concurrent action.

31. Mr. Howe felt that the proposed joint committees could serve a useful purpose in studying means of co-ordinating production in the two countries, and recommended that approval be given to action, in accordance with the recommendations of the Wartime Requirements Board.

32. After some discussion, the Committee approved the recommendation of Mr. Howe, in this respect.

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Building of merchant ships in Canada

33. The Minister of Munitions and Supply reported that the Wartime Requirements Board, at his request, had recently reviewed the shipbuilding situation in Canada, with a view to recommending a programme of ship construction to meet existing needs and to keep Canadian shipbuilding capacity fully occupied.

The Board had reported that the need of cargo tonnage for Great Britain was urgent, that the present shipbuilding programme in Canada would slacken off in certain shipyards by September of this year, and that materials and components required for cargo vessels could be produced without difficulty by existing facilities. In the circumstances, the Board recommended that to the extent of its capacity Canada undertake to provide tonnage of such types of vessels as might, upon technical advice, be deemed most appropriate, and that a shipbuilding programme be designed and undertaken accordingly.

34. Mr. Howe said that the Director General of Shipbuilding had recommended that the programme be designed to produce ten medium sized single screw cargo ships of 4,700 tons each - a type, in Mr. Carswell's opinion, suitable for construction in Canada, and more marketable after the war than larger vessels. The average price of such ships would be $1,000,000 each. On the other hand, the Naval Council, on grounds of size and speed, had expressed grave doubts as to the suitability of this type. They had recommended that the British Admiralty Technical Mission be consulted on this question.

(See memorandum of February 27th, from the Acting Chairman, Wartime Requirements Board, to the Minister of Munitions and Supply, and attached documents).

35. After some discussion, the Committee approved, in principle, the undertaking of a shipbuilding programme to occupy existing shipbuilding capacity in Canada, it being understood that the Minister of Munitions and Supply would give consideration to the types of vessels to be built, and submit specific recommendations at a later meeting.

Canadian Press
Representations to U. K. Ministry of Information

36. The Minister of National War Services stated that, at the Prime Minister's request, he had asked the Director of Public Information to consider the contentions of the British United Press regarding a request by the Canadian Press for the establishment, under its auspices, of a Canadian section in the U. K. Ministry of Information. The British United Press felt that they should be given equal treatment.

(See letter of February 22nd, 1941, from the General Manager of the British United Press, to the Prime Minister).

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37. Mr. Gardiner stated that Mr. Lash recommended that the government should not intervene in what might develop into an acrimonious dispute between highly competitive business rivals. In his view, Mr. Keyserlingk should be advised that the government regarded the matter as one for discussion and settlement between the two news services, and that, should they reach an agreement, the government would be prepared to give consideration to joint representations.

(See memorandum of March 5th, 1941, from the Director of Public Information, to the Minister of National War Services).

38. The Committee approved of Mr. Lash's recommendations in this respect, and Mr. Gardiner was requested to deal accordingly with Mr. Keyserlingk's representations.

British Blockade Policy - interception of vessels in the Pacific

39. The Prime Minister read a communication from the U. K. government regarding blockade policy and the interception, in the Pacific, of vessels thought to be carrying contraband to enemy destinations.

This communication set out fully the U. K. government's appreciation of the political and economic factors involved in enforcement of the blockade against neutral vessels operating in the Pacific. It was said that the nature and dimensions of the traffic threatened to undermine the whole blockade structure and that, by way of the Orient, Germany was receiving substantial supplies of essential materials. Interception of a few ships at the present time would be a strong deterrent and the case for immediate action was compelling.

It was argued that the final attitude of Japan would not likely be determined by action to suppress contraband traffic, and that such action would not be chosen as a casus belli. As to the United States, they were more interested in blockade policy in the Caribbean, than in the Pacific.

In the circumstances, the Canadian government were urged to reconsider their decision and to permit diversion to a B.C. port of vessels intercepted off the Pacific Coast.

(See Cypher telegram No. 38 of February 27th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

40. Mr. King pointed out that the present request did not involve actual interception by Canadian naval units, but merely reception of intercepted vessels in Canadian ports. On the other hand, the matter should receive most careful consideration before a decision were taken. It should be borne in

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mind that the United States had, to date, shown no indication that they were prepared to go to war with Japan; indeed they had resolutely refused to take part in Britain's blockade measures. It was important that Canada should not offer to Japan an excuse for war.

41. The Acting Under-Secretary of State for External Affairs explained that to date two separate requests had been made by the U. K. government, the one to receive two Japanese vessels to be intercepted by the Royal Navy, the other for Canadian forces to intercept two Soviet ships. The reply which had been sent to the U. K. government dealt with the general question and covered both of these cases.

42. The Committee then discussed the question at some length. Mr. Howe, Mr. Crerar, Mr. Ilsley and Mr. Gardiner were inclined to the view that in the circumstances an affirmative reply should be sent; Mr. Macdonald wished to give the matter further consideration in consultation with the Chief of the Naval Staff; Mr. Ralston was doubtful whether merely receiving vessels for examination would make Canada responsible if Japan declared war.

43. It was decided to defer decision, to permit of further consideration being given to the various aspects of the problem.

The meeting adjourned at 9.15 p.m.

A. D. P. Heeney
Secretary.

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SECRET March 7th, 1941.

CABINET WAR COMMITTEE

A meeting of the full Cabinet, held in the Council Chamber on Friday, March the 7th, was, at 1.45 p.m., resolved into a meeting of the Cabinet War Committee.

There were present the following members of the Cabinet War Committee:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald)

Other members of the Cabinet remained for the meeting.

The Secretary (Mr. Heeney).

British Blockade Policy--Interception of Vessels in the Pacific

1. The Prime Minister said that the Cabinet War Committee, at their last meeting, had given consideration to the question of interception of neutral vessels, thought to be carrying contraband to enemy destinations. The United Kingdom government were urging the Canadian government to reconsider their previous decision and to permit diversion to a Canadian port of vessels intercepted off the Pacific Coast of North America. The implications of the government's decision in this matter were of such grave importance that members of Council should have the opportunity of considering carefully all that was involved.

2. Mr. King reviewed briefly the present international position as revealed in the most recent communications. The final attitude of the United States remained in doubt, and it was far from clear that assistance of any kind could be anticipated from the U.S.S.R. These major facts should be borne in mind in reaching a decision on the present question.

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3. Mr. King reviewed the course of correspondence with the U.K. government. Two specific requests had been received, namely, to permit the diversion of two Japanese vessels to a Canadian port and to effect the interception of two Soviet vessels.

The U.S. State Department had been consulted and it had been ascertained that, in regard to the action contemplated, no comment was likely to be forthcoming from the U.S. government.

After giving full consideration to what was involved in the U.K. government's requests, the Committee had decided that, in view of accumulating evidence of increasing risk of war in the Pacific, it would be unwise to persist in plans for interfering with Japanese and Russian shipping in the Pacific. On February the 11th, the U.K. government had been advised accordingly.

On February the 14th, a message had been received from the Secretary of State for Dominion Affairs with regard to the "Asaka Maru", a special service ship of the Japanese navy, which was thought to be likely to load a contraband cargo at Lisbon. This communication took the position that, despite the strong legal basis for interception, such action in this case might lead to a first class incident, and possibly provide a casus belli. It also expressed the view that, "it is.....most desirable that if we become involved in war with Japan it shall be as the result of clear aggression on her part."

On February the 27th, a further long communication had been received from the Secretary of State for Dominion Affairs, setting out the general considerations which led the U.K. government to the conclusion that the case for immediate action to intercept vessels in the Pacific was compelling, and requesting the co-operation of the Canadian government to that end. It was the nature of the reply to be sent to this telegram which the Committee were asked to consider.

4. Mr. King pointed out the apparent contradiction between the view expressed in the U.K. government's communications of February the 14th and February the 27th. The former emphasized the danger of provoking Japan; the latter minimized the likelihood of Japan basing hostile action on the interception of vessels carrying contraband.

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In the circumstances, members of Council were requested to give most careful consideration to the reply which should be sent. The government would be assuming a very grave responsibility in sanctioning any course which could be made a pretext for Japan entering the war as a result of action by Canada.

The meeting adjourned at 2.30 p.m.

A. D. P. Heeney,
Secretary.

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Ottawa, March 12th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Wednesday, March the 12th, at 6 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Protection of aluminum plant at Arvida, Quebec.

1. The Minister of National Defence reported that consideration had been given to the vulnerability to attack from the air of the highly important plant of the Aluminum Company of Canada, at Arvida, Quebec. The Chiefs of Staff Committee were of opinion that immediate steps were necessary to provide suitable anti-aircraft defence measures for the plant, and, as no further anti-aircraft guns would be available for several months, they had recommended the transferring of a proportion of the guns now at Halifax.

(See memorandum of March 3rd, 1941, of the Chiefs of Staff Committee, to the Ministers).

The Defence Council concurred in the opinion expressed by the Chiefs of Staff and recommended to the Committee that four guns be moved, without delay, from Halifax to the vicinity of Arvida, and that the possibility of obtaining additional guns from the United States be explored.

(See extract from minutes of March 7th, 1941, of a meeting of the Defence Council).

2. Mr. Ralston said that the Chiefs of Staff Committee had also reported upon the anti-aircraft protection available to Halifax, apart from the anti-aircraft guns proposed to be transferred. This alternative protection consisted of anti-aircraft weapons upon vessels in Halifax Harbour.

(See memorandum of March 7th, 1941, of the Chiefs of Staff Committee, to the Ministers).

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3. The Minister of National Defence for Air stated that the Air Staff had also given consideration to the vulnerability of the Arvida plant and, at a later date, would probably recommend the construction of an aerodrome in the vicinity, for fighter planes.

4. The Committee approved the transfer from Halifax to Arvida of anti-aircraft artillery, as recommended by the Minister of National Defence.

Survey of Canadian Auxiliary Services in Great Britain

5. The Minister of National Defence reported that it was proposed to have the Honourable Dr. R. J. Manion proceed to the British Isles to survey the work there of the Canadian Auxiliary Services, and, upon his return, report upon measures which might be taken to improve their effectiveness.

In this connection a draft telegram to the Senior Officer, Canadian Military Headquarters in London, outlining the scope of the proposed mission, was read to the meeting. It was suggested that this telegram might be repeated to the Canadian High Commissioner.

6. After some discussion the Committee approved the appointment of Dr. Manion as a temporary Acting Colonel, to undertake the mission to Great Britain, described by Mr. Ralston, in connection with Canadian Auxiliary Services.

Permanent Joint Board on Defence

7. The Minister of National Defence reported that the Chief of the General Staff strongly recommended that Brigadier Maurice Pope be appointed a member of the Permanent Joint Board on Defence, in place of Brigadier Kenneth Stuart. The matter had been discussed with the Chairman of the Canadian Section.

It would, subsequently, be recommended that Brigadier Stuart be appointed Vice-Chief of the General Staff, and Brigadier Pope, Assistant-Chief of the General Staff.

8. The Committee approved the appointment of Brigadier Pope to the Permanent Joint Board on Defence, vice Brigadier Stuart, and the Secretary was directed to have the appropriate Order-in-Council prepared.

Chiefs of Staff - Army, Navy and Air

9. The Minister of National Defence for Naval Services expressed the view that it was anomalous to have the Chief of the General Staff take precedence over the Chiefs of Staff of the other two Services, regardless of their relative seniority. The Chief of the Naval Services, by virtue of prior appointment, was Chairman of the Chiefs of Staff Committee, yet his colleague of the Army was given precedence over him.

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10. The Secretary was requested to enquire into the origin of the precedence given to the Chief of the General Staff, and report at a subsequent meeting.

Pay and Allowances of Reserve Army Officers

11. The Minister of National Defence, in reference to a letter criticizing the amount of pay and allowances given to officers of the Reserve Army, which had been referred to him by the Prime Minister, described the existing situation. For organization purposes it was considered necessary to maintain, on pay and allowances, a Commanding Officer and Adjutant for each unit. The question was complex. It had been fully investigated and considered by Treasury Board. The conclusion reached was that active pay and dependents' allowances to officers on full time duty could not be further reduced, without loss of efficiency.

12. The Minister of Finance expressed the opinion that the situation was not at all satisfactory and should be cleared up. The Special Committee of the House of Commons on Economies in War Expenditures, were likely to give consideration to the problem and make recommendations.

13. The Minister of Mines and Resources said that it appeared to him unfair that dependents' allowances should be given to officers not on active service, when the people generally were being asked to make sacrifices for the war effort. Criticism was bound to result, and would be justified.

14. The Minister of National Defence said that he would welcome the whole question being raised in the House of Commons.

Recruiting of R.D.F. Personnel - financial arrangements with the United Kingdom

15. The Minister of Finance reported the substance of conversations with representatives of the U. K. government regarding the division of financial responsibility for additional wireless operators and radio mechanics who were being recruited for service in the United Kingdom.

The U. K. government had first requested from Canada 300 wireless operators, and later 1,000 radio mechanics. The former had been provided from the Joint Air Training Plan; a number of the latter had already been supplied from the same source. The United Kingdom had now asked for 8,000 additional radio mechanics, of whom 2,500 would be sought in Canada, and 5,500 in the United States.

16. Mr. Ilsley stated that, on the strength of a statement of the Minister of National Defence for Air that the initial 300 wireless operators would be considered "in all respects as trainees from the Commonwealth Air Training Plan", except as to reclass-

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ification, the U. K. government were seeking to have Canada assume payment of all costs prior to graduation, and thereafter the difference between R.A.F., and R.C.A.F. rates of pay and full pensions, in respect not only of the 300 wireless operators but also the 1,000 radio mechanics subsequently requested. The cost to Canada, on this basis, for the 300 wireless operators and 1,000 radio mechanics was estimated at $1,118,000 non-recurring, and $650,000 recurring, per annum. The approximate total cost of the additional 8,000 radio mechanics now requested would be $12,075,000, assuming R.C.A.F. rates of pay.

The questions to be settled were:

(a) Should the question of the division of the costs - between Canada and the United Kingdom - be reopened in respect of the original request for 300 wireless operators and the second request for an additional 1,000?

(b) Should Canada pay for any part of the costs involved in connection with the 5,500 operators to be recruited in the United States? In this connection Canada will incur some moral responsibility to these men if they are recruited into the R.C.A.F.

(c) Should Canada pay the whole or any part of the costs involved in connection with the 500 trained men to be recruited in Canada?

(d) Should Canada pay the whole or any part of the costs involved in connection with the 2,000 untrained men to be recruited and trained in Canada?

17. Mr. Ilsley said that, in the circumstances, he was prepared to recommend that, in respect of the 300 wireless operators and 1,000 radio mechanics, Canada should contribute on the Plan basis, also that Canada should contribute the difference between R.A.F., and R.C.A.F. rates in respect of the additional 2,500 radio mechanics to be sought in Canada, but that the U. K. government should accept all financial responsibility for personnel recruited in the United States.

18. The Minister of National Defence for Air explained that, in suggesting to the U. K. government that the initial 300 wireless operators be dealt with as trainees from the Plan, rather than specially enlisted, he had not intended to bind the government to the financial basis which governed graduates of the Plan. In the first place, the U. K. High Commissioner had proposed that his government would be responsible for all pay and allowances, including the difference between R.A.F., and R.C.A.F. rates. There was no foundation for the contention that the Canadian government was bound to share the cost in respect of the 1,000 radio mechanics.

On the other hand, there seemed no reason why Canadian R.D.F. personnel should be treated otherwise

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than Canadians in the Army, or Canadian graduates from the Joint Air Training Plan. Canada should not accept financial responsibility, however, for personnel recruited in the United States.

19. After further discussion, it was agreed that a communication be sent to the Acting U. K. High Commissioner stating that, while the Canadian government had at no time committed themselves to any contribution to the cost of meeting the various requests of the U. K. government, with respect to the recruiting of wireless operators and radio mechanics, they were now prepared, upon consideration, to accept financial responsibility on the same basis as applied to graduates from the Air Training Plan, for Canadian personnel recruited for these purposes, namely, the 300 wireless operators and the groups of 1,000 and 2,500 radio mechanics; the Canadian government were, however, unwilling to accept any financial responsibility in respect of personnel recruited in the United States.

Munitions and Supplies -
U. K. government programmes in Canada
and the United States

20. The Minister of Munitions and Supply referred to the effect upon Canada of the passing of the Lease-Lend Bill, which had been discussed by the Committee on February the 26th. Careful consideration should be given as to whether Canada should now request that this legislation be applied to Canadian procurement in the United States. Every possible effort should be made to ensure the continuance of the U. K. purchasing programme in Canada, on the basis of existing commitments. It was essential, in this connection that Canada should be represented in Washington by a financial mission of high calibre.

21. The Minister of Finance reported that, following the Committee's meeting on February the 26th, his Deputy Minister had gone to Washington, had seen the Secretary to the U. S. Treasury and U.S., and U.K. officials, and had reported that it was unlikely that the United States would agree to apply the Lease-Lend legislation to Canada until steps had been taken to realize at least a portion of Canadian securities in the United States. On the other hand, Mr. Morgenthau was concerned as to the effect of Canadian liquidation on the depressed U.S. stock market. A proposal that the United States lease-lend to the United Kingdom, U.S. components of goods being manufactured in Canada for British account, was receiving examination. Dr. Clark was expecting to hear from Mr. Morgenthau when further consideration had been given to these matters.

It would be useful to have Dr. Clark appear before the Committee to report personally upon his conversations with U.S. officials and members of the U.K. Treasury mission, now in Washington. The whole question was complicated and of the highest importance to Canada.

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22. Mr. Ilsley said that from Dr. Clark's reports, it appeared altogether likely that Canada would have to finance a U.K. deficit in the coming year to the extent of some 1,200 million dollars if the U.K. programme in Canada was to be maintained.

23. It was agreed that Dr. Clark be requested to attend the next meeting of the Committee.

Defence of Newfoundland
London discussions re Atlantic bases

24. The Prime Minister reported that word had been received from the Canadian High Commissioner in London that agreement had been reached between the U.K. government and the U.S. delegation on the terms of Article V, dealing with jurisdiction and legal proceedings in and about the leased areas. It was hoped that signature to the general Agreement would take place shortly. In the circumstances, the Canadian proposal for separate discussions with regard to Newfoundland was regarded as most difficult at this late stage. As an alternative, an exchange of notes between the United States, the United Kingdom and Canada was suggested, in which the special interest of Canada in Newfoundland would be recognized. This proposal Mr. Massey had discussed with the U.S. Ambassador; Mr. Winant was agreeable, and felt that such notes, exchanged at the time of the signing of the Agreement, could safeguard Canadian interests as effectively as a separate agreement.

(See telegrams Nos. 407 and 411 of March the 11th, 1941, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

25. Mr. King read a draft telegram to Mr. Massey, expressing agreement, in the circumstances, to a tripartite exchange of notes, indicating the government's views as to the content of the notes to be exchanged and authorizing Mr. Massey to sign on behalf of Canada, upon confirmation, by telegram, of the settled text.

26. The draft telegram submitted by Mr. King was approved by the Committee.

(See telegram No. 354 of March 12th, 1941, from the Secretary of State for External Affairs, Ottawa, to the High Commissioner for Canada, London).

The meeting adjourned at 8.40 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, March 13th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, in the East Block, on Thursday, March the 13th, 1941, at 12 o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald),

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The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

The Deputy Minister of Finance (Dr. Clark) was also present.

Munitions and Supplies - U.K. government programmes in Canada and the United States

1. The Prime Minister said that the Deputy Minister of Finance had been requested to attend the meeting in order that he might report, personally, upon his recent discussions in Washington.

2. The Minister of Munitions and Supply stated briefly the reasons which had led him to conclude that the passing of the Lease-Lend Bill had created a critical situation for Canada in connection with the U.K. government's war purchasing programme. It was of great importance that the government be fully informed, as soon as possible, whether the present planned expansion of Canadian industry should be continued, or whether it would have to be curtailed as a result of the changed conditions.

3. The Deputy Minister of Finance then reported fully upon his recent visit to Washington:

As a result of his conversations with officials of the U. S. Treasury, he had come to the conclusion that it would be a mistake to ask, at present, for the application of the Lease-Lend Bill to Canada. The U.S. government were pressing the United Kingdom to realize upon all possible U.S. assets before extending lease-lend to them. In the circumstances,

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it would be embarrasing if we were to ask for the benefit of lease-lend, without making at least a beginning upon the sale of our own securities in the United States. As a first step, we might begin the liquidation of Canadian holdings, and then make the request that lease-lend be applied to U.S. components of goods manufactured in Canada for the U.K. government. Both these steps should precede any suggestion of lease-lend for Canada herself.

4. Dr. Clark said that he had described to Mr. Morgenthau the extent of the strain of the war effort upon the Canadian economy. He had pointed out that, in addition to our direct contribution in men and material and the financing of British orders for the past three months, it was now evident that we would have to support a much larger U.K. deficit than had previously been anticipated. In the coming year the gross deficit of the United Kingdom would amount to some 1,500 million dollars. Consequently, the time had come to make a beginning upon liquidation of Canadian holdings in the United States. The total burden might to some extent be lightened by the application of lease-lend to materials from the United States used in Canada for the manufacture of finished goods for the United Kingdom.

Mr. Morgenthau had been somewhat concerned as to the effect upon the U.S. market of Canadian liquidation at this point, and had not previously thought of lease-lend in connection with U.S. goods going to Canada destined for U.K. use. He had, however, promised to give consideration to both of these questions, and telephone Dr. Clark within a few days.

5. Dr. Clark said that he had discussed the British purchasing programmes in the United States and Canada with U.K. Treasury representatives. There was no disposition on their part to divert orders from Canada, but the problem of financing the Canadian deficit was causing concern. It was clear that if the Canadian programme were to be continued as planned, and substantial diversion of orders to the United States prevented, Canada would have to find some means of financing this deficit. The Departments of Finance and Munitions and Supply, and the Bank of Canada were preparing, and would have available shortly, a further analysis of Canada's financial position and war requirements. The total of all government expenditures in Canada, during the coming year, would reach some 2,608 million dollars, to which would now have to be added the net amount of the U.K. deficit. These amounts, taken together, would bring total requirements for the next year to some 60% of the national income, which it was now estimated would be in the neighbourhood of 5,600 million dollars. This would be an exceedingly high proportion and might be reduced by the application of lease-lend, first to U.S. components in U.K. government Canadian orders, and second, to orders in the United States for Canadian account.

6. Dr. Clark said that he would prefer not to make specific recommendations until he had heard from Mr. Morgenthau on the points mentioned, and until the

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analysis of the Canadian position had been completed. It was probable, however, that his recommendation would be that Canada undertake to finance the U.K. deficit, upon the conditions that the U.K. government undertook not to divert orders from Canada, and guaranteed a suitable rate of exchange for sterling transactions.

7. Dr. Clark said that the United Kingdom now had available, to apply upon their deficits in the United States and Canada, some 120 million dollars in gold. The U.S. government would probably insist upon this being used entirely for U.S. account, in view of the statement to that effect which had been made by Mr. Morgenthau before the House of Representatives Committee. Over the next four months there was little likelihood of Canada being able to obtain any gold from the United Kingdom, though the United Kingdom would be favourable to our doing so.

The U. S. Treasury had misunderstood the Canadian position. Previous to his visit they had thought that Canada had continued to receive substantial and regular gold payments, whereas, in fact, we had received no gold since December, from which date we had had to finance all U.K. orders ourselves.

8. Mr. Howe enquired whether, in the circumstances, Canada should not make a serious attempt to obtain a share of the gold now available. Mr. Morgenthau had been appreciative of the Canadian position and every means should be taken to keep our position before him. In this connection a strong financial mission in Washington would be helpful.

It was not proposed to expand the Canadian munitions programme beyond what had already been undertaken, but every effort should be made to maintain employment of existing and already planned capacity.

9. Dr. Clark stated that the real problem for Canada was one of internal financing, in the solution of which the receipt of gold would not assist. Eventually Canada would have to apply for aid under the lease-lend legislation, to meet the gigantic burden which had been undertaken. In so far as gold was concerned, Canada should certainly receive a share, by arrangement with the United States, but there was little chance of obtaining any portion of the gold available during the next four months, because of the public position taken by Mr. Morgenthau.

10. The Prime Minister suggested that, in the circumstances, the Canadian position should be put before the President of the United States through the Canadian Minister. There would appear to be no harm in so doing; on the other hand the result might be favourable and postpone the necessity for recourse to lease-lend. There would seem to be no reason why Canada's case for the largest possible proportion of available U.K. gold should not be put forward, and the full facts disclosed of the serious economic problem with which we were faced.

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11. After further discussion it was agreed:

(a) That, upon the completion of the analysis of Canada's financial position and war requirements, now being made, the Minister and Deputy Minister of Finance, and the Minister of Munitions and Supply confer with a view to settling the nature of representations to be made to the President, in this connection;

(b) That, subsequently, after prior communication by Dr. Clark to Mr. Morgenthau, the Canadian Minister be directed to place the Canadian position personally before Mr. Roosevelt; and

(c) That J. E. Coyne of the Bank of Canada be attached to the Canadian Legation in Washington, to maintain liaison there with U.S. Treasury and the U.K. Treasury mission.

British Blockade Policy - interception of vessels in the Pacific

12. The Prime Minister referred to the consideration which had been given to this question at recent meetings of the Committee.

After a further careful review of the situation, in the light of the various communications which had been received, he was prepared to recommend that the government accede to the request that vessels intercepted by U.K. ships in the Pacific be diverted into Canadian West Coast ports for purposes of contraband examination. The U.K. government should be informed that Canada was, however, prepared to take this step only if the U.K. government remained of the view that the serious considerations to which their attention had already been directed were outweighed by the importance of early and effective interference with the growing contraband trade.

13. The Chiefs of Staff Committee had given consideration to the problem, but had not felt competent to advise upon the main question involved. They had, however, expressed the opinion that the probability of military action on the part of Japan against objectives on the West Coast would not necessarily be increased, and in any event the present scale of attack would be in no way affected. The establishment of a contraband control base with possible assistance of a few experienced officers from the United Kingdom was within the capabilities of the Naval Service.

(See memorandum of the Chiefs of Staff Committee, to the Ministers, dated March 8th, 1941).

14. After further discussion the Committee concurred in the Prime Minister's recommendation in this respect, and approved the despatch to the U.K. government of a communication to that effect.

(See cypher telegram No. 42 of March 15th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

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Defence of Newfoundland

15. The Minister of National Defence for Air submitted a draft telegram to the Governor of Newfoundland regarding the control of airports in Newfoundland by the R.C.A.F., and other matters. The Newfoundland government was requested to give an early decision.

(See telegram No. 11 of March 13th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Governor of Newfoundland).

16. Mr. Power also submitted a telegram to the Governor of Newfoundland regarding discussions in London between the U.S. and U.K. governments with respect to the transfer of Atlantic bases. It was thought desirable to inform the Newfoundland government of the position taken by Canada with regard to Newfoundland.

(See telegram No. 10 of March 13th, from the Secretary of State for External Affairs, Ottawa, to the Governor of Newfoundland).

17. The Committee approved, with certain minor revisions, the two telegrams submitted by Mr. Power.

The meeting adjourned at 2.30 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, March 19th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Office, on Wednesday, March the 19th, at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Food Supplies for Unoccupied France

1. The Prime Minister read telegrams from the U.K. government regarding blockade policy in relation to the problem of food shipments to unoccupied France. The U.K. government, while opposed to the U.S. suggestion that a controlled trickle of supplies be permitted to reach North Africa, had now, through Lord Halifax, proposed British-U.S. collaboration in working out a positive programme. This involved the offer to France of a rationing agreement with French North Africa, assuring reasonable supplies of principal commodities with guarantees against re-export, and navicerts on five to eight million bushels of wheat for unoccupied France. The offer would be contingent upon assurances from Vichy against further infiltration of Germans and Italians into French North Africa, and the establishment of adequate numbers of observers in unoccupied France and French North Africa, the latter to include British as well as U.S. representatives, or, alternatively, the re-admission to their posts of British Consular Officers.

(See Circular telegrams M.39 and M.40 of March 14th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

2. Mr. King also read a memorandum from the Acting Under-Secretary of State for External Affairs, submitting, for the consideration of the Committee, the lines of a more comprehensive policy which the government might wish to suggest for consideration by the United Kingdom.

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It might be suggested that Spain, Switzerland and unoccupied France be put on the same footing as regards the blockade - all three being permitted to import essential foodstuffs, subject to satisfactory guarantees that such would relate closely to actual needs, that no re-export would be permitted, and that adequate facilities for supervision would be afforded. An arrangement of this kind would require the maintenance of a large Consular establishment of expert observers in the neutral countries and this would provide a badly needed economic and political intelligence service. It would create conditions which would emphasize the contrast between the position of German occupied areas and those still free of enemy domination. Direct political benefits would accrue to the United Kingdom and Canada, as well as to the United States and unoccupied France, as the result of such a policy.

(See Secret Memorandum for the Prime Minister, of March the 19th, 1941).

3. Mr. King observed that there were two courses which might be taken. The maintenance of the blockade or its relaxing to permit the passage of food. As a result of the pressure of U.S. opinion, the U.K. government were prepared to alter their former more rigid attitude. In the circumstances, it might be well for the Canadian government to put forward positive suggestions for the formulation of a policy in the carrying out of which the collaboration of the United States might be secured.

The United States were vitally interested in the problem, particularly in view of their concern as to the disposition of the French Fleet which Admiral Darlan now threatened to use to convoy food ships.

4. The Acting Under-Secretary of State for External Affairs expressed the view that a positive proposal such as he had suggested would enable Great Britain to get credit for permitting the passage of food shipments to unoccupied France. The re-establishment of the Consular Service, and possibly of direct diplomatic relations would be of real benefit. The propagandist value of such a proposal in unoccupied France would be important. There was room for Canadian collaboration in such a policy.

5. In the discussion which followed, the concensus of opinion was favourable to proposing to the U.K. government, for their consideration, a comprehensive policy along the lines suggested. The relation of Canadian supplies of food, particularly wheat, to the working out of such a policy was considered briefly, but it was agreed that any decision upon this phase of the problem should be deferred until agreement had been reached upon the general question.

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6. The Minister of Munitions and Supply, in reference to the increased demand upon shipping which would result from a relaxation of the blockade in favour of France, reported that his officers had been giving consideration to making available for Atlantic service some 145 canal size freighters. These ships could carry food overseas and return with coal cargoes.

7. After further discussion it was agreed that Mr. Robertson prepare, for submission to the Committee at its next meeting, a draft telegram to the U.K. government, suggesting that consideration be given to the advantages which might result from the formulation of a broader policy along the lines considered at today's meeting with regard to food supplies for neutral Europe.

Transfer of Ontario Agricultural College to Federal government

8. The Minister of National Defence for Air, in reference to certain representations which had been made to the government with regard to the closing of the Ontario Agricultural College, stated that some considerable time since the Ontario government had offered the College for war purposes. The buildings were urgently needed and the offer had, consequently, been accepted as an important contribution to the war effort.

The meeting adjourned at 12.55 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, March 21st, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Office, East Block, on Friday, March the 21st, at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

R.C.A.F. Press Liaison in the United Kingdom

1. The Minister of National Defence for Air stated that it was important to establish, at an early date, in Great Britain, special press liaison arrangements for the R.C.A.F. With the increasing numbers of Canadian air personnel serving overseas as the Plan progressed, adequate means should be provided to keep the Canadian public informed of their activities. The Canadian High Commissioner in London, in answer to an enquiry, had agreed that the R.C.A.F. should have its own public relations representative, and had expressed the view that he should be an officer of the Service.

2. Mr. Power said that he would prefer to send a really first class newspaper man who could be counted upon to take full advantage of the opportunities which would be afforded him.

3. After further discussion, the Committee approved provision for an R.C.A.F. press liaison officer in the United Kingdom.

R.A.F. training in Canada and the United States

4. The Minister of National Defence for Air reported that the Acting Under-Secretary of State for External Affairs had received a communication from the Acting U. K. High Commissioner, with regard to R.A.F. flying training in the United States. Mr. Hankinson's letter referred to the meeting in London,

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on January the 7th, between the Minister of National Defence and the U.K. Secretary of State for Air, at which Sir Archibald Sinclair had expressed the view that, if flying training facilities could be obtained in the United States, the U.K. government would be bound to make use thereof, to supplement Commonwealth sources. The United States had now made a definite offer which included aerodromes, instructors and aircraft, and it was proposed to accept.

The letter ended by expressing the hope that the Canadian government would agree that such action was fully justified "particularly as, in the interval which has elapsed since the discussion with Colonel Ralston, it has become abundantly clear that the use to be made of the Canadian government's offer of extended training facilities will tax Canadian capacity to the full".

(See letter of March 12th, 1941, from the Acting U.K. High Commissioner, to the Acting Under-Secretary of State for External Affairs).

5. Mr. Power read to the meeting a letter which he proposed to send to Mr. Robertson, to form the basis of a reply to the U. K. government's communication.

This letter, after expressing appreciation of the U.K. government's desire to take advantage of all possible training facilities, took strong exception to the statement in Mr. Hankinson's letter regarding Canadian training capacity. It drew attention to the Canadian government's suggestion of November 14th, 1940, of further substantial expansion of the Commonwealth Air Training Plan in Canada, and to the U.K. government's reply of December the 9th that it was not thought desirable to embark upon an enlargement of the joint scheme. The Commonwealth Air Training Plan was functioning ahead of schedule and, furthermore, preparations had been made for the transfer of further R.A.F. schools to Canada. Other reasons for accepting the U.S. offer might be compelling, but Canada had by no means reached the limit of her capacity to supply air training facilities, and any suggestion to the contrary should not be advanced as a basis for such action.

(See letter dated March 17th, 1941, from the Minister of National Defence for Air, to the Acting Under-Secretary of State for External Affairs, also attached memorandum re transfer of R.A.F. Schools).

6. Mr. Power stated that he felt strongly on this subject. The record was quite clear; Canada had offered to expand the Plan, had, in addition, accepted the transfer of R.A.F. schools, and, at the Air Ministry's request, had made preparations and investigations of sites for the transfer of still further training units. Possibly the principal motives were political, and the hope of obtaining U.S. recruits.

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7. The Prime Minister expressed the opinion that in order to prevent any possible misunderstanding or misconstruction of the Canadian government's actions and attitude in regard to air training, a communication on the subject should be sent direct to the U.K. government.

8. The Minister of National Defence stated that the statement in Mr. Hankinson's letter regarding Canadian capacity was a serious inaccuracy. The true situation should be described fully in a communication direct from Prime Minister to Prime Minister. It should be clearly understood that, if the U.S. offer were to be accepted it would not be because of any failure on the part of the Canadian government to extend the fullest use of facilities in this country.

9. After further discussion it was agreed that the Acting Under-Secretary of State for External Affairs should reply to the Acting U.K. High Commissioner along the lines of Mr. Power's letter to Mr. Robertson, and that the substance of Mr. Robertson's reply, and a full statement of the situation, should be included in a telegram from the Prime Minister, to the Prime Minister of the United Kingdom.

Munitions and Supplies -
U.K. purchasing programmes in Canada and the United States

10. The Minister of Munitions and Supply reported that a number of U.K. government orders in Canada had already been cancelled. This had clearly resulted from the hope that the passing of the Lease-Lend Bill would enable the British to obtain the articles involved on more favourable terms in the United States.

The consequences of such action were of the gravest concern to Canada. The British Supply Council had made representations to the U.K. government in this connection.

11. The Minister of National Defence for Air enquired whether it would not now be possible to inform the U.K. government, and announce publicly, that Canada would finance all British war requirements in this country, letting the U.K. government take care of Canadian total overseas costs. The announcement, at an early date, of some such total arrangement of our financial relations with the U.K. government would be of great benefit in offsetting the adverse publicity which Canada had received through unfair comparison with the U.S. Lease-Lend legislation. The special problem of U.S. components of articles manufactured in Canada could be the subject of special agreement.

12. The Minister of Finance said that Dr. Clark was of opinion that only through direct representations to the President could Canada expect to receive immediate and sympathetic consideration of the difficulties involved in retaining and financing

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the U.K. purchasing programme in Canada. At present, Mr. Morgenthau felt that because of his open commitments to Congress, the United States would have to insist upon the liquidation of all our U.S. assets and refuse us any share of available U.K. gold. The only course open to Canada was to finance all U.K. orders on condition that there were no cancellations. At a later stage it would probably be possible to make a satisfactory arrangement.

13. The Prime Minister stated that he had accepted an invitation from the President to visit him at Warm Springs, towards the end of this month, or at the beginning of April. Meantime he should be provided with full information on the subject under discussion.

14. Mr. Ilsley expressed agreement with the suggestion that a public statement be made to dispel the misunderstanding of Canada's position in relation to U.K. government orders in this country. The passing of the Lease-Lend Bill had been accompanied by misstatements of the Canadian position, which had led to serious misconceptions as to the extent of our war effort.

15. Mr. Ralston and Mr. Howe also agreed as to the desirability of making a public statement as soon as possible to the effect that Canada had made arrangements with the U.K. government whereby the British would be able to obtain from Canada all that Canada could produce and provide.

16. Mr. Ilsley remarked that Dr. Clark was at present in Washington for further discussions with the U.S. Treasury and the U.K. Treasury Mission.

17. Mr. King remarked that the U.K. government were sending a food mission to Washington to take up with the U.S. government the obtaining of food products from the United States.

Canadian Army overseas - Command in Joint Operations.

18. The Minister of National Defence reported that, during the conduct of joint operations by British and Canadian forces in the United Kingdom, the 1st Canadian Division had been broken up, with the result that the Officer Commanding the 1st Division had, in fact, "lost his command". The matter had been taken up by the General Officer Commanding the Canadian Corps, with the U.K. Commander in Chief of the Home Forces, with the result that a satisfactory understanding had been reached with regard to detachment of Canadian formations. It had been agreed that apart from special circumstances, the Canadian Corps would be employed as a unit; General McNaughton's responsibility to the Canadian government had been fully recognized.

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Compulsory Training Programme -
dry and wet canteens at training centres

19. The Minister of National Defence brought to the attention of the meeting the situation regarding canteens in training centres. Prior to the introduction of the four month's training programme, active army centres had been permitted wet canteens, but compulsory training centres only dry canteens. Under the new system, however, compulsory training was combined with that for the active army. A decision was required, therefore, with respect to combined training centres. There were wet canteens for both the Navy and Air Force.

After conference with the other Defence Ministers, it was recommended that basic training centres, where the first two months training was conducted, should have dry canteens only, the remainder to be permitted wet canteens.

20. The Minister's recommendation, in this respect, was approved.

Permanent Joint Board on Defence

21. The Secretary reported that the Journal of Discussions and Decisions, covering the Board's meetings at Montreal on January the 20th and 21st, 1941, including the Thirteenth and Fourteenth Recommendations of the Board, had been considered by the Defence Ministers with the Officers of their respective departments.

Each of the Defence Ministers had now expressed their approval of these recommendations, in so far as their respective Services were concerned.

No report had as yet been received from the Minister of Finance.

22. The Committee, thereupon, approved the Thirteenth and Fourteenth Recommendations of the Permanent Joint Board on Defence, subject to the concurrence of the Minister of Finance.

(See letters to the Secretary, of March 12th, 1941, from the Minister of National Defence; March 12th, 1941, from the Minister of National Defence for Naval Services; and March 13th, 1941, from the Minister of National Defence for Air).

23. Mr. Heeney also reported the receipt of the Journal of Discussions and Decisions covering the Board's last meeting at Buffalo, on February the 27th, 1941. Copies of the Board's Journal for this meeting had already been sent to the Defence Ministers and to the Minister of Munitions and Supply. No formal recommendations of the Board requiring the government's decision were involved.

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Recruitment of R.D.F. personnel

24. The Minister of National Defence for Air reported that, in reply to the communication sent to him, following the Committee's decision on March the 12th, the Acting U.K. High Commissioner had accepted the government's offer with regard to the division of financial responsibility and had added that the U.K. government now hoped to obtain 8,000 recruits from the United States, rather than 5,500.

(See letter of March 19th, 1941, from the Acting U.K. High Commissioner, to the Acting Under-Secretary of State for External Affairs.)

The U.K. government, in attempting recruitment in the United States, were meeting the difficulties which the Canadian government had anticipated. There was still some confusion as to what arrangements would be made. It had been suggested that a large school for training U.S. recruits be established in Canada.

Purchase of Hurricane Fighters for R.C.A.F.

25. The Minister of National Defence for Air stated that, included in his estimates for the coming year there was an amount for the purchase of 144 Bell Airacobras for home defence squadrons. It now appeared that these U.S. planes might not be available until 1942.

The U.K. government were not taking further Hurricanes from the Fort William plant, and it had been suggested by the Minister of Munitions and Supply that Canada purchase a number of Hurricanes to be built at Fort William to serve in lieu of a proportion of the Airacobras, to meet immediate defence needs on the Atlantic coast, and near Arvida, Quebec.

The Hurricanes produced at Fort William were regarded by the Air Staff as obsolescent. On the other hand, Mr. Howe had reported that fifty Hurricanes could be available in three months, and an order now would have the effect of keeping the factory open. If this were done the Airacobra order would be cut to 110.

26. The Minister of Munitions and Supply expressed the opinion that the Hurricane was not obsolete. It was still in active and effective use - furthermore, it would be a serious matter if the Fort William plant were permitted to be idle.

27. After further discussion, the Committee approved of the purchase from the Fort William plant of fifty Hurricanes for the R.C.A.F., to meet immediate defence needs; the Airacobra order to be reduced, accordingly, to 110 aircraft.

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Ferrying of planes to the United Kingdom

28. The Minister of National Defence for Air reported that arrangements for the ferrying of fighters and medium bombers to Great Britain had recently been under further examination. U.S. technical officers were inclined to favour a more northerly route than that which had first been proposed. The United States had expeditions going to East and West Greenland. Canada had undertaken to explore suitable sites for staging facilities in Labrador, and on an alternative northerly route. The question of cost would be one for consideration later on.

Food supplies for unoccupied France

29. The Prime Minister submitted a draft telegram to the U.K. Government, which had been prepared by the Acting Under-Secretary of State for External Affairs, following the Committee's meeting of March the 19th. The views expressed by members of the Committee at the last meeting had been confirmed by information which he had obtained from Captain d'Argenlieu, the representative of General deGaulle, who favoured permitting food shipments to unoccupied France, provided satisfactory arrangements could be made with regard to control.

30. After some discussion the draft telegram submitted by Mr. King was approved.

(See draft telegram from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

R.C.A.F. Composite Training School at Trenton

31. The Secretary reported that Treasury Board had submitted to the Committee, for decision in principle, a recommendation of the Minister of National Defence for Air, for the establishment, at Trenton, of a composite training school to accommodate various courses for clerks, disciplinarians, security guards and "ceased training" air crews.

32. Mr. Power explained to the Committee the importance and urgency of establishing such a school. The cost involved would be $630,000.

33. The Committee discussed the project at some length but reached no decision.

The meeting adjourned at 2 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

March 27th, 1941.

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Ottawa, March 27th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, East Block, on Thursday, March the 27th, 1941, at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Defence of Newfoundland
Atlantic Bases Agreement - Newfoundland Protocol

1. The Prime Minister reported that word had been received that the Atlantic Bases Agreement between the United Kingdom and the United States would be signed in London today. The Protocol with regard to Newfoundland, which had been agreed upon as an alternative to a tripartite exchange of notes between the United Kingdom, United States and Canadian governments, would be signed at the same time. Simultaneous announcement in London, Washington and Ottawa was to be made this afternoon.

2. Mr. King read, and the Committee approved, a draft statement, in this respect, to be made in the House of Commons.

(See House of Commons Debates, March 27th, 1941, page 2074, Unrevised Hansard).

3. The Minister of National Defence for Air reported that a reply had been received from the Governor of Newfoundland, to the telegram sent him following the Committee's meeting on March the 15th, regarding control of airports and other matters relating to joint defence.

(See Telegram No. 14, of March 25th, 1941, from the Governor of Newfoundland, St. John's, to the Secretary of State for External Affairs, Ottawa).

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While general agreement had been reached upon the principal matters involved, a number of subsidiary questions remained to be settled, and others would arise as plans developed. In the circumstances, it was important that Canada should be represented in Newfoundland by some one who could consider such questions, on the spot, with representatives of Newfoundland and the United States.

4. The Minister of National Defence agreed, and suggested that, at the outset, Canada be represented by the Minister of National Revenue. Later on a more permanent agent could be appointed.

5. After some discussion, it was agreed that the Minister of National Revenue be requested to go to Newfoundland to represent the government in the settlement of outstanding questions, that Mr. Gibson be accompanied by Mr. Dyde, the Secretary of the Defence Council, and that the matter of more permanent representation be deferred.

6. Mr. Power submitted, and the Committee approved, subject to concurrence of the Department of External Affairs, a draft telegram to the Governor of Newfoundland, with further reference to the conditions of Canadian control of Newfoundland airports.

(See draft telegram of March 27th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Governor of Newfoundland, St.John's.)

Defence of Canada

7. The Prime Minister read two telegrams from the Prime Minister of the United Kingdom, in reply to the appreciation of the Canadian defence position which had been sent to Mr. Churchill, following the Committee's meeting on February the 26th, with the Chiefs of Staff.

In a personal message to Mr. King, Mr. Churchill said that it would not be possible, at present, to divert any substantial part of available forces to the Western side of the Atlantic. This message was supplemented by a statement of the considered views of the U.K. government's military advisers which emphasized the immediate necessity of concentrating upon defence against attacks upon shipping and a large scale attempt at invasion. It also pointed out the essential importance of maintaining re-enforcements to the Middle East. In the circumstances, and although the possibility of tip and run raids on the Canadian eastern seaboard and the need for strengthening anti-submarine protection there was recognized, it was concluded that, at present, re-enforcements for Canadian defence could not be spared at the cost of withdrawals from the United Kingdom and the northwestern approaches.

(See Cypher telegrams Nos. 47 and 48, of March 24th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

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8. The Minister of National Defence and the Minister of National Defence for Naval Services remarked that attention was being given by the Chiefs of Staff to the views of the U.K. military advisers, particularly as regards the need for strengthening anti-submarine defences.

U. K. purchasing programmes in Canada and the United States

9. The Minister of Finance submitted a draft telegram to the U.K. government which had been prepared by his Deputy Minister, following his conferences in Washington with the U.K. Treasury mission and representatives of the U.S. government.

The proposed communication drew attention to the necessity of close co-operation between the three governments in planning the most effective utilization of the productive facilities of North America, the importance to the Canadian war effort of avoiding the diversion from Canada to the United States of orders for munitions, agricultural products, or raw materials. It then went on to describe the probable Canadian financial position vis-a-vis the United Kingdom and the United States over the next year, and concluded with an offer on the part of Canada to finance the whole U.K. deficit. This offer was subject to certain stated understandings with regard to, - the repatriation of Canadian securities, transfers of gold or U.S. dollars from time to time available or the lease-lend of U.S. components of U.K. orders, additional projects, assurance against diversion of British orders, and a guaranteed rate for sterling exchange.

10. After considerable discussion, in which the draft communication submitted by Mr. Ilsley was considered, clause by clause, and a number of revisions made, the Committee approved the draft telegram, as revised, subject to final consideration and approval by the Prime Minister.

Settlement of outstanding U.K.-Canada financial questions

11. The Minister of Finance stated that there were a number of financial questions between the U.K. and Canadian governments connected with the three armed services. It was desirable that these be cleared up as soon as possible, and, to accomplish this purpose, it was recommended that an interdepartmental committee be established, representative of the Departments of Finance, National Defence, National Defence for Air, National Defence for Naval Services, and Munitions and Supply.

12. The Minister of National Defence for Air agreed that these questions should be disposed of, without delay. It was doubtful, however, whether an interdepartmental committee would be the best means of accomplishing this purpose. Direct consultation between representatives of the Treasury and the departments immediately concerned would be preferable and would avoid waste of time.

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13. After further discussion, it was agreed that the settlement of outstanding financial questions between the U.K. and Canadian governments, with respect to the three Services, be referred, for decision, to the Comptroller of the Treasury, and Mr. Walter Gordon of the Department of Finance, to act:

(a) as regards the Army, with Col. G. S. Currie,
(b) as regards the Navy, with Mr. R. P. Brown,
(c) as regards the Air Force, with Mr. Henry G. Norman.

Financial responsibility for R.C.A.F. squadrons in the United Kingdom

14. The Minister of National Defence for Air stated that he wished to have referred to the Department of Finance the question of financial adjustments for the three R.C.A.F. squadrons at present in the United Kingdom. The Director of Accounts of the R.C.A.F. had prepared recommendations for what was regarded as a fair and reasonable adjustment with the U.K. government. An annual payment to cover all expenses apart from pay and allowances was proposed.

15. The Secretary was directed to refer to the Minister of Finance for settlement, the recommendations in this respect of the Department of National Defence for Air.

Permanent Joint Board on Defence

16. The Secretary reported that he had received a letter from the Minister of Finance stating that after enquiry into the costs involved, he concurred in the Committee's approval of the Thirteenth and Fourteenth Recommendations of the Permanent Joint Board on Defence.

17. Mr. Heeney was, accordingly, directed to inform the Board of the government's approval of the Board's Thirteenth and Fourteenth Recommendations.

Financial assistance to the National Research Council.

18. The Minister of Finance reported that he had now had an opportunity of considering the recommendation of the Minister of Trade and Commerce that an amount of $25,000 be provided to the National Research Council in connection with experimental work upon radio equipment, and that the Department of National Defence pay the Council for service equipment which it manufactured. These matters had been considered at the Committee's meeting on March the 5th. Approval of Mr. MacKinnon's suggestions was recommended.

19. The Committee thereupon approved the proposals, in this respect, of the Minister of Trade and Commerce.

Clothing and equipment for Canadian troops overseas.

20. The Minister of National Defence described the policy which was being followed to provide overseas

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personnel of the Canadian Army, wherever possible, with clothing and equipment of Canadian manufacture.

Loan of R.C.A.M.C. personnel to the United Kingdom

21. The Minister of National Defence reported that a request had been received from the U.K. government for the loan of one hundred doctors for duty with the Royal Army Medical Corps. The Director General of Medical Services had reported that fifty commissioned doctors of the R.C.A.M.C., could be made available for this purpose. All costs involved would be recoverable from the U.K. government.

22. The loan of fifty commissioned personnel of the R.C.A.M.C., to the R.A.M.C. was approved, on condition that all costs involved would be recoverable from the U.K. government.

R.A.F. training in Canada and the United States.

23. The Minister of National Defence for Air reported that, following the Committee's meeting on March the 21st, the Acting Under-Secretary of State for External Affairs had replied, along the lines agreed upon by the Committee, to the communication received from the Acting U.K. High Commissioner with regard to R.A.F. flying training in the United States. Mr. Robertson and Mr. Heeney had also discussed the matter, briefly, with Mr. Hankinson.

24. The Secretary stated that a review of the records on this subject, in particular the Minutes of the conversations in London between the Minister of National Defence and the U.K. Secretary of State for Air, and informal conversations with the Acting U.K. High Commissioner, had indicated that the shortage of advanced trainer aircraft and the Air Ministry's impression that such planes might be available for training in the United States, had been the principal reasons which had lead the U.K. government to accept the U.S. offer. Sir Archibald Sinclair had mentioned this in his conversations with Mr. Ralston, in London, on January the 7th.

A draft telegram from the Prime Minister to the Prime Minister of the United Kingdom, in this connection, had been prepared, but in view of the above, it might be thought preferable to defer communicating direct with Mr. Churchill until an answer had been received from Mr. Hankinson.

25. The Committee agreed, in the circumstances, to defer any direct communication to the Prime Minister of the United Kingdom, until further word had been received from the Acting U.K. High Commissioner.

R.C.A.F. Composite Training School at Trenton

26. The Minister of National Defence for Air requested a decision, in principle, upon his recommendation, which had been considered briefly by the Committee at the last meeting, for the establishment at Trenton

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of a Composite Training School for the R.C.A.F.

27. The Committee approved, in principle, Mr. Power's recommendation in this respect, and the Secretary was directed to inform Treasury Board accordingly.

Recruitment and training of R.D.F. personnel

28. The Minister of National Defence for Air reported that, following informal discussions between representatives of the R.C.A.F. and the Air Ministry, on the various aspects of the R.D.F. problem, the U.K. government now proposed the establishment in Canada of a training school, on a basis similar to that of R.A.F. flying training schools transferred to this country. The total establishment contemplated would provide for some 750 to 900 pupils.

(See letter of March 24th, 1941, from the Acting U.K. High Commissioner to the Acting Under-Secretary of State for External Affairs).

29. Mr. Power stated that the proposal had been considered by the Air Staff, and it was recommended that it be accepted, in principle, upon certain conditions set out in a draft communication to Mr. Hankinson which was submitted to the meeting. These conditions related to U.K. responsibility for staff and technical equipment and for the cost of training, except in the case of R.C.A.F. personnel.

(See draft letter to the Acting U.K. High Commissioner).

30. The Minister of Finance observed that it had already been decided that the government would assume no financial responsibility for R.D.F. personnel, except in the case of Canadians. This had been agreed upon at the Committee's meeting on March the 12th.

(See Cabinet War Committee Minutes of March 12th, 1941, page 5, paragraph 19).

31. The Committee approved agreement, in principle, to the establishment in Canada of an R.D.F. training school, as set out in the draft communication submitted by Mr. Power, and subject to the Committee's decision of March the 21st, with regard to financial responsibility; the Committee's decision, in this respect, to be communicated to the U.K. government.

Ferrying of aircraft to the United Kingdom - provision of aerodromes in Canada for use of U.K. Services

32. The Minister of National Defence for Air reported the measures which had been taken to meet the request of the U.K. government, on March the 9th, for aerodrome facilities in connection with the ferrying of aircraft across the Atlantic. Facilities required would include accommodation of an R.A.F. school to train personnel and for a receipt and despatch unit to be operated, on behalf of the U.K. Ministry of Aircraft Production, by Canadian Pacific Air Service.

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After careful investigation of available facilities, and on the recommendation of the Chief of the Air Staff:

(a) the Air Station at Debert, N.S., which had originally been developed for R.C.A.F. emergency use, and subsequently allocated to accommodate an R.A.F. general reconnaissance school and an air navigation school, had been re-allotted to accommodate the R.A.F. unit to train Atlantic ferry personnel, and the Canadian Pacific Air Service receipt and despatch unit.

In this connection the Acting Under-Secretary of State for External Affairs had informed the Acting High Commissioner to the United Kingdom of the detailed arrangements which had been made to meet the U.K. government's requirements.

(See letter of March 25th, 1941, from the Acting Under-Secretary of State for External Affairs to the Acting U.K. High Commissioner).

(b) The aerodrome at Charlottetown, P.E.I., originally intended as a Joint Air Training Plan bombing and gunnery school, had been re-allocated to accommodate the R.A.F. general reconnaissance school and air navigation school which would otherwise have been located at Debert.

(c) The R.C.A.F. was also withdrawing from the aerodrome being developed by the Department of Transport at Dorval, P.Q., in order that accommodation might be available there, when the aerodrome was completed, for a second Canadian Pacific Air Service receipt and despatch unit. The J.A.T.P. air observer school, which was to have been located at Dorval would now be located at St.Johns, P.Q.; the flying squadron of No. 1 Wireless School would remain at St.Hubert.

Joint Air Training Plan
R.A.F. Air Crew Trainee Requirements

33. The Minister of National Defence for Air reported that enquiries had been received from the U.K. government regarding the supply of aircrew trainees during 1941 to 1942. The U.K. government requested information as to what deficiency, if any, in the supply of Canadian pupils they would be called upon to meet under Article 5 (c) of the Air Training Agreement; if any surplus over requirements of Canadian schools were anticipated, they were anxious to know whether such could be regarded as a possible solution of supply for U.K. overseas schools.

(See letter of March 21st, 1941, from the Acting U.K. High Commissioner, to the Acting Under-Secretary of State for External Affairs).

34. Mr. Power described the present situation regarding supply of aircrew trainees. It would not be necessary to call upon the United Kingdom under the Agreement, to meet any deficiency. At the moment there was a considerable surplus from the elementary flying schools, and Canada might provide to R.A.F. service flying schools from three to four hundred trainees.

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If this were done, however, it should be subject to a time limit of perhaps six months, and no definite undertaking should be given beyond that.

35. The Minister of National Defence drew attention to the other heavy demands upon Canadian man-power, apart from requirements for air crew trainees.

36. Mr. Power, in reply to a question of the Minister of National War Services, stated that the present surplus of aircrew trainees from the elementary flying schools and delay in their further flying training, was temporary only, and resulted from the shortage of advanced trainer aircraft.

Women's Auxiliary Air Force

37. The Minister of National Defence for Air stated that the U.K. government had enquired whether the Canadian government would be prepared to allow recruiting in Canada for the Women's Auxiliary Air Force, or, alternatively, whether they would consider the establishment of a Canadian W.A.A.F. for the performance of semi-skilled ground duties with R.A.F. schools in Canada.

(See letter of February 24th, 1941, from the Acting U.K. High Commissioner, to the Acting Under-Secretary of State for External Affairs).

38. Mr. Power said that, while he saw no objection to the R.A.F. recruiting in Canada for the W.A.A.F. there did not appear to be, at present, any need for extra ground personnel for R.A.F. schools in Canada. R.A.F. schools in Canada were more than adequately manned in this respect.

39. The Minister of National War Services stated that he would submit, at the first opportunity, a proposal which had been prepared for the organization of the Canadian women's voluntary services.

40. After further discussion, it was agreed that the government should not consent to recruiting in Canada for the W.A.A.F. or to the establishment of a Canadian W.A.A.F.

Naval Attache at Washington

41. The Minister of National Defence for Naval Services raised the question of the pay and allowances of Commodore Victor Brodeur, R.C.N., Canadian Naval Attache at Washington. Although the senior, in point of service, of the three Service attaches, Commodore Brodeur received substantially less than the Air Attache, and felt that he could not continue on what he regarded as an inadequate scale of remuneration. Commodore Brodeur had, in fact, submitted his resignation, but at the Minister's request, had withdrawn it on condition that the matter would receive sympathetic consideration.

42. The Acting Under-Secretary of State for External Affairs observed that the difference in remuneration of the attaches resulted principally from

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the fact that the Air Attache received flying pay. If, however, living allowances were adjusted, as had been recommended, so that all three received $4,000 per annum, the situation would be substantially relieved.

43. After further discussion, it was agreed that an adjustment upward of Commodore Brodeur's living allowance to a rate of $4,000 a year, to correspond to that of the other Service attaches, and retroactive to the date of his appointment, should be made forthwith; as to flying pay for the Air Attache, it was suggested that this problem be given careful reconsideration.

Chemical Warfare -
experimental and training area

44. The Prime Minister reported that the U.K. government had replied to the proposal that Canada contribute one-third of the total cost of the establishment and maintenance of the station, suggesting that both capital and maintenance costs be shared equally.

(See letter of March 22nd, 1941, from the Acting U.K. High Commissioner to the Acting Under-Secretary of State for External Affairs).

45. The Minister of Finance said that he would be agreeable to such a division of expense, but suggested that Canada be not asked to contribute to equipment brought from the United Kingdom or obtained from the United States by lease-lend.

46. After further discussion, the Committee decided to accept, without condition, the U.K. government's proposal of an equal sharing of all costs involved.

Interprovincial Bridge -
Nova Scotia - New Brunswick

47. Upon the recommendation of the Minister of National Defence, the Committee approved a contribution by the Federal government, from the War Appropriation, of $25,000, representing one-third of the cost of a bridge across the Missaguish River between Nova Scotia and New Brunswick, on the ground that this bridge was required, at an early date, for military purposes.

The meeting adjourned at 2.40 p.m.

A. D. P. Heeney
Secretary.

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CABINET WAR COMMITTEE - VOLUME IV

January 2/41	Telegram No. 2160, December 31/40, from HC London toEA re Joint Air Training Plan.
	Telegram No. 24, January 2/41 from EA to HC London re Joint Air Training Plan.
	Telegram No. 2115, December 28/40 from HC London to EA.
	Canadian Military to Defensor, Min.30 of December 28/40, and Canadian Military to Defensor, GS-3213 of December 28/40, re Canadian tunnelling troops.
	Telegram No. 27, January 3/41, from EA to HC London re Canadian tunnelling troops.
	Letter, January 2/41, from Private Secretary to Minister of National War Services to Secretary, Cabinet War Committee re military training.
	P.J.B.D. Journal, meetings December 16 - 17/40.
	Letter, December 30/40, from Canadian Chairman, P.J.B.D. to Secretary, CWC.
	Letter, December 2/40, from Mr. H.L. Keenleyside to P.M. re Japanese in B.C.
January 8/41	Telegram No. 5, January 9/41, from EA to Legation, Washington, re Greenland.
	Letter, January 6/41, from U.K. High Commissioner to P.M. re radio mechanics.
	Telegram, Jan.7/41, Min.41 from CMHQ to NDHQ re radio mechanics.
	Letter, January 9/41, from P.M. to U.K. High Commissioner re radio mechanics.
	Telegram, January 7/41, Min. 40 from CMHQ to NDHQ re Army overseas programme.
January 20/41	Memorandum, January 13/41, to Acting Deputy Minister for Air re radio mechanics in U.S.
	Memorandum, January 17/41, from Minister of National War Services to Sabinet War Committee re Canadian firemen for U.K.

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January 20/41 (cont'd)	Telegram No. 3, January 2/41, from HC London to EA re Canadian firemen for U.K.
	Memorandum, January 17/41, from Minister of National War Services on Quebec Day of Prayer.
	Two draft telegrams from EA to Governor of Newfoundland.
	Telegram No. 72, January 15/41 from HC London to EA re allied refugees.
	Telegram No. 104, January 18/41 from HC London to EA re allied refugees.
January 24/41	Telegram Min. 40, January 5/41 from CanMilitary to Defensor re Army programme 1940.
January 31/41	Telegram No. 173, January 29/41 from HC London to EA re Newfoundland.
	Telegram No. 176, January 20/41 from HC London to EA re Newfoundland.
	Telegram No. 158, January 31/41 from EA to HC London re Newfoundland.
	Telegram No. 161, January 31/41 from EA to HC London re Newfoundland.
February 3/41	Telegram No. 194, February 3/41 from HC London to EA re Newfoundland.
	Telegram No. 27, February 4/41 from EA to Legation, Washington, re Newfoundland.
	Telegram No. 3, January 2/41 from HC London to EA re Canadian firemen for U.K.
	Telegram No. 37, January 8/41 from HC London to EA re R.A.F. schools.
	R.C.A.F. message, January 9/41, Roycanairf to CAS, re R.A.F. schools.
February 11/41	Telephoned Message No. 52, February 11/41 from Legation, Washington to EA re publicity in U.S.
	Circular Telegram D60, February 9/41 from DO to EA re blockade policy.
	Telegram No. 23, February 11/41 from EA to DO re blockade policy.
	Telegram No. 17, February 7/41 from Legation, Tokyo to EA re Polish refugees.
	Letter, February 4/41, from Czech Consul General to Minister National Defence re recruiting of Czechs.

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February 11/41 (cont'd)	TelegramNo. 206, February 13/41 from EA to HC London re recruiting of Czechs.
	Letter, February 10/41 from EA to HC London re radio mechanics.
	Telegram No. 47, February 5/41 from Legation, Washington to EA re Greenland.
	Letter, February 6/41, from Minister of National War Services to Secretary, CWC.
	P.J.B.D. Journal, meetings January 20, 21, 1941.
	Memorandum for Prime Minister, February 11/41, re POW publicity.
	Letter, February 7/41, from Minister ofNational War Services to Secretary, CWC re accommodation in Halifax.
February 18/41	Memorandum by Mr. Keenleyside, "The integration of warindustry in Canada and the United States".
	Letter, February 20/41 from EA to HC London re radio mechanics.
	Telegram No. 256, February 21/41 from EA to HC London re radio mechanics.
	Telegram No. 459 from Defensor to Canmilitary for Lord Beaverbrook and Capt. Balfour re aircraft ferrying.
	Telegram No. 23, February 11/41, from DO to EA re U.K. blockade policy.
	Chiefs of Staff Committee memorandum "Brief appreciation of the situation as of 24th February".
	Telegram No. 31, February 19/41 from DO to EA re U.K. purchasing programme.
	Telegram No. 34, February 27/41 from EA to DO re U.K. purchasing programme.
February 26/41	Report of February 26/41 to Messrs. Ralston and Mackenzie from Dr. Wodehouse and Brig. Gorssline re hospital accommodation.
	Letter from Minister of National War Services to Secretary, CWC, February 20/41 re tour by U.K. editors.

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March 5/41

Telegram No. 35, March 2/41 from EA to DO re defence of Canada.

Telegram No. 349, February 28/41 from HC London to EA re defence of Canada.

Telegram No. 370, March 4/41, from HC London to EA re Newfoundland.

Telegram No. 373, March 5)41 from HC London to EA re Newfoundland.

Memorandum of March 4/41 from Chiefs of Staff Committee to Ministers re Newfoundland.

Letter, March 1/41, from U.K. High Commissioner to EA re chemical warfare.

Letter, March 1/41, from Minister of National Defence to Secretary, CWC, re financial assistance to NRC.

Letter, February 25/41 from Principal McGill University to PM re Universities' War Committee.

Memorandum, February 27/41, from Wartime Requirements Board to Minister of Munitions and Supply re building of merchant ships.

Letter, February 22, from British United Press to PM re representation on U.K. Ministry of Information.

Memorandum, March 5/41, from Director of Public Information to Minister National War Services re representation on U.K. Mihistry of Information.

Telegram No. 38 of February 27 from DO to EA re U.K. blockade policy.

March 12/41

Memorandum, March 3/41, from Chiefs of Staff Committee to Ministers re aluminum plant at Arvida.

Memorandum, March 7/41, Chiefs of Staff to Ministers re aluminum plant at Arivda.

Telegrams 407 and 411, March 11/41, from HC London to EA re Newfoundland.

Telegram No. 354, March 12/41 from EA to HC London re Newfoundland.

March 13/41

Memorandum, March 8/41, Chiefs of Staff Committee to Ministers re U.K. blockade policy.

Telegram No. 42, March 13/41, from EA to DO

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March 13/41 (cont'd)	Telegram No. 11, March 13/41 from EA to Governor of Newfoundland.
	Telegram No. 10, March 13/41 from EA to Governor of Newfoundland.
March 19/41	Circular telegram No. M39 and M40 March 14/41 from DO to EA re food supplies.
	Memorandum, March 19/41, from EA to P.M. re food supplies.
March 21/41	Letter, March 12/41, from U.K. High Commissioner to EA re R.A.F. training.
	Letter March 17/41 from Minister of National Defence for Air to EA re transfer of R.A.F. schools.
	P.J.B.D.Journal, meetings January 20 - 21, 1941.
	Letter, March 19/41, from U.K. High Commissioner to EA re recruitment of RDF personnel.
	Draft telegram from EA to DO re food supplies for Unoccupied France.
March 27/41	Telegram No. 14, March 25/41 from Governor of Newfoundland to EA.
	Draft telegram March 27/41 from EA to Governor of Newfoundland.
	Telegrams Nos. 47 and 48, March 24/41 from DO to EA re defence of Canada.
	Letter, March 24/41 from U.K. High Commissioner to EA re recruitment of R.D.F. personnel.
	Draft letter to Acting U.K. High Commissioner re recruitment of R.D.F. personnel.
	Letter March 25/41 from EA toU.K. High Commissioner re aircraft ferrying.
	Letter March 21/41 from U.K. High Commissioner to EA re Jpint Air Training Plan.
	Letter February 24/41 from U.K. High Commissioner to External re Women's Auxiliary Air Force.
	Letter March 22/41 from U.K. High Commissioner to EA re chemical warfare.

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January 2/41	Telegram No. 2160, December 31/40, from HC London toEA re Joint Air Training Plan.
	Telegram No. 24, January 2/41 from EA to HC London re Joint Air Training Plan.
	Telegram No. 2115, December 28/40 from HC London to EA.
	Canadian Military to Defensor, Min.30 of December 28/40, and Canadian Military to Defensor, GS-3213 of December 28/40, re Canadian tunnelling troops.
	Telegram No. 27, January 3/41, from EA to HC London re Canadian tunnelling troops.
	Letter, January 2/41, from Private Secretary to Minister of National War Services to Secretary, Cabinet War Committee re military training.
	P.J.B.D. Journal, meetings December 16 - 17/40.
	Letter, December 30/40, from Canadian Chairman, P.J.B.D. to Secretary, CWC.
	Letter, December 2/40, from Mr. H.L. Keenleyside to P.M. re Japanese in B.C.
January 8/41	Telegram No. 5, January 9/41, from EA to Legation, Washington, re Greenland.
	Letter, January 6/41, from U.K. High Commissioner to P.M. re radio mechanics.
	Telegram, Jan.7/41, Min.41 from CMHQ to NDHQ re radio mechanics.
	Letter, January 9/41, from P.M. to U.K. High Commissioner re radio mechanics.
	Telegram, January 7/41, Min. 40 from CMHQ to NDHQ re Army overseas programme.
January 20/41	Memorandum, January 13/41, to Acting Deputy Minister for Air re radio mechanics in U.S.
	Memorandum, January 17/41, from Minister of National War Services to Cabinet War Committee re Canadian firemen for U.K.

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January 20/41 (cont'd)	Telegram No. 3, January 2/41, from HC London to EA re Canadian firemen for U.K.
	Memorandum, January 17/41, from Minister of National War Services on Quebec Day of Prayer.
	Two draft telegrams from EA to Governor of Newfoundland.
	Telegram No. 72, January 15/41 from HC London to EA re allied refugees.
	Telegram No. 104, January 18/41 from HC London to EA re allied refugees.
January 24/41	Telegram Min. 40, January 5/41 from CanMilitary to Defensor re Army programme 1940.
January 31/41	Telegram No. 173, January 29/41 from HC London to EA re Newfoundland.
	Telegram No. 176, January 20/41 from HC London to EA re Newfoundland.
	Telegram No. 158, January 31/41 from EA to HC London re Newfoundland.
	Telegram No. 161, January 31/41 from EA to HC London re Newfoundland.
February 3/41	Telegram No. 194, February 3/41 from HC London to EA re Newfoundland.
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- Telegram No. 206, February 13/41 from EA to HC London re recruiting of Czechs.
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- Memorandum for Prime Minister, February 11/41, re POW publicity.
- Letter, February 7/41, from Minister of National War Services to Secretary, CWC re accommodation in Halifax.

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- Telegram No. 31, February 19/41 from DO to EA re U.K. purchasing programme.
- Telegram No. 34, February 27/41 from EA to DO re U.K. purchasing programme.

February 26/41

- Report of February 26/41 to Messrs. Ralston and Mackenzie from Dr. Wodehouse and Brig. Gorssline re hospital accommodation.
- Letter from Minister of National War Services to Secretary, CWC, February 20/41 re tour by U.K. editors.

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Letter, February 22, from British United Press to PM re representation on U.K. Ministry of Information.

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March 19/41	– Circular telegram No. M39 and M40 March 14/41 from DO to EA re food supplies.
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CABINET WAR COMMITTEE - VOL. 1V

PAPERS NOT IN PRIVY COUNCIL RECORDS

Date of Meeting	External Affairs Telegrams
March 19/41	Circular telegram No. M39 and M40 March 14/41 from DO to EA re food supplies

NOTE:
Complete set of P.J.B.D. Journals filed in black binders in Room 122.

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COPY

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

22nd March, 1941.

SECRET
950K/7

My dear Mr. Robertson,

May I refer to your letter of the 6th March on the subject of a proposed establishment in Western Canada of a Field Experimental Station for gas and chemical warfare.

On receipt of your letter I immediately informed the authorities in London that while the Canadian Government could not entertain the proposal put forward by the United Kingdom Government for the financing of the project they would be prepared to contribute one third of the total cost of the scheme.

I have now been asked to explain that in making their original proposal, which was put forward in my letter of the 1st March, that the cost of the land and buildings might be borne by the Canadian Government and the cost of equipment and maintenance shared equally between the two Governments, the United Kingdom Government had assumed that the land and buildings would be of value to the Canadian Government on the closing down of the station. They now understand, however, that this assumption was not correct and that, for instance, the cost of the land will include the cost of removing those persons now living thereon and will not represent its value for resale.

The United Kingdom Government trust that the Canadian Government will be prepared to consider the matter further and would like to suggest that the proposal should be proceeded with on the basis that both capital and maintenance costs should be shared equally by the two Governments. The United Kingdom Government very much hope that, on reconsideration, the Canadian Government will find it possible to accept the scheme on this basis.

Yours sincerely,

W.C. HANKINSON

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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W-30

COPY

Office of the High Commissioner
for the United Kingdom,
Ottawa.

516X/380

Confidential

24th February, 1941.

Dear Mr. Robertson:

In a telegram received from the Secretary of State for Dominion Affairs I am informed that the Air Ministry are anxious to reduce the number of airmen employed in semi-skilled ground duties with transferred R.A.F. schools and that they hope this may be possible by the employment of women.

It is pointed out that there are obvious advantages if Canadian women can be employed for this purpose, and the Air Ministry would be glad to know whether the Canadian authorities would be prepared either to allow the R.A.F. to recruit Canadian women into the Women's Auxiliary Air Force in Canada or to consider the establishment of a Canadian Women's Air Force organization from which they might be prepared to meet requirements at the transferred schools. The Air Ministry are ready in either case to supply a nucleus of experienced W.A.A.F. personnel if required.

Yours sincerely,

(Sgd) W. C. Hankinson

N. A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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COPY

Office of the High Commissioner
for the United Kingdom,
Ottawa.

516X/384
SECRET.

21st March, 1941.

My dear Mr. Robertson,

The probable requirements of the R.A.F. for aircrew trainees during 1941-42 and potential sources of supply in the United Kingdom are now being reviewed.

Under Article 5(c) of the Riverdale Agreement the United Kingdom have a liability to make good any deficiency in the supply of Canadian pupils, and in a telegram which I have received from the Secretary of State for Dominion Affairs I have been asked to state that the United Kingdom authorities would be grateful if they could be furnished with information as to the extent to which the United Kingdom may be called upon to implement this clause, if at all.

If any deficiency of Canadian pupils is likely to arise, an estimate of the anticipated period and the category of aircrews concerned would be very helpful.

The United Kingdom authorities are not aware of the extent to which Canadian man-power resources have been surveyed, but if any review indicates a margin over the requirements of Canadian schools they are anxious to know whether they could regard this as a possible source of supply for their schools in the United Kingdom or overseas.

I understand that a similar enquiry has been addressed to the Australian and New Zealand Governments.

Yours sincerely,

W.C. HANKINSON

N.A. Robertson, Esq.,

Referred to National Defence
National Defence for Air
Clerk of the Privy Council

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SECRET
IMMEDIATE

Ottawa, 25th March,1941

My dear Mr.Hankinson,

Your letter of March 12th with reference to the proposed establishment of Royal Air Force training schools in the United States, has been considered by the War Committee of the Cabinet.

They fully appreciate the desirability of a policy which will take advantage of all possible available training facilities wherever they may be situated, particularly if the provision of these services is under such favourable conditions as anticipated in your letter,namely,the provision of schools fully equipped ab initio with aerodromes,instructors and aircraft, and with the added assistance of the benefits of the lend lease bill. Upon these premises there can be no logical criticism of such a course.

I am directed,however, to make certain observations on the following statement in the last paragraph of your letter,viz: "it has become abundantly clear that the use to be made of the Canadian Government's offer of extended training facilities will tax Canadian capacity to the full".

In this connection I might draw your attention to the Secretary of State for Dominion Affairs' telegram No.178 of December 9th last, in which,after expressing the greatest satisfaction in regard to Canada's effort at that time, he indicated that in the opinion of the United Kingdom Government it was not thought desirable to embark upon an enlargement of the Joint Air Training Scheme. This telegram went on to emphasize the view that the efforts of the Canadian Government should be directed to pressing the production of training aircraft, particularly the Anson type.

W.C.Hankinson,Esquire,
Acting High Commissioner for the
United Kingdom,
Earnscliffe,
Ottawa

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In the later discussions which Colonel Ralston had with the United Kingdom Air Ministry in London, he pointed out that Canada had successfully carried out her undertakings in the matter of the Training Scheme and had indeed offered to enlarge them.

The Joint Air Training Scheme is at present functioning considerably ahead of the contemplated schedule. A number of aerodromes have been developed for transfer of schools of the Royal Air Force, which have not yet been occupied. In this connection I am enclosing a summary statement of the present position in respect of the various transfer projects. In addition a large number of aerodrome sites have been investigated and reported upon at the request of the British Liaison Mission in connection with the tentative proposals of the Air Ministry to transfer further training schools and operational training units to Canada. The Royal Canadian Air Force have never expressed any inability or reluctance to supply any facilities asked for or suggested by the Royal Air Force.

In these circumstances the competent Canadian authorities have no hesitation in saying that Canada has by no means reached the limit of her capacity in the provision of air training facilities. The use of any such assumption as a guiding reason for the establishment of schools in the United States is not, in their opinion, accurately expressing the situation.

If, for other cogent reasons, R.A.F. training schools are established in the United States, it is felt very strongly that simultaneously the training facilities in Canada should be pressed forward aggressively, preferably by the further transfer of Royal Air Force schools.

Yours very sincerely,

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Mar 28/41 C-15

COPY

DRAFT

Dear Mr. Hankinson,

With reference to the proposal put forward in your letter of March 24th, 1941, for the establishment in Canada of an R.D.F. Training School on a basis similar to that already established for the R.A.F. Flying Training Schools, I am directed to reply to you that the Canadian Government accepts this proposal in principle and is prepared to undertake immediate inquiries for suitable accommodation. As, however, this school is of a special type it is hoped that full information will be supplied as soon as possible, giving particulars of the establishment, the type of training to be undertaken, and how near it should be to an aerodrome, or to the ocean, as it is believed all this information will have a bearing upon the selection of a suitable location. It is to be understood that no assistance will be available from the R.C.A.F. in supplying staff or technical equipment.

With respect to the pupil intake, it is assumed the United Kingdom will make necessary arrangements to provide qualified pupil personnel, either from the United States or some other source as it appears extremely doubtful whether any substantial number of recruits qualified to enter this school can be found in Canada until present plans for preliminary training have had a chance to mature.

With regard to financial arrangements, it is understood the R.C.A.F. personnel for service in Canada will be trained at the expense of the Canadian Government at a rate to be agreed upon, and that such R.C.A.F. personnel as may be trained at the school for service with the R.A.F. overseas will be regarded as having embarked for overseas on the date on which they enter the school. In the case of the latter group this would mean that for those recruited in Canada the United Kingdom would be responsible to the same extent as already agreed upon with

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respect to graduates of the Air Training Plan who have left for overseas, and, for those obtained from the United States the United Kingdom would be wholly responsible.

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C-15

Office of the High
Commissioner for the United
Kingdom,
Earnscliffe,
Ottawa.

24th March, 1941.

510C/14.

SECRET

My dear Mr. Robertson,

As you of course know, informal discussions have been taking place between representatives of the R.C.A.F. and the Air Ministry over the past few months on the various aspects of the R.D.F. problem. In the course of these discussions it has been indicated that the R.C.A.F. are considering the possibility of starting an R.D.F. training school in Canada to meet their own requirements, and I understand that in this connection they have been anxious to know whether the United Kingdom Government would wish to co-operate in such a school, as a means of supplementing their own training facilities.

I have now been informed that the United Kingdom Government would be glad to co-operate with the Canadian Government in the establishment of an R.D.F. training school in Canada. They understand that the total number of trainees in such a school who would be required by the R.C.A.F. for their own purposes would be small, and as the R.A.F. would wish to make quite considerable use of the facilities, they suggest that the school should be an R.A.F. school, to be administered, like the transferred flying training schools, by the R.C.A.F. but paid for by the United Kingdom Government except in so far as it may be used to train pupils for Canada's own requirements. The United Kingdom Government contemplate also that technical equipment and the majority of the instructors for the proposed school would have to come from the United Kingdom.

It is suggested that the school should be capable of training up to 650 pupils at a time, which would mean that the total establishment would probably be something between 750 and 900, and the United Kingdom authorities hope that it may be possible to hire an existing building suitable for the purpose.

I should be glad if you would let me know whether the Canadian Government approve in principle of the above proposal and whether they agree that the details of the plan should be worked out between the R.C.A.F. and the United Kingdom Air Liaison Mission.

Yours sincerely,

(Signed) W.C. Hankinson.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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"R"

D-19A

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET AND PERSONAL

CYPHER

No. 47

LONDON, March 24th, 1941.

No. 47. Most Secret and Personal. Your telegram of March 2nd, No. 35. Following for Prime Minister from my Prime Minister, Begins:

We have been weighing very carefully important questions raised in your messages No. 35 and No. 36 of March 2nd, and my immediately succeeding telegram sets out views of our advisers on these matters.

We think these views are sound. The position is bluntly that we have not all the equipment that would enable us to give complete protection on both sides of the Atlantic, and the question is therefore how can we make best use of material we have, having regard to what the enemy is trying to do and probabilities as to his future course of action. The issue of war will clearly depend on our being able to maintain traffic across the Atlantic. All our advice is that our present dispositions afford best means of achieving this. If we were to divert any substantial part of our forces from their present area of operations to cover wider areas where there is admittedly some risk of enemy action, we should only imperil the whole and play into his hands.

We are indeed most deeply appreciative of all that Canada has done, and in particular how you have stripped yourselves of protection on your Atlantic coasts to help us. As soon as we get more ships, or should dangers of enemy attack on western side of the Atlantic become greater, we shall not hesitate to consider re-dispositions at once. Ends.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS

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"B"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

No. 48

LONDON, March 24th, 1941.

No. 48. Most Secret. Your telegram of March 2nd, No. 35, and your telegram No. 36. Following for Prime Minister from my Prime Minister, Begins:

1. His Majesty's Government in the United Kingdom have studied most carefully your views, and are in full sympathy with your anxieties and responsibilities regarding adequacy of Canadian defences. Military advisers have also examined your Chiefs of Staff analysis of Canadian home defence position. The following summarizes our assessment of the situation and our ability to assist.

2. In weighing possibility of assisting in strengthening of those features of Canadian home defence position to which Canadian Chiefs of Staff have drawn attention, we have had to bear in mind most carefully position here, and in other theatres where we are facing the enemy's attack. As you are aware, Germany is now making a supreme effort both at sea and in the air against our trade. We, ourselves, are making corresponding effort to defeat these attacks by assembling all the escort vessels we can lay our hands on, by transferring anti-aircraft weapons from our home defences to merchant shipping, and by diverting still more air forces to defend our ships against German long range aircraft which attack our shipping in areas hitherto regarded as immune. At the same time, with

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

improving weather conditions, we have to be ready to meet increasing attacks of German bomber force against objectives in this country. Finally, we have from now on to be fully prepared to meet a large scale attempt at invasion. Our military advisers have just completed a detailed examination of requirements necessary to meet these threats, and it is clear that if we are not to fall below the danger line we have very little to spare from the force immediately available at home. At the same time, the recent developments in the Balkan and the Middle East theatres make it essential for us to maintain flow of our reinforcements to the Middle East. We have the fullest confidence in our ability t defeat threats to this country and to build up our growing offensive power, but you will appreciate that we are bound in common interest, referred to in your Chiefs of Staff appreciation, to weigh with the greatest care any additional withdrawals from the United Kingdom and its north western approaches.

3. While we fully realize the possibility of tip and run raids on Canadian eastern seaboard, we are of the opinion that such raids are unlikely in view of risk raiders would run of air attack and possible shadowing. They are more likely to attack shipping routes in western Atlantic. Moreover, an additional deterrent is likelihood that operations against Canadian seaboard must precipitate entry of the United States into the war. This we feel is particularly the case in the neighbourhood of Newfoundland, where our enemies must realize sensitiveness of United States to operations in area of her newly acquired bases.

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From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

4. We note that Canadian Chiefs of Staff make no specific reference to strengthening anti-submarine protection of shipping near Canadian coast. In view of indication that U-boat activity may be extending to western Atlantic, the question of strengthening naval and air forces now available in Canada for anti-submarine duties is now under consideration between the Admiralty and Naval Service Headquarters, Ottawa. We are of the opinion that enemy will only adopt less economical use of submarines in western Atlantic for the purpose of making us over-insure ourselves there at the expense of decisive areas in western approaches. Every effort will be made to strike right balance between providing essential anti-submarine force for Canadian coast and maintaining our freedom on this side of the Atlantic.

5. With regard to air attack, the threat of attack by German land based aircraft is virtually non existent as no German aircraft is capable of making Atlantic flight from existing air bases with any appreciable bomb load.

6. It is in this light that we have considered request in final paragraph of your telegram. We feel in view of situation shown in paragraph 2 of above, our present combined naval dispositions not only are best in common interest in existing circumstances, but are adequate to deal with scale of attack which we think probable in western Atlantic. Nevertheless, you may rest assured that redisposition will be made if situation there changes.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 4 -

LONDON,

7. We agree that four reconnaissance squadrons, covering Canada's Atlantic approaches, are hardly adequate for area in question. In view, however, of urgent and pressing need for this type of aircraft elsewhere, it is difficult, at present, to provide aircraft for formation of additional squadrons. We are giving full consideration to your views on expansion of Royal Canadian Air Forces in preparation of revised air training programme. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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DRAFT TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S.

Ottawa, March 27, 1941.

SECRET

CYPHER

No.

Your telegram No. 14 of March 25th reference Newfoundland Airports.

1. (a) The Canadian Government has previously expressed concurrence in the 7 points alluded to in your sub-paragraph (a) and now confirms such concurrence. See my No. 72 of December 19th and my No. 11 of March 13th.

(b) The Canadian Government has already expressed general concurrence in the eighth point which you have set out in two sub-paragraphs (b) and (c) and now confirms these points as expressed in the said two sub-paragraphs.

(c) Sub-paragraph (d) is concurred in.

(d) The statement made in my No. 5 of January 20th that the Canadian Government was prepared to assume the larger share of the burden was qualified by the further remarks made in the same telegram, and was of course made before we were informed of the new stipulations and conditions which are now added by paragraph 2 of your telegram No. 14. The Canadian Government is still prepared to assume the larger share of the cost of maintenance and operation of the air bases at Gander, Botwood and Gleneagles, but wishes to point out that this cannot be taken to mean that we will be responsible for the cost of facilities the control of which is not granted to the Canadian Government under the terms of the final transfer.

2. The Canadian Government notes the stipulations contained in paragraph 2 of your telegram, and which are now made

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conditions of the transfer of control. The Canadian Government concurs in the retention of control by the Air Ministry of the existing wireless organizations for the duration of the war. The stipulation regarding foreign undertakings is also concurred in. In this connection the Canadian Government has already agreed to your fundamental points and special reference is made to points (1) and (2) of your telegram No. 47 of September 30th which were agreed to previously and according to the terms of which our requests for increased accommodation for U.S. aircraft and personnel were made.

3. Your concurrence in the proposal of the Canadian Government regarding increased accommodation for Canadian and U.S. personnel and aircraft as expressed in paragraph 8 of your telegram is noted. The Canadian Government agrees that the adoption of the Canadian proposals in this connection will not involve additional rights or privileges to United States at Newfoundland air bases in regard to civil aviation over and above those which they already possess or may otherwise acquire.

4. The Canadian Government regrets that you should have had no intimation previous to my telegram No. 11 of March 13th of the requirements at Botwood and Gleneagles as mentioned in paragraph 9 of your telegram. The arrangements contemplated by these additional requirements have been matters of recent development however and our request in this connection was made as promptly as possible after the Canadian Government was itself aware of the needs of the situation. Your concurrence in these developments is noted subject to your being given an opportunity to examine details of developments before land is acquired or work of any kind is commenced. The Canadian Government will be pleased to extend this opportunity fully to the

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Newfoundland Government.

5. The Canadian Government concurs in the suggestion that the negotiations to settle details and fix the date of taking over should be conducted at Newfoundland Airport, and feels it desirable to arrange such a meeting at the earliest possible date. A further telegram will follow containing names of Canadian representatives and date on which it is proposed that they shall arrive at airport. In the meantime, it is hoped that the further communication with reference to Torbay which your paragraph 10 states is being sent in due course can be received.

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FROM: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

SECRET

"C" CODE

NO. 14

ST. JOHN'S, March 25th, 1941.

No. 14. Addressed to Secretary of State for External Affairs, Ottawa, No. 14, repeated to Secretary of State for Dominion Affairs, No. 163. Secret.

In continuation of my telegram No. 13 of March 15th, and with further reference to your telegram No. 11 of March 13th, we understand position to be that the Canadian Government:-

(a) Agree with 7 points set out in my telegram to you No. 47 of September 30th, 1940, and ellucidated in the case of point 2 by my telegram to you No. 72 of December 28th;

(b) Agree that facilities at airports and seaplane bases for British civil aircraft operating across the North Atlantic or undertaking local flights, will continue to be made available as required.

(c) Agree that there will be no interference with plans for delivery by air of military aircraft across the Atlantic, such plans involving accommodation for aircraft and personnel at the expense of the United Kingdom Government;

(d) Is prepared to accept a lease instead of a fee simple grant of lands on which R.C.A.F. buildings are being erected, subject to conditions specified in paragraph 3 in your telegram No. 5 of January 20th;

(e) Is prepared to assume larger share of the burden of cost of maintenance and operation of air bases at Gander, Botwood and Gleneagles.

2. On the basis of above understanding, and subject to the two conditions set out in immediately succeeding sentences,

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we are prepared to proceed at once with negotiations with your officials with the object of disposing of details and fixing a definite date for handing over of three bases at Gander, Botwood and Gleneagles for period of hostilities. The Government of the United Kingdom now consider Air Ministry must retain control of existing wireless organisations for the duration of the war, in order to secure integration of Atlantic ferrying and civil signal organisations, and we must make this a condition of the proposed transfer. The United Kingdom Government have also asked us to stipulate that only such foreign undertakings as are at present authorized shall be permitted to use airport and seaplane bases, and only to the extent permitted by existing authorizations, and we have agreed to make this stipulation a condition of the transfer.

3. The following are points which we wish to raise, but these may be reserved for further discussion at conference.

United Kingdom and Newfoundland to make fixed contribution of $25,000 per annum each to Canada towards maintenance and operation of three bases, apart from cost of wireless organisation, which is to continue to be controlled and paid for by Air Ministry, Canada being responsible for providing all further funds required for maintenance and operation of air bases, and entitled to all rentals and other items of revenue while she is so responsible. If Canada makes use of Air Ministry wireless organisation, Canada should pay to Air Ministry a sum to be agreed on in respect of such use.

4. The Newfoundland Government propose to hand over to Canada its equipment at three bases, including surplus equipment (but excluding small power boat at Botwood and power boat at Gleneagles) for use at any three bases above mentioned or for safe custody at those bases provided that Canada will

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agree that no movable property is to be disposed of or removed from those bases, and no immovable property is to be disposed of without the consent of the United Kingdom and Newfoundland Governments, and will also agree that proceeds of any agreed sales will be the property of those Governments.

5. The Government find it necessary to retain control over the two power boats mentioned, as these may be required for use exclusively in connection with trans-Atlantic flights.

6. The Newfoundland Government will raise at conference without prejudging question whether civil hangar should not be reserved exclusively for use of planes on trans-Atlantic flights.

7. We shall suggest at the conference that Newfoundland Government shall retain such accounting personnel as may be mutually agreed on as necessary to provide for closing accounts and completion of handing over proceedings, the cost of such personnel being deducted from first year's contribution of $50,000 payable by United Kingdom and Newfoundland.

8. We concur generally in proposal regarding accommodation at Newfoundland airport for Canadian and United States personnel and aircraft, outlined in your telegram No. 6 of January 25th, and in paragraph 5 (a) of your telegram No. 11, on the understanding that adoption of these proposals will not involve any additional rights or privileges to United States at Newfoundland air bases, in regard to civil aviation, over and above those which they already possess or may other wise acquire.

9. As regards developments indicated in sub paragraph (b) and (e) of paragraph 5 of your telegram No. 11, we have had no previous intimation that these proposals have been under consideration, and we should have liked to have received much more information before agreeing to them, even in principle. However, we are prepared to acquiesce in these developments on

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the understanding that we shall be given an opportunity to examine details of developments before land is acquired or work of any kind is commenced.

10. None of the foregoing is intended to apply to Canadian aerodrome developments at Torbay, or to proposed refuelling bases in northern Newfoundland and Labrador, referred to in paragraph 5 (d) and (e) your telegram No. 11, regarding which a separate communication will be addressed to you in due course. We do not anticipate any difficulty in arriving at a satisfactory agreement in regard to terms on which R.C.A.F. will control and operate these bases.

11. We assume negotiations settling details and fixing date of taking over had best be conducted at Newfoundland airport. The Newfoundland representatives will probably consist of the Commissioner of Public Utilities, Squadron Leader Pattison, and a member of the legal staff, whose name will be communicated later, together with such clerical and other staff as it may be found necessary to bring from St. John's. Accommodation for these personnel in already over-crowded civil quarters at airport will be difficult, but can be arranged as soon as R.C.A.F. officers can vacate rooms in civil administration buildings now occupied by them. Please advise us of names of your representatives and date on which it is proposed that they shall arrive at airport.

12. For your information we have decided, in agreement with the United Kingdom, that Pattison shall remain in the employment of the Newfoundland Government as Officer in Charge, Air Ministry wireless organisation in Newfoundland, and as liason officer between Newfoundland Government, R.C.A.F. and Air Ministry, particularly with reference to trans-Atlantic flights. He will, of course, cease to have general charge of administration of airport

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13. We should be grateful if you would supply a copy of this telegram to the United Kingdom High Commissioner in Canada.

GOVERNOR

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TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON.

SECRET

CYPHER

NO.

Ottawa, 21st March, 1941

1. Your secret cypher telegram Circular M.No.40 of March 14th and earlier telegrams respecting food supplies for Europe.

2. The Canadian Government are in general agreement with proposal to modify the blockade sufficiently to permit limited supplies of foodstuffs to reach non-occupied France and French North Africa on conditions outlined in your communications under reference. We had indeed been considering for some time past raising the question with you, as we feel that action of a positive character in this direction would help the French Government to resist German demands for closer collaboration and would at the same time appeal to the humanitarian sentiment in the United States, which may be expected to become more articulate as conditions grow worse and become more widely known. We feel strongly that permission for shipment of hand to mouth supplies is inadequate and welcome the suggestion in your telegram of a more positive approach.

3. We feel, however, that the proposed plan may be too narrow in its scope to secure the right political response from European and American neutral opinion. Would it not be practicable to extend the same regime to unoccupied France as to French North Africa, allowing the importation of essential foodstuffs and medical supplies, subject to adequate guarantees that (1) there would be no re-export to any destination of imported goods or their equivalents of domestic production; (2) that none of the imported supplies would be available to persons working on goods for expor to enemy or enemy occupied countries; and (3) that adequate facilities were afforded British and Canadian Consular or other representatives for supervising enforcement of undertakings regard-

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ing the uses of goods imported.

4. If some such arrangement could be worked out for unoccupied France consideration could be given to the extension of a similar system of control over the shipment of needed foodstuffs and medical supplies to Switzerland and Spain. Such controls might, perhaps, be incorporated in Agreements modelled on the War Trade or Rationing Agreements negotiated in the early months of the war with various European neutral countries. In this way permission to import specified quantities of foodstuffs might be linked with restrictions on the export from the countries in question of commodities of which enemy countries are in need. It would seem that these objectives could be better attained by direct agreements between Governments concerned than by permissive arrangements effected through the medium of the United States Government and the American Red Cross.

5. If modification of present policy along lines suggested should appear desirable it would, for effective implementation, require restoration of a strengthened consular service in unoccupied France and probably permanent diplomatic representation at Vichy.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C-15

Office of the High Commissioner
for the United Kingdom,
Ottawa.

510C/11

19th March, 1941.

IMMEDIATE

MOST SECRET

My dear Mr. Robertson,

As I informed you in my letter of the 15th March, I communicated at once to the authorities in London the decision of the Canadian Government in regard to the financial aspects of the scheme for recruiting radio mechanics, as set out in your letter of the 15th March.

I have now received a telegram from the Secretary of State for Dominion Affairs stating that the United Kingdom Government are most grateful for the Canadian Government's generous offer in regard to the recruitment of Canadians for radio duty, and they have asked me to accept it on their behalf with an expression of their warm appreciation. The United Kingdom Government also note the Canadian Government's proposals in regard to the enlistment of such recruits from the United States as may be forthcoming, and they agree to the conditions indicated in the second paragraph of your letter.

Lord Cranborne has asked me to explain that the United Kingdom authorities are hoping to obtain up to 8,000 recruits for this purpose from the United States in addition to the 2,500 whom it is hoped to obtain from Canada herself. The Secretary of State hopes that this increase of United States recruits from 5,500 to 8,000 will cause no difficulty to the Canadian Government and has asked me to express regret that his previous message appears to have led to a misunderstanding on this point.

Yours sincerely,

(Signed) W.C.Hankinson.

N.A.Robertson, Esq.,
Acting Under-Secretary of State for
External Affairs,
Ottawa.

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COPY

SECRET

MINISTER OF NATIONAL DEFENCE FOR AIR

Ottawa, March 17th, 1941.

My dear Mr. Robertson:

I have received the copy of the letter which Mr. Hankinson addressed to you on March 12th with reference to the proposed establishment of Royal Air Force training schools in the United States.

I fully appreciate the desirability of a policy which will take advantage of all possible available training facilities wherever they may be situated, particularly if the provision of these services is under such favourable conditions as anticipated in Mr. Hankinson's letter, namely, the provision of schools fully equipped ab initio with aerodromes, instructors and aircraft, and with the added assistance of the benefits of the lend lease bill. Upon these promises there can be no logical criticism of such a course.

I must, however, take some exception to the following statement in the last paragraph of Mr. Hankinson's letter viz: "it has become abundantly clear that the use to be made of the Canadian Government's offer of extended training facilities will tax Canadian capacity to the full".

In this connection, I draw your attention to your most Secret Cypher No. 178 of December 9th last, in which the Secretary of State for Dominion Affairs after expressing the greatest satisfaction in regard to Canada's effort at that time indicated the opinion of the United Kingdom Government that it was not thought desirable to embark upon an enlargement of the Joint Training Scheme. The cable goes on to emphasize the opinion that the efforts of the Canadian Government should be directed to pressing the production of training aircraft, particularly the Anson type.

In the later discussions which Colonel Ralston had with the Air Ministry, he pointed out that Canada had successfuly carried out her undertakings in the matter of the Training Scheme and had indeed offered to enlarge them.

The Joint Air Training Scheme is at present functioning considerably ahead of the contemplated schedule. A number of aerodromes have been developed for transfer of schools of the Royal Air Force, which have not yet been occupied. In addition a large number of aerodrome sites have been investigated and reported upon at the request of the British Liaison Mission in connection with the tentative proposals of the Air Ministry to transfer further training schools and operational training units to Canada. The Royal Canadian Air Force have never expressed any inability or reluctance to supply any facilities asked for or suggested by the Royal Air Force.

I must, therefore, emphatically submit that Canada has by no means reached the limit of her capacity in the

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provision of air training facilities. The use of any such assumption as a guiding reason for the establishment of schools in the United States is not, in my opinion, accurately expressing the situation.

If, for other cogent reasons R.A.F. training schools are established in the United States, I feel very strongly that simultaneously the training facilities in Canada should be pressed forward aggressively, preferably by the further transfer of Royal Air Force schools.

Yours very sincerely,

(Sgd) Charles G. Power.

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TRANSFER SCHOOLS - R.A.F.

3 Service Flying Training Schools now operating:

Kingston,
Moose Jaw,
Carberry.

1 Service Flying Training School now receiving first intake of pupils -

Medicine Hat ready 30th December, 1940.

4 Service Flying Training Schools ready for occupancy but no notification yet of arrival of personnel or pupils.

Calgary ready 30th November, 1940.
Swift Current ready 15th November, 1940.
Penhold " 30th December, 1940.
~~North Battleford (not quite ready).~~

1 Air Navigation School now operating.

Port Albert.

1 Bombing and Gunnery School ready - first intake of pupils on the way.

Picton ready 14th November, 1940.

1 General Reconnaissance School just commencing operations.

Charlottetown ready 30th November, 1940.

1 Torpedo Training School - aerodrome ready but buildings delayed by lack of information as to requirements.

Patricia Bay.

1 Air Navigation School ready but not operating.

Charlottetown.

1 Air Observers School ready and not yet occupied.

Hamilton ready 15th October, 1940.

December 9th 1940 - Secretary of State for Dominion cable to Secretary of State for Dominion Affairs - "not thought desirable to embark on further expansion of J.A.T.P."

January 8th, 1941. Colonel Ralston cable to Prime Minister "This was not intended to mean that U.K. had abandoned the idea of undertaking more flying training in Canada at a later date.

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January 18th, 1941.	Aide Memoire Meeting of Col. Ralston at Air Ministry. "It now appeared necessary to extend the plan. Col. Ralston expressed the hope that Canada would be given the opportunity of carrying out any further training required".
January 18th, 1941.	Cable from C.A.S. (Breadner). "There is no limit to the demands likely to be made on Canada for aerodrome accommodation for flying schools and operational training units".
February 7th, 1941.	Cable C.A.S. to R.C.A.F., H.Q., London, requesting advice as to U.K. Government's wishes regarding further developments.
February 18th, 1941.	Memorandum Liaison Officer in Chief to C.A.S. outlining following further tentative programe. 9 S.F.T.S. with equivalent E.F.T.S. capacity. 1 General Reconnaissance School. 10 Air Observer Navigation Schools with Bombing and Gunnery capacity to match. 1 Fighter Operational Training Unit. 3 Bomber Operational Training Units.
March 14th, 1941.	Reply of C.A.S. naming following sites which have been investigated. For S.F.T. Schools 10. For E.F.T. Schools 18. For G.R. Schools. 1. For A.O. Schools 13. For B. & G. Schools 2. For Fighter O.T.U. 1. For Bomber O.T.U. 3. He asks for further definite advice as to requirements so construction can be proceeded with.

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OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

IMMEDIATE SECRET
516X/367

12th March, 1941.

My dear Mr. Robertson,

I understand that when the Minister of National Defence was in England he attended a meeting at the Air Ministry on Thursday, the 7th January, for the purpose of discussing certain questions among which were the offer of the Canadian Government to provide more facilities for flying training in Canada and the question of arranging for a certain amount of flying training for the R.A.F. to be undertaken in the United States.

At that meeting, the Secretary of State for Air explained that the needs of the United Kingdom were such that if flying training capacity could be obtained in the United States with aerodromes, instructors and all the necessary training aircraft, the United Kingdom Government would feel bound to use it as a reinforcement of the training facilities developed in the different parts of the British Commonwealth. He pointed out that there were obvious political advantages also in arranging for a certain amount of training to be done in the United States.

I believe that a paragraph explaining this was included in the original draft of the Aide Memoire furnished to Colonel Ralston in connection with Canada's offer to provide more training facilities, but it was finally omitted from the Aide Memoire at Colonel Ralston's request.

The Secretary of State for Air, in agreeing to this omission, made it clear that this did not mean that the United Kingdom Government could abandon the idea of obtaining training facilities in the United States, and reiterated that if it were found possible to obtain such facilities the United Kingdom Government would be bound to take advantage of them.

I am informed that a definite offer has now been received of flying training facilities in the United States, (which at the time when it was made was subject to the passing of the Lease-Lend Bill). Under this offer the United Kingdom will obtain the use not only of aerodromes but also of instructors and training aircraft which could not be obtained in any other way; moreover a good deal of the expenditure involved will come under the Lease-Lend scheme. Financially, therefore, the offer is an extremely favourable one. In these circumstances the United Kingdom Government feel that they must take advantage of the offer and are taking the necessary steps accordingly.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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The United Kingdom Government have been anxious that the position as outlined in the foregoing paragraphs of this letter should be explained to the Canadian Government as early as possible, and it is hoped that the Canadian Government will agree that the action which is being taken is fully justified, particularly as, in the interval which has elapsed since the discussion with Colonel Ralston, it has become abundantly clear that the use to be made of the Canadian Government's offer of extended training facilities will tax Canadian capacity to the full.

Yours sincerely,

W.C. HANKINSON

Referred to Ministers of National Defence
National Defence for Air

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SECRET

NAR/SR
19.3.41

MEMORANDUM FOR THE PRIME MINISTER

Food Supplies for Unoccupied France

Reference Dominions Office telegrams Circular M.39 and M.40 of March 14th. The United Kingdom Government are opposed to the United States suggestion that a controlled trickle of supplies should be allowed into North Africa and instead have proposed, through Lord Halifax, that the United States and the United Kingdom work out a positive programme, offering France

(a) a rationing agreement with French North Africa assuring reasonable supplies of principal commodities with guarantees against re-export; and

(b) of navicerts on 5,000,000 to 8,000,000 bushels of wheat to unoccupied France.

2. It is suggested that this offer should be contingent on

(1) assurances from Vichy against further infiltration of Germans and Italians into French North Africa; and

(2) that an adequate number of observers should be sent to unoccupied France and French North Africa, and that British observers should be allowed to accompany United States observers sent to North Africa or, alternatively, that British consular officers should be readmitted to their former posts there.

3. As far as it goes, this would seem to be a reasonable proposal, with which our Minister in Washington might be asked to associate himself. However, it would hardly appear to deserve the description of "far reaching offer", given it in the Dominions Office telegram of March 14th. Now that the United Kingdom are prepared, in principle, to lift the blockade on

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unoccupied France to the extent outlined in these telegrams, it is a matter for consideration whether we should not suggest the formulation of a really positive policy from which direct political benefits would accrue to the United Kingdom and Canada as well as to the United States and unoccupied France.

4. There is much to be said for putting Spain, Switzerland and unoccupied France on the same footing as regards the blockade, and all three countries allowed to import essential requirements of foodstuffs, subject to the receipt of satisfactory guarantees

(1) that the total permitted volume of imported foodstuffs will bear a close relationship to actual physical needs;

(2) that no re-export of imported goods or of their equivalents be permitted; and

(3) that adequate facilities are afforded for supervising the enforcement of undertakings against re-export.

5. Permission for specified quantities of foodstuffs to pass through the blockade might be incorporated definitely in War Trade Agreements such as were negotiated by the United Kingdom in the first months of the war with Scandinavian and other European neutral countries. In this way we could make permission to import, for example wheat, contingent on the importing country limiting or stopping altogether exports to enemy territories of particular products which they could supply and of which enemy countries were in need.

6. In taking up this question with France, Spain and Switzerland, the United Kingdom could insist on facilities for supervising the enforcement of whatever conditions were imposed.

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For this purpose it would be necessary to maintain a large consular establishment of expert observers at all key points in the neutral countries which were to benefit from the relaxation of the blockade. It could be stipulated that they be given adequate facilities for direct communication with London. Obviously, control of the distribution and safeguards against re-exportation of products permitted to be imported would be a very useful basis for an economic and political intelligence service, which appears to be badly needed in both France and Switzerland.

7. It might be good propaganda to fatten up the territories which are not under direct German control and emphasize the difference between their position and that of the inhabitants of occupied areas. If the arrangements suggested could not in fact be carried out, the responsibility for their failure would fall on the enemy. If they could be carried out, the credit will be ours, both in the neutral countries in Europe and in the United States. There is much to be said for taking positive responsibility for any arrangements which might be made rather than a purely negative attitude of merely permitting shipments to get through the blockade, e.g., if Canadian flour is to go to Switzerland and unoccupied France, it should be labelled as such and the fact that it was permitted to go in given all possible publicity. At the same time Canadian Red Cross officials and medical officers, many of whom have had their medical training in France, could be usefully associated with the supervision of the

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distribution of authorized relief. An immediate initiative of this sort now might dramatize and bring home to the peoples of Europe the abundance in the way of foodstuffs and essentials of life that is waiting for them once they can assert a measure of independence of enemy control.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S.

No. 10 Code

Ottawa, March 13, 1941.

With reference to discussions now taking place in London we wish you to know that we have now communicated with our representatives there in the following sense, Begins:

The Canadian Government still adhere to the view that the discussions in regard to Newfoundland bases should be held separately from those relating to other leased bases in the Western Hemisphere, but, in view of the fact that a general agreement has now been almost completed, they have reluctantly come to the conclusion that the expedient of an exchange of notes between Canada, the United Kingdom and the United States must suffice. The Canadian Government desire that these notes should emphasize the importance of the Canadian interest in Newfoundland, and that in any actions resulting from the general agreement between the United Kingdom and the United States relating to Newfoundland, Canadian interests are to be respected. It is desired to stipulate also that in any consultations arising out of the general agreement the Canadian Government shall enjoy the right of participation therein. Finally, it is proposed that the Permanent Joint Board on Defence should review the provisions of the general agreement and that, if in any particular the terms of that agreement conflict with the recommendations which have previously been made by the Board, and of which the Newfoundland Government has been kept informed, the recommendations of the Board shall prevail. Ends.

We hope that the attitude of the Canadian Government as described above is in accordance with the views of the Government of Newfoundland.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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D-11-1
N/21

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA,

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S.

Code

No.11

Ottawa, March 13, 1941

1. A review of the present status of the more important items which have been the subject of discussion between the Newfoundland and Canadian Governments in connection with Canadian defence measures in Newfoundland and the responsibility of the Canadian Government therefor, reveals the fact that while there are a number of questions still unsettled and on which further negotiation will take place there is one matter of outstanding importance which awaits the decision of the Newfoundland Government. This refers to the request that the control of the Newfoundland Airport at Gander and the airports at Botwood and Gleneagles be turned over to the Royal Canadian Air Force for the period of hostilities. Similar control is now requested with reference to the additional airports and bases set out in paragraph 5 of this telegram.

2. Reference is made to the last paragraph of my telegram No.5 of January 20th, and to my No. 6 of January 25th. These indicate the responsibility which the Canadian Government has assumed not only on its own account but also in connection with the recommendations of the Permanent Joint Board on Defence in connection with Continental defence. Recent information is to the effect that the accommodation required by the United States Government would need to be large enough to accommodate 3,420 officers and men instead of 1,350 as stated in my No.6.

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3. Every effort will be made by the Canadian Government to carry out its plans with the greatest expedition, including the decision to have the increased accommodation at Newfoundland Airport ready for occupation early in the coming summer. It will be appreciated however by the Newfoundland Government that the situation would be much clearer if the general principle of Royal Canadian Air Force control were settled at an early date.

4. It will be recalled that in your telegram No. 47 of September 30th, 1940, the Newfoundland Government laid down seven fundamental points on which agreement was to be reached following which the Newfoundland Government was prepared to enter into discussion of details. An eighth fundamental point in connection with the Trans-Atlantic ferrying of aircraft was added in the November-December discussions at St. John's. By my No. 72 of December 19th the Canadian Government expressed its agreement to all except point No. 2 the wording of which was at the time in doubt but agreement as to this latter point was expressed in my telegram No. 5 of January 20th. My No. 72 of December 19th referred to Newfoundland Airport exclusively but the Canadian Government now wishes to make it clear that the same eight fundamental points are agreed to with reference to Botwood, Gleneagles and Tor Bay insofar as they are applicable in these latter cases.

5. In order that you may be fully informed as to Royal Canadian Air Force plans the following is a consolidation of the requirements with respect to Newfoundland according to present plans.

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(a) Expansion of Newfoundland Airport to accommodate R.C.A.F.Station headquarters and one squadron and U.S.Army Air Corps composite group comprising headquarters and six squadrons.

(b) Development of Botwood Seaplane base using present facilities to accommodate one U.S. Flying Boat Squadron as soon as possible and possibly an additional U.S.Flying Boat Squadron later.

(c) Development of Seaplane base on Gander Lake at Gleneagles to accommodate one U.S.Flying Boat Squadron and possibly an additional Flying Boat Squadron.

(d) Development of aerodrome at Tor Bay to accommodate R.C.A.F.headquarters and one squadron.

(e) Establishment of refuelling bases in Northern Newfoundland and Labrador Coast at or near Canada Bay,Cartwright,Hopedale,North River, and Port Burwell.

6. The Canadian Government would greatly appreciate the Newfoundland Government giving this question preferred attention so that a decision may be received as to control of the airports at an early date. If general concurrence could also be expressed in the proposal made in my No.6 of January 25th, as to additional buildings it would be of the greatest satisfaction to this Government.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

IMMEDIATE

No. 42

MOST SECRET

CYPHER

Ottawa, March ~~14~~th, 1941.

Your telegram No. 38 of February 27th. My colleagues and I have been giving close and anxious consideration to questions of policy raised by your Government's request that we reconsider views with regard to the interception of Japanese and Russian shipping in the Pacific, expressed in our telegram No.23 of February 11th. The considerations set forth therein have been very much in our minds in recent weeks. In view of the continuing uncertainty as to precisely what action the United States Government would take in the event of war between the British Empire and Japan, it appears to us to be of the highest importance, as you have emphasized in your messages regarding the "Asaka Maru", that if war must come with Japan it should be as a result of clear aggression on her part and not under any circumstances attributable to British or Canadian provocation.

We recognize, however, that these considerations may, on balance, be outweighed by great importance attached to early and effective interference with the growing contraband trade across the Pacific to enemy destinations by way of Japan and the U.S.S.R. In the circumstances, and pending outcome of the discussions for the establishment of a contraband control base in the Caribbean which you are now carrying on with the United States Government in Washington, we are prepared to agree that vessels intercepted by United Kingdom ships in the Pacific may be diverted into Canadian West Coast ports.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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SECRET

CHIEFS OF STAFF COMMITTEE

THE MINISTERS.

In accordance with verbal instructions from the Minister of National Defence for Naval Services, the Committee has given consideration to the questions raised in Telegram No. 38 from the Secretary of State for Dominion Affairs dated 27th February 1941.

2. The Committee respectfully desires to state that it does not feel competent to advise upon a matter which must necessarily be one for a decision by the Canadian Government.

3. Insofar as the possible military implications are concerned, should the United Kingdom Government put into effect the proposed action regarding interception, and even if such intercepted vessels were brought into a Canadian port, the Committee is of the opinion that the probability of military action on the part of Japan against objectives on our Western Seaboard is not necessarily increased and, in any event, the present Scale of Attack would in no way be affected. This Scale of Attack, as shown in the Chiefs of Staff Appreciation of 24th February 1941, and accepted by the Canadian Government, already takes into account the possibility of hostile action by Japan.

4. The actual establishment of a Contraband Control Base is well within the capabilities of the Canadian Naval Service. It is considered that the assistance of a few experienced officers from the United Kingdom would enable such a Base to function efficiently at shorter notice.

5. Submitted for consideration.

(Sgd.) Percy W. Nelles, Rear-Admiral,
Chief of the Naval Staff.

(Sgd.) H.D.G. Crerar, Major-General,
Chief of the General Staff.

(Sgd.) G.O. Johnson, Air Vice-Marshal,
Chief of the Air Staff

8th March 1941

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

CODE

Ottawa, March 12, 1941.

No. 354

(REFERRED TO: NATIONAL DEFENCE (M)(N)(A)
PERMANENT JOINT BOARD ON DEFENCE)

Your telegram No. 412 of 11th March, Atlantic Bases.

Although the Canadian Government adhere to their view as expressed in my telegram No. 323 dated 8th March that discussions and agreements in regard to Newfoundland should be held separately from those in connection with other leased bases in the Western Hemisphere, they have reluctantly come to the conclusion that as a general agreement has now practically been reached, recourse will have to be had to the expedient of a tripartite exchange of notes between United States, United Kingdom and Canada as and when the general agreement is signed by the two first mentioned Governments.

In consequence the Canadian Government desire that the tripartite notes should state that as Newfoundland constitutes part of Canada's first line of defence in the Western Hemisphere and that as they have already in fact assumed responsibility for its defence, the United States and the United Kingdom Governments recognize that the general agreement they have made in respect of leased areas in Newfoundland is a matter of special concern to Canada and that in all powers they may exercise and in such actions as they may take under the agreement they undertake fully to respect these Canadian interests.

In addition the Canadian Government would desire it stipulated that in all consultations arising out of the agreement the right of participation therein shall be accorded to the Canadian Government.

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The Canadian Government desire that the exchange of notes should provide that the Permanent Joint Board on Defence should review the provisions of the Agreement made between the United Kingdom and the United States Governments and that where the terms of the Agreement conflict with the recommendations which have previously been made by the Board, the recommendations of the Board shall prevail.

You are authorized to arrange for the exchange of notes in London and to sign on behalf of Canada but the text should be cabled to Ottawa for confirmation before signature takes place. The agreement of the United Kingdom and of the United States to the text to be used in the exchange of notes should be obtained before the signing of the general agreement between the United Kingdom and the United States.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 411

LONDON. March 11th, 1941.

No. 411. Atlantic Bases. Article V of the Agreement has been accepted by United States delegation and by Ministers here, as follows:

"Jurisdiction and Legal Proceedings.

(1) In any case in which -

(a) A member of the United States forces, a national of the United States or a person who is not a British subject (to be defined as including British protected persons) shall be charged with having committed, either within or without leased areas, an offence of a military nature, punishable under the laws of the United States, including, but not restricted to, treason, offence relating to sabotage or espionage, or any other offence relating to security and protection of the United States naval and air bases, establishments, equipment or other property, or to operation of United States Government in the territory; or

(b) A British subject shall be charged with having committed any such offence within a leased area and shall be apprehended therein; or

(c) A person other than British subject shall be charged with having committed offence of any other nature within a leased area.

United States shall have absolute right in the first instance to assume and exercise jurisdiction with respect to such offence.

(REPEATED TO: NATIONAL DEFENCE (E)(N)(A),
PERMANENT JOINT BOARD ON DEFENCE)

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

If the United States shall elect not to assume and exercise such jurisdiction, it shall, where such offence is punishable in virtue of legislation enacted pursuant to paragraph (3) of this Article, or otherwise under the law of the territory, so inform Government of the territory, and shall, if it shall be agreed between the Government of the territory and United States authorities that alleged offender should be brought to trial, surrender him to appropriate authority in the territory for that purpose.

If a British subject shall be charged with having committed within a leased area an offence of the nature described in sub paragraph (a) of this paragraph, and shall not be apprehended therein, he shall, if in the territory outside leased areas, be brought to trial before courts of the territory; or, if offence is not punishable under law of the territory, he shall, on request of United States authorities, be apprehended and surrendered to United States authorities, and United States shall have the right to exercise jurisdiction with respect to alleged offence.

(2) Nothing in this Agreement shall be construed to affect, prejudice or restrict the full exercise at all times of jurisdiction and control by United States in matters of discipline and internal administration over members of United States forces, as conferred by law of United States and any regulations made thereunder.

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

(3) The Government of the territory will take such steps as may from time to time be agreed to be necessary with a view to enactment of legislation to ensure the adequate security and protection of the United States naval and air bases, establishments, equipment and other property, and operation of the Government of United States under the leases and this Agreement, and punishment of persons who may contravene any laws or regulations made for that purpose. The Government of the territory will also from time to time consult with United States authorities in order that laws and regulations of both Governments in relation to such matters may, so far as circumstances permit, be similar in character.

(4) No arrests shall be made and no process, civil or criminal, shall be served within any leased area except with the permission of the Commanding Officer in charge of United States forces in such leased area; but should the Commanding Officer refuse to grant such permission, he shall (except in case where United States authorities elect to assume and exercise jurisdiction in accordance with paragraph (1) of this Article) forthwith take the necessary steps to arrest the person charged and surrender him to the appropriate authority of the territory, or to serve such process, as the case may be, and to provide for attendance of server of such process before the appropriate court of territory, or procure such server to make the necessary affidavit or declaration proving such service.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

In cases where courts of United States have jurisdiction under paragraph one of this Article, the Government of territory will give reciprocal facilities as regards services, processes and arrests and surrendering of alleged offenders. In this paragraph expression "process" includes any process by way of summons, subpoena, warrant, writ or other judicial document for securing the attendance of witness or for any document or exhibit which may be required in any proceedings, civil or criminal.

(5) In cases where in which member of United States forces shall be party to civil or criminal proceedings in any court of territory by reason of some alleged act or omission arising out of or in the course of his official duties, United States counsel(authorized to practice before the courts of the United States) shall have right of audience, provided that such counsel is a member of United States Government service appointed for that purpose, either generally or specially by the appropriate authority.

(6) Where a person charged with offence which fails to be dealt with by courts of territory is in leased area, or a person charged with offence which fails to be dealt with in a leased area, is in the territory but outside leased area, such person shall be surrendered to Government of territory or to United States authorities, as the case may be, in accordance with special arrangements made between that Government and those authorities".

Newfoundland and Bermuda delegations have protested strongly against this Article. United States delegation

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

state that their Government would invite Congress to pass legislation which would secure that British subjects charged with security of offence in leased areas over whom United States obtain jurisdiction would be tried within leased areas and would not be liable to be sent to the United States for trial.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, March 12th, 1941.

Service correction

Telegram No. 411, March 11th, from
High Commissioner, London, Atlantic Bases,
should be numbered "407".

(REFERRED TO MR. RALSTON, MR. POWER,
Hon. A. L. Macdonald)

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D-19-A

D-19-C

DEPARTMENT OF NATIONAL DEFENCE

CANADA

OFFICE OF THE MINISTER
OTTAWA

March 13, 1941.

A.D.P. Heeney, Esq.,
Clerk of the Privy Council,
East Block,
O t t a w a.

Dear Mr. Heeney,

Re: Proposed protection of Aluminium Plant at Arvida, P.Q.

For your records I send you herewith a copy of each of the following documents to which Mr. Ralston made reference in his discussion of the above subject at the meeting of the War Committee of Cabinet held last evening:

(a) Memorandum dated March 3rd signed by the three Chiefs of Staff.

(b) Extract from Minutes of Defence Council Meeting, March 7th.

(c) Memorandum dated March 7th signed by the three Chiefs of Staff.

Yours very truly,

J. Waters
Private Secretary.

OJW

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N.S. 1035-1-3

SECRET

THE MINISTERS.

With reference to the submission of the Chiefs of Staff Committee, H.Q.S. 22-2-1 of 3rd March, 1941, in connection with the vulnerability of the Aluminium Plant at Arvida P.Q., and the recommendation (in paragraph 6) regarding the possibility of transferring a proportion of Anti-aircraft armament from Halifax, the following is a brief statement showing the A.A. protection provided to Halifax by ships present.

(i) Merchant Ships.

A minimum of 25 - 12 pdr. High-angle guns, and 50 machine-guns. There are frequently as many as three times this number in harbour.

(ii) Battleships.

In present circumstances, it may be said that there is one Battleship in harbour for a minimum of ten days per month.

At least 8 - 4" H.A. guns are mounted in a battleship, 2 multiple 2 pdr. pom-poms, and several machine-guns.

(iii) Armed Merchant Cruisers.

There is nearly always one A.M.C. in harbour, and two for a minimum of fifteen days per month. A.A. Armament generally consists of 2 - 4" H.A. and 2 multiple 2 pdr. pom-poms.

(iv) Destroyers.

Numbers fluctuate considerably. At present there are four in Halifax, two of which are ex U.S. Town Class. Former now carry one 3" H.A. and 2 Quadruple 0".5 Machine-guns each. Latter mount 1 - 3" H.A. (U.S. Pattern) and 2 Single 0".5 M.G.'s.

(v) H.M.S. "FORTH"

Submarine Depot Ship, to be permanently stationed at Halifax. Understood that she carries 2 - 3" H.A.

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The minimum number of Naval Anti-aircraft guns afloat in Halifax Harbour including Bedford Basin at any time would therefore be:-

4" H.A. ----------	6.
3" H.A. ----------	6.
12 pdr. H.A. --------	24.
Multiple 2 pdr. pom-pom ---------	4.
Quadruple 0".5 M.G. --	2.
Single 0".5 M.G. -----	2.
Machine-guns --------	64.

(Sgd.) Percy W. Nelles, Rear-Admiral
Chief of the Naval Staff.

(Sgd.) H.D.G. Crear, Major-General
Chief of the General Staff.

(Sgd.) L. S. Breadner, Air Vice-Marshal
Chief of the Air Staff.

7th March 1941.

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C O P Y

EXTRACTS FROM MINUTES OF DEFENCE COUNCIL MEETING OF MARCH 7, 1941.

"ARVIDA.

"The Chairman read to the Meeting the recommendation of the Chiefs of Staff Committee with reference to the vulnerability to attack from the air of the Aluminium Company of Canada's Plant, at Arvida, dated March 3, 1941. This submission pointed out the importance of the above Plant in the supply of ammunition for the British Empire and the vulnerability of the transformers at the Arvida Sub-Station. It was stated that a modern aeroplane is capable of flying from occupied France to Arvida, a distance of 3,000 miles, with a 5,000 pound load of bombs, and returning to France, (Air Vice-Marshal Breadner informed the Members that there are eleven types of aircraft that are capable of this pererormance given good meteorological reports).

"The Chiefs of Staff Committee was of the opinion that immediate steps are necessary to provide anti-aircraft defence at Arvida.

"The Committee recommended that serious consideration should be given to the advisability of transferring a proportion of the anti-aircraft guns now at Halifax to the vicinity of Arvida. This would be a temporary expedient but one which the Committee considers would be fully justified by the extreme importance of this Plant to the Empire's war effort.

"Major-General Crerar stated that as a concrete suggestion, there should be moved from Halifax to Arvida four 3" guns and that four .5A/A machine guns should be placed there when these are obtainable. This would leave four 3.7" guns at Halifax and two additional 13 pounders of little value.

"The Chief of the Naval Staff and the Chief of the General Staff agree that by way of substitution, at Halifax, a plan might be worked out whereby when ships are in harbour at Halifax, a percentage of the anti-aircraft guns on the ships should be manned during their stay in the harbour, and it was suggested that 50% of such guns would be a fair proportion to keep manned.

"Mr. Macdonald also pointed out the desirability of requesting the Aluminium Company itself to do everything possible for its own protection by way of the establishment of a reserve line, or by camouflage or otherwise.

"The Recommendation of the Chiefs of Staff was approved and the Chairman stated that the matter would be put before War Committee of the Cabinet at its next meeting. He requested the Chiefs of Staff to prepare a memorandum giving information as to the substitutional measures that might be taken at Halifax in the meantime, so that such additional memorandum would be available to the War Committee at the same time.

"It was further agreed that it would be recommended to War Committee of the Cabinet that the four guns should be moved from Halifax to Arvida without delay, but that through the Department of Munitions and Supply and the Permanent Joint Board on Defence the possibility should be explored of obtaining additional guns from the United States to relieve the situation."

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H.Q.S. 22-2-1.

SECRET

CHIEFS OF STAFF COMMITTEE

THE MINISTERS

The Chiefs of Staff Committee have had under consideration the vulnerability to attack from the air of the Aluminium Company of Canada's plant at Arvida, Quebec.

2. The aircraft manufacturing industry of the British Empire is now about 90% dependent on this Plant for the supply of aluminium ingots. The only other smelter in the Empire is in Scotland, and this has already been bombed. Thus the industry at Arvida is a tempting bottleneck in the Empire's war effort, and moreover one of which every detail is well-known to the Germans.

3. The vulnerability of this industry is extreme, with a time replacement factor of at least a year at several points in the power system. Canada is the only place where the necessary power is available, and the Plant is now using three quarters of a million horsepower, or twice as much as the City of Montreal. The 154,000 volt transformers at the Arvida sub-station are probably the most vulnerable points of all.

4. A modern aeroplane is capable of flying from occupied France to Arvida, a distance of 3000 miles, with a 5000 lb. load of bombs, and returning to France. The extreme importance to the enemy of destroying or damaging this objective would fully justify a one-way trip and the loss of the aircraft and crew by capture or internment. In this case a much heavier load of bombs would be carried.

5. The U.S.A. smelts approximately the same amount of aluminium as Canada but has none to spare. In fact, there appears some doubt as to whether they have enough for the requirements of their rearmament programme. It has been reliably stated that if production at Arvida were halted for several months the effect would be so serious to British aircraft manufacturing that the course of the war would be drastically altered.

6. Certain points in the Plant are particularly vulnerable to attack from the air. The Chiefs of Staff Committee is of the opinion that immediate steps are necessary to provide suitable anti-aircraft defence measures for Arvida. The Committee is aware thatno further anti-aircraft guns are likely to be available for several months, and they therefore recommend that most serious consideration should be given to the advisability of transferring a proportion of the guns now at Halifax to the vicinity of Arvida. This would be a temporary expedient, but one which the Committee considers would be fully justified by the extreme importance of this Plant to the Empire's war effort.

7. Submitted for urgent consideration.

(Signed) Percy W. Nelles,
Rear-Admiral,
Chief of the Naval Staff.

(Signed) H.D.G. Crerar, Major-General
Chief of the General Staff.

(Signed) L.S. Breadner, Air Vice-Marshal,
Chief of the Air Staff.

3rd March, 1941.

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

NO. 38

LONDON, February 27th, 1941.

No. 38. Most Secret. Your telegram No. 23 of February 11th.

Part 1.

1. We are grateful to the Canadian Government for this prompt expression of their views on the question of interception of vessels carrying contraband to the Far East. We appreciate that the delicacy of the situation in the Far East and the need for carrying United States opinion with us as far as possible, make it necessary to approach this question with circumspection, and we have carefully weighed various factors involved. In our view, however, the time has come when measures for suppression of this traffic ought no longer to be postponed, and we should like to elaborate the main considerations which have led us to this conclusion.

2. In the first place, we would assure you that we fully share the desire of the Canadian Government to avoid giving gratuitous provocation to Japan at this juncture. Were only small and occasional consignments involved, it might well be expedient to turn a blind eye to this traffic until general situation was clearer, but evidence shows that great and increasing use is being made by the enemy of this gap in the blockade, and nature and dimensions of this traffic make it apparent that what is now at stake is nothing less than the undermining of the general blockade structure we have

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LONDON,

so laboriously built up. Some indication of the extent of the gap was given in the first paragraph of my telegram of February 8th, D. 60. Full particulars of trade in contraband between the American Continent and the Far East have been communicated in recent weeks to His Majesty's Ambassador at Washington, who has been asked to give this information to the Canadian Minister there. From this, the Canadian Government will appreciate that the volume of sea-borne traffic carried across trans-Siberian railway (the capacity of which can be increased at any time) is quite sufficient to enable Germany to replenish her supplies of necessary essential commodities such as rubber, molybdenum, copper, platinum and wool, the shortage of which is her greatest weakness. All those raw materials have appeared in recent suspect shipments to the Far East from American ports. To instance only rubber, which is one of the most acute German deficiencies, we know Germany is making every effort to secure supplies via Singapore. A secret source states Germany has recently bought 3 million dollars worth of rubber from Brazil, of which one million is on its way through Japan. From another secret and sure source, we know the United States Government have recently learnt that the Germans at Para and Manaos have bought 1,800 tons of rubber at prices about 9 per cent above local market prices, although at the moment lack of space is delaying shipment. Similar transactions are taking place in the case of other commodities directly consigned to Germany, Soviet Russia has also been importing commodities like cotton, and mineral and vegetable

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oils, which enable her to release to Germany larger amounts of similar home produced goods than she would be able to do by relying on domestic production alone. It is certain that if this leak continues it will largely frustrate our blockade and enable the enemy to solve his most acute supply problem. Moreover, we have considerable evidence of use being made by Germany of the Far East route for exporting valuable goods such as dyestuffs, pharmaceutical products, machinery and works of art to neutral countries, and thereby acquiring much needed foreign exchange. If it were possible to interrupt this traffic, effect on enemy's war effort, not the least in such matters, as financing fifth column activities would undoubtedly be considerable.

3. It might be argued if this trade is so valuable to the enemy it would be likely to continue notwithstanding few interceptions we might be able to make, and in that event the advantages of starting on interceptions now would be outweighed by disadvantages. Our experience shows, however, that effect of stopping only a few ships carrying contraband is often very considerable. Thus after "Vladimer Mayakowski" was brought into Hong Kong last March, there were no further shipments of copper from the United States to Russia for three months, and Russians were constrained to cancel a number of contracts. Our view, that interception of a few ships at the present time would be a strong deterrent, is supported by His Majesty's Ambassador at Tokyo, who recently telegraphed that in his opinion " a severe jolt would be given to the whole

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system for supplying Germany with vital materials via Japan and Siberia, if vessels (whether of Japanese or other nationalities) could be intercepted off the coasts of North America and South America with cargoes of whose enemy destination we have good evidence". To be effective, we do not think it necessary, at present, to seize Japanese or Russian ships, but only to divert them and detain suspected items of cargo which, if our suspicions were dispelled, could be released.

End of Part 1, part 2 follows.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

CYPHER

NO. 38

LONDON, February 27th, 1941.

No. 38. Most Secret. Your telegram No. 23 of February 11th.

Part 2.

4. We are satisfied, therefore, from the general economic warfare standpoint, that the case for immediate action is not merely strong but compelling. We consider further that final attitude of Japan, in relation to entry into the war, is most unlikely to be determined by any action on our part to suppress contraband traffic to the Far East. If, as may possibly be the case, she has already decided to enter the war on a time-schedule agreed with Germany, then it is clear that we have everything to gain by initiating measures of interception without further delay. If, however, as is equally possible she is still hesitating, the deduction must be that she is waiting to see how the war develops in the west before finally committing herself. In that event, the modest and unspectacular measures now proposed in pursuance of our legitimate belligerent rights would hardly be likely to weigh seriously with her in the interval before she judges degree of success likely to be obtained by Germany in the offensive which is impending. In either event, we feel confident that out of many pretexts for declaring war available to her, she would not choose as casus belli, our contraband control in the Pacific, since she would no

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doubt, assume that that control was exercised with acquiescence of, if not by arrangement with, the United States, and she would almost certainly wish to enter the war in such a way as to avoid complications with the United States as long as possible.

5. We should like, however, to point out that hitherto no harm has resulted from insistance upon our belligerent rights in the case of Japan. Thus for instance, we recently insisted, despite entreaties and protests of the Japanese Government, on discharge at Colombo from Japanese vessel "Nagara Maru" of a cargo of mercury which had been exported from Italy without an export pass. After our final decision was made known, the Japanese Foreign Minister expressed his thanks to His Majesty's Ambassador at Tokyo for the way in which the matter had been handled. So far as Russia is concerned, we see no reason to suppose that interception of Soviet ships would be likely to affect the Soviet policy vis-a-vis Japan or Germany. Interception of ships which are neither Japanese nor Russian, bound for the Far East, could scarcely have any undesirable effects from our point of view.

6. There remains the question of United States attitude towards such interceptions. Hitherto as you will have observed from my telegrams of February 7th D.57, February 13th D. 69 and February 21st D. 83, we have had great difficulty in persuading the United States Government of the serious threat which this growing traffic now constitutes, and of the urgent necessity for measures of interception as only action likely to have an immediate deterrent effect. The hesitations

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of the United States Government have, however, applied primarily to interception in the Caribbean, and appears to have arisen from apprehensions as to possible reactions, not in Japan but in Latin America. We are hopeful that His Majesty's Ambassador at Washington, who is continuing to press our case with the aid of the full material we have sent to him, will succeed in overcoming these hesitations, and it is with this object in view that we should specially value the assistance of the Canadian Government. As stated above, Lord Halifax has already been in touch with the Canadian Minister at Washington on this question, and if the latter could be instructed to support Lord Halifax's representations in whatever way might seem most appropriate, this would greatly be appreciated. But what would still be more welcome, would be a decision, on the part of the Canadian Government, to allow diversion to a port in British Columbia of vessels intercepted off the Pacific coast. It is not, at present, our intention to ask that Canadian warships should take an active part in such interceptions (except perhaps in the case of Russian vessels sailing near Canadian ports or naval stations) and all we would ask, pending the outcome of discussions now proceeding at Washington, would be that intercepted vessels could be brought to a Canadian port for completion of contraband procedure. We have good reason to believe that this would not be likely to create difficulties with the United States. On the contrary, it is clear that the willingness of the Canadian

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Government to participate in a scheme on these lines would provide a most useful lead for the United States Government at a moment when such a lead is urgently needed.

7. You will see from my telegram Circular D. 83 of the 21st that Lord Halifax in putting our case to the United States Government has emphasized that we see this problem in terms of actual supplies of munitions that translate themselves into terms of human life and death. This accurately represents our view, and we do not think it possible for us to acquiesce any longer in the victualling of our enemy through the Far East. It is our earnest hope, therefore, that the Canadian Government will feel able to reconsider this matter in the affirmative, because we believe the matter is of great, if not vital, importance, that steps we propose to take would be effective in checking traffic, that action contemplated would not determine Japan's decision to enter the war or to stay out, and that the attitude of the Canadian Government will greatly influence our prospects of securing a full understanding with the United States Government on supplementary measures necessary to enforce our blockade of the enemy. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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D-27-1
1940

OFFICE OF
DIRECTOR OF PUBLIC INFORMATION

Ottawa, Canada,
March 5, 1941.

Memorandum to:

Honourable J.G. Gardiner
Minister of National War Services

In accordance with your request I offer the following comments on the attached letter of Mr. Keyserlingk, General Manager of the British United Press, Montreal, to the Prime Minister:

1. The Canadian Press, of which Mr. Rupert Davies is the President, is a co-operative news gathering and distributing service to the costs of which most of the Canadian daily newspapers contribute on a pro rata basis. It serves also as a news gathering organization in Canada for the Associated Press.

2. The British United Press is an independently owned news gathering and distributing service which sells its material on a contract or fee basis to a number of Canadian newspapers. It serves also as a news gathering organization in Canada for the United Press.

3. In discussions respecting these services it should be borne in mind that they are solely news gathering and distributing organizations and do not represent the voice of the Canadian newspapers.

4. Accordingly, the facts as set out in Mr. Keyserlingk's letter represent divergent points of view between two news gathering and distributing agencies.

5. I regard it as unfair that the Canadian Government should be asked to assume the position of a referee in this matter which may possibly develop into an acrimonious dispute between two highly competitive business rivals.

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6. I recommend Mr. Keyserlingk be advised that the government regards this matter as a divergence of opinion between two competing news services; and that it is a matter for discussion and settlement between those two services; and that when they have arrived at an agreement, the government will then be ready to give consideration to any joint representation they may care to submit.

7. I think that a copy of Mr. Keyserlingk's letter to the Prime Minister together with a copy of the government's reply should be sent to Mr. Rupert Davies in his capacity as President of the Canadian Press.

(Sgd.) G.H. Lash
Director.

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D-27-1

Ottawa, February 25th, 1941.

Honourable J. G. Gardiner, M.P.,
Minister of National War Services,
Ottawa, Ont.

Dear Mr. Gardiner:

The Prime Minister's office has referred to me, for consideration by the Cabinet War Committee, a letter of February the 22nd, to Mr. King from the General Manager of British United Press Limited, Montreal, of which I am enclosing a copy, for your consideration.

The Director of Public Information has apparently already been sent a copy of Mr. Keyserlingk's letter, and you may wish to speak to him of its representations before the matter is discussed by the Cabinet War Committee.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

AH/R

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BRITISH UNITED PRESS
Limited

C. F. Crandall,
President

R. W. Keyserlingk,
General Manager

General Offices
231 St. James Street,
Montreal, Que.

Rt. Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Mr. Prime Minister:

Our London Bureau has cabled us as follows,-

"Rupert Davies (President of Canadian Press) has sent a letter to Sir Walter Monckton, Director General of the Ministry of Information requesting:

Firstly, formation of a Canadian Section in the Ministry of Information for the supply of news for Canada - not suggesting who would pay for the transmission costs.

Secondly, for the transmission at Great Britain's expense of complete texts of important official statements or addresses of leading statesmen, cable expenses to be borne by Great Britain.

Canadian casualty lists to be sent to the Canadian Press for distribution to Canadian newspapers and to the Government at Ottawa.

The dissemination of news through the Canadian Press would further benefit distribution through network of the Associated Press."

Our Managing Editor in London, Francis H. Fisher, has addressed a letter to Sir Walter Monckton drawing his attention to the interests of British United Press with regard to their obligations to their Canadian clients pointing out that such information as is suggested could not be given to one section of the Canadian public only, as would be the case should only one agency handle all the material.

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Referring to Mr. Davies' last contention regarding the Associated Press, we naturally must safeguard the interests of the world-wide facilities of the United Press for whom we are responsible the same as the Canadian Press is to the Associated Press.

This cable has been relayed to our President, Mr. Crandall, who is away at the moment, and I have received his reaction which is that he disapproves of British United Press associating itself with any request for deadhead transmission of British news. He adds that if either the Canadian or the British Bureau of Information are carrying speeches or casualty lists, we would have to insist on equal treatment and, should a Canadian Section of the British Ministry of Information be organized, we would naturally gladly co-operate. He has asked me to convey this attitude to you.

May I add that the British United Press is co-operating fully in Great Britain with the Ministry of Information and, in Canada, with our Canadian Department of Public Information.

We feel that this is a matter of public policy and should not be decided by special pleading for special advantages between Canadian organizations and the British Ministry of Information but rather subject to decisions of policy as worked out under your direction by His Majesty's Government in Canada based on the interests of all sections of the public.

We would be much obliged to receive your views and guidance in this matter.

I have taken the liberty of sending a copy of this letter to Mr. Norman Robertson and to Mr. Herbert Lash of the Bureau of Information with whom I had an opportunity orally to discuss this matter.

Yours respectfully,

(Sgd) R. W. Keyserlingk

General Manager.

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D18

D-19-B

THE WARTIME REQUIREMENTS BOARD

OTTAWA, CANADA

February 27, 1941.

MEMORANDUM

To Honourable C. D. Howe,
Minister of Munitions and Supply.

From R. A. C. Henry,
Acting Chairman,
Wartime Requirements Board.

In reference to the attached letter dated February 20, to you from Mr. D. B. Carswell, Director General of Shipbuilding, in connection with cargo shipbuilding, I have to advise that this letter was submitted to the Wartime Requirements Board for consideration, and was considered by the said Board at meetings held on February 21 and February 27 respectively.

The Board's investigations have brought out the following facts:

1. Great Britain is in need of cargo tonnage to maintain a continuous flow of materials and supplies urgently required to enable her to prosecute the war effort effectively.

2. Shipbuilding facilities have been organized with a direct and indirect labour personnel now aggregating 20,000 men, and the present program, unless extended, will slacken off in certain shipyards about September, 1941.

3. The materials and components required for the proposed cargo boats consist largely of steel and engines, which can be produced by existing facilities without difficulty.

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Honourable C. D. Howe. February 27, 1941.

Based upon the above facts, the Board passed the following resolution:

a. There is an urgent need for increased cargo tonnage, and the Board is of the opinion that Canada should undertake to provide such tonnage to the extent of its capacity, but the Board is not prepared to recommend any particular type of vessel, as this is a technical matter. In this regard the Board draws attention to the advice of the Naval Council, as embodied in a letter dated February 27, copy of which is attached.

b. The shipbuilding capacity already in operation will be available for the construction of the proposed vessels, commencing in August or September, 1941.

c. There will be capacity in Canada to produce the steel and engines required for the ten vessels.

d. If favorable consideration is given to the carrying out of the shipbuilding program referred to herein, that action thereon be taken expeditiously.

Acting Chairman,
Wartime Requirements Board.

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Office of the Deputy Minister for Naval Services,
Ottawa, February, Twenty-Seventh,
1941

Department of National Defence,
Canada.

The Secretary,
Wartime Requirements Board,
Department of Munitions and Supply,
Ottawa, Ontario.

Dear Sir:

The subject matter of Item 68 was discussed at a meeting of Naval Council which was held in the Minister's office on Monday, February 24th. The following is a copy of the Minute recording the discussion which took place.

Shipbuilding in Canada.

The Deputy Minister tabled a copy of a communication dated 20th February 1941, from the Director General of Shipbuilding to the Minister of Munitions and Supply, in which the former recommends that in order to keep existing shipyards going to full capacity Canada should build a fleet of ten medium-sized cargo-ships of 4700 tons deadweight carrying capacity, having a speed of about ten knots.

The Naval Staff expressed the following opinions:-

(a) That it was most desirable that Canadian Shipyards should be kept regularly employed on building of one sort or another.

(b) That they felt grave doubts as to the suitability of the 4700 ton, 10 knot ships for the purpose for which they were designed, being too small and dangerously slow. In this connection, the Council understands that eighteen 9000-ton vessels for the U.K. are to be constructed in Canada.

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(c) That before any further action is taken to initiate a building programme of merchant vessels, the Department of Munitions and Supply should be requested to enquire from the British Admiralty Technical Mission (i) if they are in agreement with the proposed programme, and (ii) whether the Admiralty might wish to take advantage of the availability of Canadian shipyards for the construction of the smaller type of war-vessel.

In regard to (b) and (c) above, the Deputy Minister, as a member of the Wartime Requirements Board, was requested to represent these at the next meeting of the Board.

Subsequent to the meeting I have determined that, in the opinion of the Naval Staff, the minimum cruising speed for merchant ships which are to be handled in convoys is twelve knots.

Yours very truly,

(Signed) K. S. Maclachlan

Acting Deputy Minister.

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DEPARTMENT OF MUNITIONS AND SUPPLY
OTTAWA, CANADA

February 20, 1941.

TO: Hon. C. D. Howe,
Minister of Munitions and Supply.

FROM: Mr. D. B. Carswell
Director General of Shipbuilding.

CARGO SHIPBUILDING

In order to keep existing shipyards going to full capacity, I wish to recommend that Canada build in these same yards, a fleet of ten medium size cargo ships of 4700 tons deadweight carrying capacity.

This is a type of modern single screw steamship designed by William Gray and Company of West Hartlepool for The Ministry of Shipping, London.

The dimensions of these vessels are 320 feet overall in length, 46 feet 6 inches in beam and with a moulded depth of 25 feet 2 inches and a loaded draft of 20 feet 9 inches.

The power plant is a reciprocating steam engine with two 13'6" diameter boilers at 200 lbs. pressure with forced draft and superheated steam.

The vessel is designed to burn coal, but we could have this changed for oil burning, as such a vessel would be more saleable after the war is over.

With certain minor yard improvements, a number of existing shipbuilding companies would be in a position to build a vessel of this size without financial assistance beyond being allowed to depreciate such improvements at a favourable rate.

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Hon. C. D. Howe

It is my opinion that when the world is at peace again, a vessel such as described will have a much better market than the larger vessels now under construction in Canada and the United States.

These vessels should be built in Canada, on the East and West Coasts, at an average price of $1,000,000.00 each.

I would appreciate your early instructions that this proposal will be given favourable consideration so that the necessary preliminary steps may be taken to secure enough plans and specifications to enable tenders to be called.

Yours truly,

D. B. Carswell
Director General of Shipbuilding.

DBC:RB

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U-20

Ottawa, March 6th, 1941.

F. Cyril James, Esq., M.A., Ph.D.,
Principal and Vice-Chancellor,
McGill University,
Montreal, P.Q.

Dear Mr. Principal:

At a meeting of the Cabinet War Committee, held last evening, the Prime Minister raised the subject matter of your letter to him of February the 25th.

After some discussion, it was decided to refer your suggestion to the Minister of National War Services for consideration with the Defence Ministers. Mr. Gardiner is to communicate subsequently with you.

Mr. King has asked me to apologize, on his behalf, for not having acknowledged your letter. I was unsuccessful in attempting to reach you this afternoon over the telephone; however, I hope that you will accept this as an acknowledgment and an expression of gratitude on Mr. King's own part and that of his colleagues for the manner in which you have put forward your suggestion for better co-operation with the universities in the war effort.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

AH:W

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PRINCIPAL and VICE-CHANCELLOR
F. Cyril James.

MCGILL UNIVERSITY
MONTREAL

Dear Mr. Prime Minister,

At yesterday's meeting of the representatives of the various Canadian Universities, I was greatly impressed with the fact, already known to you, that every member of each of our Universities is eager to do everything that lies in his power to assist you and your Government in the furtherance of this war effort. That is, and must remain, the first item of business on every agenda, and nobody realizes it more keenly than the people in charge of Universities at the present time.

It was apparent, however, that maximum effort is not being put forth at the present time, because the Universities are not in sufficiently close touch with the Government to know the order of importance of the several requests that they receive from different Government departments. To cite one very minor example that happens to be on my desk this morning: Is it more important that we should use our machine shops at McGill for training students, lend them to the Army Ordnance Corps for training purposes, or lend them to the Fairchild Aircraft Company for making machine tools?

Naturally, each one of us makes an honest effort to solve these questions as they come up, but it has occurred to me that we might be able to accomplish a great deal more if a small committee were set up of people in whom the Government had confidence and with whom the Government would be willing to discuss frankly the whole situation.

I am attaching a copy of a letter which I am today sending to Canon Cody suggesting this idea, and I should appreciate any statement from you as to whether the Government would welcome the proposal.

May I add that this kind of a Committee (which already exists in Great Britain and the United States) seems to me even more vitally important in Canada than in those countries where conscription already exists. The men in our Universities who are training to be doctors, engineers, chemists and physicists are the very men whose personal character leads them to enlist in the Forces whenever there is a demand for recruits, so that it is urgently necessary for the whole future of

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Canada that some authoritative body should be able to tell each individual, without fear of contradiction, the way in which he can be of greatest service to the Dominion.

Naturally, the official recommendation of the Conference will come to your desk within a few days, and I hope that you will treat this as a personal request for guidance, since I should not want to press the proposal if it would in any way embarrass you or your Ministers.

Cordially yours,

"F. Cyril James"

To the Right Honourable W. L. Mackenzie King, P.C.,
Prime Minister of Canada,
OTTAWA, Ontario.

25 Feb 1941

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C
O
P
Y

McGill University

February 25, 1941

Dear Canon Cody,

Throughout yesterday's meeting, I was impressed with the fact that the Canadian Universities Conference is operating in the matters under discussion in circumstances completely different from those for which it was originally created. It is essentially a deliberative body, democratic in its nature, and, like all academic bodies, spends a good deal of time discussing the matters within its province. This is entirely right and proper in regard to normal University affairs in times of peace, and you know even better than I how much it has accomplished since its creation.

I feel, however, that this kind of a conference is not the best way of negotiating with the Government in matters of vital national importance at the present time. From the viewpoint of the Government officials and Ministers who were present, the Conference was practically a public meeting; and they were naturally compelled to be cautious in their statements, so that I imagine we might have progressed very much farther if a small group of two or three University heads had been sitting for a couple of hours in camera with Colonel Ralston, Mr. Gardiner and the other Government officials.

In view of this fact, would it not be desirable, now that we have explored the general attitude of the Conference as a whole, for you, as President, to appoint at once a small Executive Committee, comprising not more than two others in addition to yourself, so that this Committee might discuss with the Ministers involved the questions of military training for the future, and also the questions of priority which were covered in the resolution passed yesterday afternoon? Each passing day impresses on all of us the extreme urgency of the war effort, and many of us yesterday pointed out the problems that confront each of our institutions, because of the lack of any clear leadership from the Government as to the things that we should do first. I feel, therefore, that a small committee, which might keep in very close touch with the Government Departments, would be able to accomplish a great deal more than we do at present, and also to accomplish it more promptly.

This is, naturally, a personal letter to yourself, but if you think that the idea has merit, and would prefer to have it suggested by somebody other than the President of the Conference, I shall be very glad to write a letter to the heads of each of the Canadian Universities, suggesting that you be empowered to appoint such a Committee for this purpose.

It was very pleasant to see you again yesterday, and with all sorts of good wishes, I remain,

Cordially yours,

(Sgd.) "F.C.J."

Hon. and Rev. H. J. Cody, D.D., LL.D.,
President, University of Toronto,
Toronto, Ontario.

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CANADA

MINISTER OF NATIONAL DEFENCE

March 1, 1941.

A.D.P. Heeney, Esq.,
Clerk of the Privy Council,
O t t a w a.

Dear Mr. Heeney,-

Enclosed is a copy of letter received from the Honourable Mr. MacKinnon, asking:

(1) That this department provide $25,000 for increased laboratory accommodation for work in connection with radio equipment for the Department of National Defence.

(2) Payment by this department to the National Research Council for service equipment constructed by the Council and taken over for operational use by this department.

I should like to take this up at the next meeting of War Committee of the Cabinet.

Yours very truly,

JLR

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MINISTER OF TRADE AND COMMERCE

Ottawa, February 26, 1941.

Colonel the Honourable J.L.Ralston,
Minister of National Defence,
O t t a w a.

Dear Colonel Ralston,-

There are two items which I would like to place before you with the suggestion that arrangements be made for financial assistance from your Department to the National Research Council.

(1) The staff of the Radio Section of the National Research Council has been increased from that of a few to almost one hundred, and in addition, we have working in our laboratories and field station, several of the enlisted personnel of the Signal Branch. The result is that we are badly in need of additional laboratory accommodation and a new building should be erected at the Field Station. It is estimated that this building will cost about $25,000 and since practically all of the expenses which the Council is incurring are for the direct work of making radio equipment for the Defence Department, it is suggested that the Research Council be granted the sum of $25,000 for the purpose of defraying the cost of this structure.

(2) As you know, for the past year the Council has been working on the production of equipment which is either in active use now or will be in active operational use by the Defence Department in the very near future. As long as funds are available, the Council is quite happy to bear the experimental costs, but it seems to us that once the equipment which is constructed in our laboratories has been actually taken over for operational use as a piece of Service equipment, that an estimated fair commercial value should be placed on it and paid by the Department of National Defence to the Council in order that further development work can be

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carried on. It is estimated that the equipment presently to be put into use will have a commercial value of $80,000 and it would be appreciated if your Department could provide funds for this.

Yours sincerely,

(Sgd.) J. A. MacKinnon

Chairman, Committee of the Privy Council
on Scientific and Industrial Research

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Office of the High Commissioner
for the United Kingdom,
Earnscliffe,
Ottawa.

950K/7
SECRET
IMMEDIATE

1st March, 1941.

My dear Mr. Robertson,

I have been asked by the Secretary of State for Dominion Affairs to approach the Canadian Government officially on the subject of a proposal for the establishment of a field experimental station for gas and chemical warfare.

This proposal has already received much consideration by certain Canadian authorities. It was the object of a visit to Canada made recently at the request of the Canadian authorities by Mr. E.L. Davies, the Ministry of Supply expert on this subject, who discussed the details of the proposal fully with Dr. O.D. Maass, Chairman of the Canadian Chemical Warfare Committee. The subject was also discussed informally in London between representatives of the Ministry of Supply and the Minister for National Defence during the latter's recent visit.

In general outline, the proposed experimental station would consist of two branches, one for research and development, and the other for field trials on a scale comparable with the actual use of gas in warfare. It is understood that the intention, as agreed between Dr. Maass and Mr. Davies, was that Mr. Davies himself should be the first Chief Superintendent at the station for an initial period of at least one year, but that most of the staff should be Canadian both on the scientific and on the Service side, with limited scientific and Service help from the United Kingdom on a temporary basis; and that the Services would be largely responsible for the operations of the field branch.

As regards the financing of the scheme, I am instructed to propose that the cost of land and buildings might be borne by the Canadian Government and that the cost of equipment and maintenance should be shared equally between the two Governments. It is also proposed that nonconsumable stores, e.g., the guns and aeroplanes required for testing purposes, should be issued by either Government on loan, and that consumable stores, e.g. toxic materials and ammunitions, should be a charge against the maintenance costs of the stations.

N.A.Robertson, Esq.,
Acting Under-Secretary of State for External Affairs,
Ottawa.

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In general terms, the estimated sums involved in this scheme, as calculated in London, may be summarised as follows:-

1. Site.

Capital expenditure of approximately £220,000 comprising:-

(a) Land, on site selected near Medicine Hat	$600,000.00
(b) Buildings (to be borne by the Canadian Government)	$280,000.00

2. Equipment.

(a) Capital expenditure	£50,000
(b) Annual recurring expenditure (both the above to be shared equally between the two Governments).	£50,000

Full details of the proposed organisation and estimates of the cost would be brought to Canada by Mr. Davies, who is prepared to sail immediately if the Canadian Government approve the establishment of the station.

I have been asked to ascertain whether the Canadian Government are agreeable to the above proposal, and to emphasise the great urgency which, in the opinion of the United Kingdom Government attaches to the very early establishment of the station. It is of the highest importance that work should be started as soon as possible, since, in order that the value of the scheme may not be lost ,it is desired to use the whole of the fine weather season to establish vital data.

I should therefore be very much obliged if I could receive the reply of the Canadian Government as a matter of urgency.

Yours sincerely,

(sgd.) W.C.Hankinson.

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H.Q.S. 5199-Y.

SECRET

THE MINISTERS.

The Chiefs of Staff Committee view with grave concern the developments of the United Kingdom - United States discussions now taking place in London in regard to strategical air and naval bases in Newfoundland to be leased to the United States.

2. These discussions appear to be leading in a dangerous direction inasmuch as the U. S. Delegation appears to be insisting on rights, or on the inclusion of clauses, which, in an emergency, would give to them complete control of the whole of Newfoundland (sea, land and air).

3. The following clauses provide examples of those which it is considered require to be rejected if the political integrity of Newfoundland is to be adequately retained and the dominant Canadian interest in the defence of that Island is to be protected.

(i) (Telegram No. 258 of 13th February 1941 from High Commissioner to Department of External Affairs).

" (a) The United States to have the right, except as otherwise provided, to regulate and control all communications within, to and from areas leased. "

" (c) It is recognised that defence of leased areas and territories in which they lie is of mutual concern to the United States and the United Kingdom and the question of mutual defence shall be subject of conversations between the two Governments, it being agreed that when the United States is engaged in war or in time of other emergencies, it shall have all such rights, powers and authority in territories and surrounding waters and air space as may be necessary for conducting any military operations deemed by it desirable. "

" (g) With respect to Newfoundland, if United States shall decide to improve leased areas, in whole or in part for use as naval or air bases, in that event harbour and anchorage areas and landing fields of entire Island of Newfoundland shall be available for joint use by forces of both Governments. Docks and other facilities of United States base at St. John's shall also be available for use of His Majesty's

..... 2.

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Government, when and as conditions permit, the control thereof nevertheless remaining unimpaired in the United States of America. "

(ii) (Telegram No. 278 of 15th February 1941, from High Commissioner to Department of External Affairs).

" (1) United States shall have right to control anchorages, moorings and movements of ships and water borne craft, and anchorages, moorings, landings, take-offs, movements and operations of aircraft. "

(iii) (Telegram No. 337 of 26th February 1941 from High Commissioner to Department of External Affairs).

" ..... United States now definitely insist that clause shall be inserted specifying their rights, powers and authority inside and adjacent to leased areas, which would include the following clause:- "To regulate and control all communications within, to and from the areas leased". This strenuously objected to by the British Delegation. "

(iv) (Telegram No. 342 of 27th February 1941 from High Commissioner to Department of External Affairs).

" ..... When the United States is engaged in war or in time of other emergency, it shall have all such rights, powers and authority in territories and surrounding water and air spaces as may be necessary for conducting any military operations deemed by it desirable. "

4. The Chiefs of Staff Committee are of the considered opinion that:-

(a) Discussions and agreements in regard to Newfoundland should be held separately from those in connection with other leased bases in the Western Hemisphere. The problems involved are entirely different to those connected with Bermuda and the West Indies; and in addition Canada is vitally interested in Newfoundland and has in fact assumed responsibility for its defence.

approved

(b) That in the proposed discussions, the United Kingdom, the United States, Canada and Newfoundland should (have equal representation)* (It would be preferable if these discussions were held in Canada.)**

(c) That the Permanent Joint Board on United States-Canadian Defence should review the recommendations resulting from the above proposed

..... 3.

* all be represented

** omit

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discussions before any Governmental action by any of the Parties concerned is taken to implement such recommendations. Further, that the results of such a review should also be considered by the Chiefs of Staff Committee and reported upon by them to the War Committee of the Cabinet.

5. Finally, the Chiefs of Staff Committee desire to make it very clear that in their opinion Newfoundland represents a most important outpost, and is in fact Canada's first line of defence in this hemisphere, the preservation and protection of which is absolutely vital to her interests.

6. Submitted for urgent consideration.

.....Rear-Admiral,
Chief of the Naval Staff.

.....Major-General,
Chief of the General Staff.

.....Air Vice-Marshal,
Chief of the Air Staff.

4th March 1941.

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Mr Kenny. D-194 Nfld

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 373

March 5th, 1941.

LONDON.

No. 373. Atlantic Bases. British Ambassador has telegraphed Foreign Office that State Department have sent him memorandum on controversial shipping and jurisdictional clauses of proposed agreement. Our Legation at Washington may have already informed you of its contents.

In respect of civil aviation clause (see paragraph 3 of my telegram No. 337 of February 26th), United States delegation have proposed additional line to read:

"Provided that in the case of Newfoundland, agreement shall be between the Governments of the United States and Newfoundland."

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 370

LONDON, March 4th, 1941.

No. 370. Part I. Atlantic Bases.

Foreign Office yesterday sent a telegram to the British Ambassador at Washington on this subject, paragraph 1 of which reads: "It is now clear that there is no prospect of obtaining agreement with the United States representatives under their present instructions on articles relating to defence, and also general description of rights, and we should therefore be grateful if you would take these two matters up with the Secretary of State in the same manner as questions relating to jurisdiction and customs".

Telegram then outlines difference between United Kingdom and United States positions in respect of defence clauses, taking exception to American amendment which would eliminate all reference to position of Governors and to mutual interest in defence of leased areas and territories, and proposed staff discussions on subject. This considered to be the more serious, as in a separate article United States specifically disclaims any responsibility for defence of territories. Telegram then states:

"While our policy is to give the United States all accommodation they require in bases for their own safety, in return we should expect the United States not to interfere with our sovereign rights".

British also perturbed because they have been informed "orally and confidentially" that State Department

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

hope that proposal to put forward a joint commission to consider defence questions in West Indies and Bermuda would not be presented "at this time". British attach great importance to this proposal.

Position is therefore that United Kingdom feel that they must press some reference to mutual defence in published agreement, and United States wish no such reference.

Foreign Office telegram goes on:

"A clear understanding of defence matters before the agreement is concluded is necessary from our point of view because:-

(a) The defence of leased areas cannot be divorced from that of territory, and in present circumstances the sooner we get together and work out a scheme the better, and

(b) We shall be placed in an impossible position on publication of agreement if it not only omits any reference to mutual defence, but includes a disclaimer on the part of the United States for any responsibility for defence of territory, and moreover a clause giving the United States additional rights when at war without giving us corresponding rights in respect to leased areas in similar circumstances.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER LONDON, March 4th, 1941.

No. 370

No. 370. Part II.

It will be represented with justification that in making this agreement we have subordinated the security of these territories to the defence problems of the United States, and that this constitutes a setback to the policy of close cooperation between the two countries, which was strikingly advanced in the exchange of notes, which are the basis for the present agreement. In other words, the spirit of this agreement will be entirely foreign to that of the exchange of notes.

We cannot accept any suggestion that references to mutual defence might be embarrassing to the United States. In our view, this was the main principle underlying the granting of leases. We appreciate, however, that reference to mutual defence in published agreement might conceivably be criticized in the United States, but we suggest that such criticism could be met by pointing out the urgency of providing adequate defence for bases, and that the necessary measures, including the dovetailing of existing British defences with future United States ones, can adequately and most expeditiously be determined and carried out in consultation with the British naval and military authorities.

The above has reference primarily to the position in the case of the Colonies. As regards Newfoundland, special considerations arise in view of:

(1) Its geographical position;

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

(2) The vital interest of Canada in the defence of Newfoundland; and

(3) The existence of the Canada-United States Permanent Joint Defence Board, which would naturally have to consider, in consultation with Governments of the United Kingdom and Newfoundland, questions arising as to Newfoundland defence, and has already considered such questions and recognized the primary concern of Canada in defence measures in Newfoundland.

It follows that the consultation envisaged in the first part of our draft article as the preliminary to the agreement would, in the case of Newfoundland have to include consultation with the Canadian Government, and no doubt consideration by the Joint Defence Board, and that the last clause of the draft is not wholly applicable to Newfoundland. It will be necessary to make plain the position in this respect, either in the article itself (which may, perhaps, not be desirable) or in a separate exchange of notes. We understand that the High Commissioner for Canada has informed the Canadian Government of position as regards this article, and you may, perhaps, wish to discuss the matter with your Canadian colleague."

Foreign Office telegram then discusses the articles dealing with rights in and adjacent to leased areas as outlined in my previous telegram , taking the view that they give excessive powers to the United States in time of peace.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN D-19-A

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET LONDON. February 28th, 1941.

CYPHER

No. 349

No. 349. Most Secret. Following for Prime Minister, Begins:

Reliable information of a very secret character indicates that in official Japanese circles considerable interest is being taken in the position of western coast of Canada. The suggestion that any Japanese offensive against Canada would bring in United States is discounted on the ground that, under some conditions, it might be well to bring in United States and keep her fleet concentrated round British Columbia. Reference is also made to large number of Japanese settled in British Columbia and on western coast of United States, who are all said to have their duties. Ends.

MASSEY

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

NO. 38 OTTAWA, March 2nd, 1941.

MOST SECRET

CIPHER

Part I.

Following from Prime Minister for your Prime Minister, Begins:

Since outbreak of the war we have, on the advice of the Chiefs of Staff, consistently followed a policy of sending all possible aid to the United Kingdom, despite the fact that this has necessarily involved the weakening of Canada's own defences. We have recently requested the Chiefs of Staff to review the state of home defences and to advise the Government whether any modification should be made in present policies in the light of their appreciation of the military situation. The text of the Chiefs of Staff appreciation of the present position is given, for your information, in my immediately following telegram. We should of course be glad to receive from time to time any appreciations of the war situation which may affect Canada or Canadian defence in any way and which has received the approval of your Cabinet.

2. Naval defences do not appear to be adequate to deal effectively with "tip and run" raids of the kind which must be regarded as a possibility with the coming of spring. Naval protection for the Atlantic Coast consists at present of one R.C.N. destroyer fit for service and more powerful units engaged from time to time in convoy duty to and from Canadian ports, and forces in the West Indies area.

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3. On the Atlantic Coast we have now four bomber-reconnaissance squadrons, one of which can operate 600 miles from its base, capable of acting as a deterrent to raids by enemy naval units. Trained pilot personnel in these squadrons has been reduced to meet demands for instructors in the Air Training Plan.

4. Coast defences from the army viewpoint are reasonably strong except as regards anti-aircraft guns and equipment, in respect of which existing provision is inadequate.

5. Summary in the preceeding paragraphs in respect of naval, air and Coast defence position of Eastern Canada should be read as supplementing memorandum of Chiefs of Staff Committee. Together they indicate a situation which has been causing War Committee of Cabinet a good deal of concern. We have, from the beginning, realized the serious implications in regard to home defence of sending you every possible assistance, naval, military and air. Our Chiefs of Staff believe the policy followed has been wise and justified by results. At the same time we cannot be unmindful of our direct responsibility for the defence of Canadian shores, and of the effect upon the common effort and Canadian morale should our coast and harbours be attacked and our defences prove inadequate to an emergency. In particular the importance of adequate protection for the convoy assembly port of Halifax and strategic approaches thereto cannot be too strongly emphasized. We should be very glad to have your views on the situation and to learn whether, having in mind the requirements of various theatres of war, it will be possible to strengthen those features of our home defence position which Chiefs of Staff's analysis has shown to be inadequate.

Part II follows immediately.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

MOST SECRET

CYPHER

NO. 36

OTTAWA, March 2nd, 1941.

Part II.

Following from Prime Minister for your Prime Minister, Begins:

Following is brief appreciation by Chiefs of Staff Committee of defence position as of February 24th, Begins:

1. The probable Forms and Scales of Attack, which have been and are now accepted by the Chiefs of Staff Committee, in respect to direct action against Canadian territory and territorial waters, are given in the Defence of Canada Plan, dated August 1940, Part I. These are generally as follows:-

Atlantic Coast - bombardment by a capital ship; one or two 8" cruisers; or by a merchant raider mounting 6" guns; attack by submarines and small surface craft; attack by small raiding parties; torpedo, bomb or gas attack by shipborne or long-range shore-based aircraft on sea-borne, coastal and inland objectives.

Pacific Coast - similar to above but on a smaller scale and lesser intensity.

2. It will be particularly noted that the Chiefs of Staff Committee do not anticipate any attempt at invasion by actual or potential hostile Powers. It is the opinion of the Committee that no such attempt would be feasible so long as the defence of the British Isles successfully continues. Even should Germany succeed in overcoming the resistance of our Empire Forces and the conquest of the United Kingdom ensue, there is still no probability that a large scale attack on these shores, with a view to invasion, is a contingency we need anticipate or plan for. A German-dominated Europe, and an Eastern Asia controlled

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by Japan, could wield such tremendous economic pressure that there would be no need on the part of enemy Powers to attempt a most difficult military invasion in order to force Canada (and the United States) eventually to accept humiliating terms of peace.

3. On the other hand, the greater the need for Germany to obtain a quick decision - and this situation increasingly obtains - and the more important and effective the assistance given by the United States to the British Empire countries, the more obvious it must become to Hitler that no consideration on his part can deter the United States from pursuing a course aimed at his eventual overwhelming defeat. In these circumstances, every day increases the chances of "tip-and-run" sea and air raids against ports and other military objectives in Newfoundland and Eastern Canada.

4. Should Japan join with the Axis Powers in war against us - and this eventuality is becoming more probable - it may be that she will actively engage in similar raids against our Pacific Coast. Such a contingency, however, should be considered as a possibility rather than a probability, as there are important political (U.S.A.), strategic and tactical reasons for Japan retaining all her forces in the Eastern Pacific.

5. Our plans for the defence of the Atlantic and Pacific Coasts are still in course of execution. In general, it may be said that our Army formations now manning Coast Defences, or in Mobile Reserve in Coastal Areas, are sufficient rapidly to contend with any limited enemy raiding forces which might attempt to land in the vicinity of suitable objectives and attack them;

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but we continue to find ourselves inadequately furnished with Naval and Air forces, and with anti-aircraft guns and equipment, to ensure that raids by hostile naval or air forces against ports, the shipping in them, and other important objectives, are met with adequate resistance. In the existing circumstances, covering forces provided by the Royal Navy in the form of ocean escorts are a vital part of the defences of the western Atlantic, but these are barely adequate for this essential duty.

6. The maintenance and protection of Canadian Defended Ports, of focal points of shipping, and of the North Atlantic sea-routes, are essential to British victory. To ensure this, we must have adequate Naval and Air forces to protect our shipping lanes and bases. The Chiefs of Staff Committee is of the opinion that in the defence of the North American continent, Newfoundland represents a highly important outpost, and is in many ways our first line of defence. Flanking as it does the trans-Atlantic air and sea-routes to North America, a strongly-held Newfoundland upon which are based adequate Navy, Army and Air forces, represents a powerful deterrent to enemy air and surface action against our coasts and territorial waters.

7. On the Pacific coast, the possibility of serious attack by surface-vessels or ship-borne aircraft of the Axis Powers is remote. The volume and importance of shipping in the Eastern Pacific is far less than that in the Atlantic, and there are no military objectives of sufficient importance to justify other than very small-scale tip-and-run raids, the effect of which would have little military significance. An actual attempt

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at invasion on this coast by Japanese forces is considered highly improbable.

8. CONCLUSIONS.

The Chiefs of Staff Committee consider that in the present circumstances and in those likely to obtain in the near future, the basing of adequate Naval and Air Forces to provide a Striking Force adequate to protect our shipping is of the first importance. These Naval and Air forces must operate from secure bases. An increase of Naval and Air forces on the East Coast of Canada is therefore necessary, and this is only possible by the active co-operation of such United States forces as can be made available for this purpose. Ends.

Message ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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OFFICE OF THE
~~DEPUTY~~ MINISTER

CANADA

C

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa, February 20, 1941.

A.D.P.Heeney, Esq.,
Clerk of the Privy Council,
Ottawa, Ont.

Dear Mr. Heeney,

Please bring the following matter to the attention of the War Committee of the Cabinet for discussion.

The Committee will remember that last fall, the Department of National Defence arranged for a week's tour through Eastern Canada, of leading American editors. About twenty-five editors were included on this trip. They visited military establishments and industries producing war munitions, etc. The trip was very highly successful, and brought a very great deal of splendid advertising of Canada's war effort throughout the whole of the United States - all of which was bound to have an effect upon the attitude of the people there towards the war.

Colonel Ralston, on his return, suggested to me, as Minister in charge of the Bureau of Public Information, that consideration should be given to a similar trip right across Canada of leading British editors. I have had the matter considered, and the results of this consideration are as follows.

It was agreed by the Officer in charge of the Bureau of Public Information, with which view I concur, that the suggestion is an admirable one and should be followed for a two-fold purpose, i.e.,

(a) to enable the representatives of the British Press, who would come here, to report back to Britain on the activities taking place here - which will unquestionably make them realize that they are not standing alone, and which will assist them in the maintenance of their morale.

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(b) We would arrange a series of public addresses by these men right across Canada so that they can tell the Canadian people of what is happening in Britain and discuss the whole war and the issues involved therein - all with the object of maintaining the morale of the people of this country and getting their support of the war effort.

1. I would suggest that this tour be undertaken under the direction of the Director of Public Information.

2. I would suggest that he call in Mr. Rupert Davies, President of the Canadian Press Association, and also the officers and officials of the Canadian Daily Newspapers Association and the Canadian Weekly Newspapers Association, and secure their co-operation in arranging a tour.

3. There is an Association known as the Empire Press Association with headquarters in England. There is a branch of this in Canada either associated with the Canadian Press or the C.D.N.A., and I think that Rupert Davies is the head of this. The services of the Empire Press Association should be utilized in the selection of the men.

It would be useless to have this at all unless we get the top-notch men. Second-raters would kill the whole intent of the plan.

4. We suggest that twenty-five of the leading British newspaper men be asked, and that we plan on a one month's tour by special train - going west by C.N.R. and back east by C.P.R. - from Halifax to Victoria. We estimate that we should have at least twenty-five Canadian representatives of the newspapers, etc.

5. As in the case of the American newspaper men, we would take these people to the outstanding military establishments, industries, and the capital of every Province. Full details would be worked out.

6. It is estimated roughly that the cost of this scheme would be $60,000., if we took the party at Halifax and landed them back there. If, however, we paid their return fares from Britain to Halifax, the cost would be increased by approximately $15,000.

This trip should start at the end of May and back at the end of June.

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There is a lot of planning and work to be done, if it is desired to proceed with this plan, and if so, an early decision is necessary.

Yours truly,

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CANADA

MINISTER OF PENSIONS AND NATIONAL HEALTH

Ottawa, 26th February, 1941

Dear Mr. Heeney,-

Please see the attached report, signed by Brigadier Gorssline and the Deputy Minister of Pensions.

Will you please re-submit this matter to the War Committee of Cabinet at once.

Yours sincerely,

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
O t t a w a.

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Ottawa, Ontario,
February 26th, 1941.

The Honourable J.L. Ralston,
The Honourable Ian Mackenzie.

The Director General of Medical Services and the Deputy Minister of Pensions and National Health pursuant to your joint instructions, met Tuesday afternoon, February 25th, 1941, to discuss the necessity for the erection of additional hospital beds called for in four submissions to Council:-

(1) Purchase of Burn's property, Calgary.

(2) Erection of hospital on same.

(3) Alterations and additions to Lancaster Hospital, St. John.

X (4) Erection of additional beds at Camp Hill, Halifax.

It was agreed by the two officers that Federal Government hospital beds were required to treat:-

A. Pensioners of the last war.
B. Ex-service men of the last war.
C. Sick mariners.
D. R.C.M.P. personnel.
E. Quarantine and Immigration detentions.
F. Personnel of National Defence forces serving in Canada, who cannot be hospitalized in Defence Hospitals.
G. Personnel of National Defence Forces invalided from Canadian Forces serving outside of Canada.
H. Pensioners of the present war.

It was agreed that to meet these requirements, there did not exist in Canada today under the control of the three National Defence services and those of the Department of Pensions and National Health sufficient beds to meet the needs of today, as estimated by your two officers in conference.

It is, therefore, recommended that the four projects listed above be approved for immediate completion.

R.M. Gorssline, Brigadier
Dept. of National Defence

R.E. Wodehouse, M.D.
Dept. Pensions & Natl. Health.

X. It was agreed to hold this in abeyance until the report recently requested, be received from D.P. & N.H. and Defence Authorities in Halifax.

R.M.G.
(Brig.)

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM NO. 34

CYPHER

Ottawa, February 27th, 1941.

Your telegram No. 31 of February 19th.

We have also been following the course of the Lease Loan Bill at Washington with the deepest interest and are grateful for this timely expression of your views. We have hitherto refrained from raising questions about the possible effects of the Bill on the Canadian war effort, since we wished to do nothing which might impede or deflect its progress through Congress and since we were confident that His Majesty's Government in the United Kingdom did not intend to employ the new facilities afforded by the measure in a manner which would be in any way detrimental to the Canadian contribution to the war. We are glad to receive your assurance on this score.

2. Since the Bill was first proposed, it has been apparent that close cooperation would be essential between the governments of the United Kingdom, Canada and the United States in order to ensure that the Canadian facilities for the production of munitions and other essential supplies, including the expanded capacity to which we are committed, are used to the full. The probable interpretation of the scope of the Bill so as to include food stuffs and raw materials increases the need for urgent examination of the situation as a whole. We welcome your statement that it will be the constant aim of His Majesty's Government in the United Kingdom to proceed in the closest and most harmonious cooperation with the Canadian Government, and your proposal to consider jointly any representations which His Majesty's Government in the United

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Kingdom may receive from the United States Government that certain purchases should be made in the United States.

3. The productive capacity of Canada for war purposes is now in process of great expansion in accordance with the arrangements arrived at last July and August between London and Ottawa. These arrangements were based on the understanding that existing plants and those in course of construction should be employed throughout the war to their fullest capacity. This understanding underlies our whole programme, under which Canada is undertaking the very difficult task of taking for all governmental purposes in 1941 more than half the entire national income, after allowance has been made for the substantial expansion of national income that is expected to result from the war purchases in Canada of the United Kingdom and Canadian Governments.

4. We start from the basic assumption that the fundamental aim guiding the provision of war supplies from North America must be the full employment of the productive resources of the continent whether these are situated in the United States or in Canada. It would be inexcusably wasteful if Canadian plants equipped for the production of munitions were not used to the full because of the construction of new plants in the United States with capacity great enough to supply the needs of both the United Kingdom and United States. I need not emphasize the depressing effects, political as well as economic, on Canadian war effort if this were to come about. I am glad to learn from your telegram that this is not at all likely to occur.

5. All the questions mentioned in your telegram are receiving urgent consideration and I shall later inform you of our views in greater detail. I may mention particularly the question of the use of the facilities of the Bill to secure supplies from the

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United States which are required for the execution of United Kingdom orders in Canada, and also the most effective procedure to be followed after the passage of the Bill in order to ensure the fulfilment of our common purpose - the maximum contribution towards defeating the enemy. At suggestion of Sir Frederick Phillips we are arranging for an informal preliminary discussion of some of these problems to take place in Washington this week.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

No. 31

LONDON, February 19th, 1941

No. 31. Secret. We have been following the progress of the Lease - Loan Bill at Washington with the closest interest. Though many uncertainties remain as to its application and scope, and there is much that has still to be made clear, present indications suggest "Defence Articles" will be given a wide interpretation in terms of commodities. Some time will no doubt elapse before we shall know what commodities are covered by the Bill, to what extent they will be available, and conditions which will be attached to their supply as regards repayment or replacement. Procedure proposed by United States Administration with regard to governmental purchase will also raise problems of a different kind.

It is, however, clear not only that the Bill will provide us with much needed assistance for the prosecution of the war in armaments, raw materials and food, but that in taking advantage of this assistance there are numerous points at which interest of our partners in the British Commonwealth will be involved both as consumers and suppliers.

Canada is a consumer of raw materials and components from the United States, which are required for the execution of orders placed by us in the Dominion, and it will naturally be of interest to us to know whether the Canadian

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Government regard it as being in the interests of Canada and of our joint war effort that they should avail themselves of such supplies under the terms of the Bill.

Canadian Government, for their part, will no doubt have a special interest in the use to be made by the United Kingdom Government of the financial facilities afforded by the Bill, and in the distribution of our purchases between Canada and United States, at a time when exchange and shipping difficulties are among the most serious problems confronting us in the prosecution of the war.

Interests of Canada are very much in our minds, and even at this early stage when so much remains to be clarified, I should like you to be assured that it will be our constant aim to proceed in the closest and most harmonious co-operation with the Canadian Government. I may say that in communicating with the Governments of the Commonwealth of Australia, New Zealand and the Union within the last few days with a view to the co-ordination of estimates of their requirements under Lease - Loan Bill, I made special mention of the fact that Canada's position as a member of the Commonwealth and an active participant in our war effort requires special consideration to ensure that her economic staying power shall not be damaged as a result of diversion of orders to United States, and that, for our part, we do not contemplate that our programme of purchases in Canada should be appreciably modified.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

-3-

Extent to which we can realize our hopes will inevitably depend on gold and dollars which we have from time to time available, and amount of financial assistance which it proves possible for Canada to extend to us. We shall be glad, especially as regards foodstuffs, to consider jointly with Canada any representations that we may receive from United States Government that we should make certain purchases from United States.

It will, I am sure, be the desire of the Canadian Government, as it is ours, that there should be the fullest exchange of views between us, both on the general situation as it develops, and on those particular questions which will arise from time to time.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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SECRET

CHIEFS OF STAFF COMMITTEE

BRIEF APPRECIATION OF THE SITUATION AS OF 24th February, 1941.

1. The probable Forms and Scales of Attack, which have been and are now accepted by the Chiefs of Staff Committee, in respect to direct action against Canadian territory and territorial waters, are given in the Defence of Canada Plan, dated August 1940, Part I. These are generally as follows:-

Atlantic Coast - bombardment by a capital ship; one or two 8" cruisers; or by a merchant raider mounting 6" guns; attack by submarines and small surface craft; attack by small raiding parties; torpedo, bomb or gas attack by shipborne or long-range shore-based aircraft on sea-borne, coastal and inland objectives.

Pacific Coast - similar to above but on a smaller scale and lesser intensity.

2. It will be particularly noted that the Chiefs of Staff Committee do not anticipate any attempt at invasion by actual or potential hostile Powers. It is the opinion of the Committee that no such attempt would be feasible so long as the defence of the British Isles successfully continues. Even should Germany succeed in overcoming the resistance of our Empire Forces and the conquest of the United Kingdom ensue, there is still no probability that a large scale attack on these shores, with a view to invasion, is a contingency we need anticipate or plan for. A German-dominated Europe, and an Eastern Asia controlled by Japan, could wield such tremendous economic pressure that there would be no need on the part of enemy Powers to attempt a most difficult military invasion in order to force Canada (and the United States) eventually to accept humiliating terms of peace.

3. On the other hand, the greater the need for Germany to obtain a quick decision - and this situation increasingly obtains - and the more important and effective the assistance given by the United States to the British Empire countries, the more obvious it must become to Hitler that no consideration on his part can deter the United States from pursuing a course aimed at his eventual overwhelming defeat. In these circumstances, every day increases the chances of "tip-and-run" sea and air raids against ports and other military objectives in Newfoundland and Eastern Canada.

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4. Should Japan join with the Axis Powers in war against us - and this eventuality is becoming more probable - it may be that she will actively engage in similar raids against our Pacific Coast. Such a contingency, however, should be considered as a possibility rather than a probability, as there are important political (U.S.A.), strategic and tactical reasons for Japan retaining all her forces in the Western Pacific.

5. Our plans for the defence of the Atlantic and Pacific Coasts are still in course of execution. In general, it may be said that our Army formations now manning Coast Defences, or in Mobile Reserve in Coastal Areas, are sufficient to contend with any limited enemy raiding forces which might attempt to land in the vicinity of suitable objectives and attack them; but we continue to find ourselves inadequately furnished with Naval and Air Forces, and with anti-aircraft guns and equipment, to ensure that raids by hostile naval or air forces against ports, the shipping in them, and other important objectives, are met with adequate resistance. In the existing circumstances, covering forces provided by the Royal Navy in the form of ocean escorts are a vital part of the defences of the western Atlantic, but these are barely adequate for this essential duty.

6. The maintenance and protection of Canadian Defended Ports, of focal points of shipping, and of the North Atlantic sea-routes, are essential to British victory. To ensure this, we must have adequate Naval and Air forces to protect our shipping lanes and bases. The Chiefs of Staff Committee is of the opinion that in the defence of the North American continent, Newfoundland represents a highly important outpost, and is in many ways our first line of defence. Flanking as it does the trans-Atlantic air and sea-routes to North America, a strongly-held Newfoundland upon which are based adequate Navy, Army and Air forces, represents a powerful deterrent to enemy air and surface action against our coasts and territorial waters.

7. On the Pacific coast, the possibility of serious attack by surface-vessels or ship-borne aircraft of the Axis Powers is remote. The volume and importance of shipping in the Eastern Pacific is far less than that in the Atlantic, and there are no military objectives of sufficient importance to justify other than very small-scale tip-and-run raids, the effect of which would have little military significance. An actual attempt at invasion on this coast by Japanese forces is considered highly improbable.

8. <u>CONCLUSIONS</u>.

The Chiefs of Staff Committee consider that in the present circumstances and in those likely to obtain in the near future, the basing of adequate Naval and Air forces to provide a Striking Force adequate to protect our shipping is of the first importance. These Naval

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and Air forces must operate from secure bases. An increase of Naval and Air forces on the East Coast of Canada is therefore necessary, and this is only possible by the active co-operation of such United States forces as can be made available for this purposes.

(Sgd) Percy Nelles
Rear-Admiral,
Chief of the Naval Staff.

(Sgd) H. D. G. Crerar
Major-General,
Chief of the General Staff.

(Sgd) L. S. Breadner
Air Vice-Marshal,
Chief of the Air Staff.

25th February, 1941.

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SECRET

CANMILITRY No.459

Following for Banks from Howe
for Lord Beaverbrook, also for Capt. Harold Balfour.

Having been requested both by Lord Beaverbrook and Balfour to enlist Canada's help in Trans-Atlantic ferrying problem, have discussed subject with my colleague Power, also with Beatty, Wilson, Self, Slessor, Pirie and others associated with present organization. Stop. Consider present organization wholly inadequate and feel those directing here have no clear conception of magnitude of undertaking, with result that Canada may be blamed for delay of United States planes in Canada. Stop. Can advise you secretly that project for facilities for moving fighter planes is progressing which adds to magnitude of operation. Stop.

Power states RCAF view as follows: It can provide an aerodrome in Nova Scotia for operational training JATP graduates as second pilots and for collection point land aircraft proceeding to Newfoundland airport. Stop. These pilots are of course at the disposal of RAF on graduation from the plan under the Plan Agreement. Stop. RAF direction therefore necessary if they are to be employed on ferry duties. Stop. Power suggests that R.A.F. and Atferro supply first pilots for ferrying and RAF supply instructors and maintenance staff for training school since none of these categories available in Canada either from JATP or Home War Establishment. Stop. He further stresses necessity for construction of new hangars to provide for accommodation large four engine type of aircraft. Stop. Moreover provision must be made for increased personnel accommodation at Newfoundland and if requirements large in Nova Scotia additional buildings required there. Stop. No start has been made on construction owing to absence of any precise information as to your requirements. Stop. Apparently no clear understanding amongst UK authorities here and Washington as to whether personnel of ferrying organization as distinct from ferry training school shall be civilian or RAF. Stop.

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This should be cleared up immediately. Stop. Power states all available Canadian facilities at disposal of UK Government but suggests that UK authorities give specific indication of what is required. Stop. End of Power statement. Stop. We are ready to schedule Trans-Canada Air Lines planes into Newfoundland to assist return movement of pilots whenever we are requested to do so. Stop. Strongly urge definite direction from London as planes have already accumulated in considerable numbers at Montreal. Stop. Feel that I personally have done all I can except on instructions from your Government. ENDS.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

SECRET

CYPHER

NO. 256

Ottawa, February 21st, 1941.

Reference your telegram No. 261 of February 14th.

For your information following is text of memorandum communicated to Acting High Commissioner for United Kingdom today, Begins:

1. Previous discussion of the question of recruiting radio mechanics (R.D.F.) has shown that there are two possible sources of recruits, namely Canada and the United States.

2. Dealing first with Canada, there are two ways in which it is proposed to obtain R.D.F. personnel (a) through the usual recruting channels of the three Services for men with experience, which method is being started at once and (b) by the training of green men. As many as possible will be recruited under (a) but it is not expected that this will be productive of any considerable number as there are not many more men available. Under (b) examination is now being made of the possibliity of providing training courses through the facilities of Canadian Universities or otherwise.

3. Under these plans the Canadian Government will endeavour to recruit up to 2500 men in the three Services. These will probably be mainly Army and Air Force with a relatively small number in Navy.

4. Recruiting of personnel from the United States also falls into two parts: (a) through the facilities of the Royal Canadian Air Force we will endeavour to attract men from the United States in the manner already indicated in previous letter of February 10th, who will come to Canada in order to enlist here; (b) by direct recruiting in the United States

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This latter activity is being left to Squadron Leader Russell who has been in close touch with the Royal Canadian Air Force. All men whether they are recruited directly under (a) or indirectly under (b) will be enlisted in the Royal Canadian Air Force on arrival in Canada as it is felt that the Air Force will be more attractive to them than either the Navy or the Army.

5. In connection with these plans several questions arise on which the Canadian Government would appreciate receiving information from the United Kingdom Government.

(a) The total numbers required for each Service.

(b) Proportion of officers in each Service.

(c) Status and qualifications of officers and men in each Service.

(d) Rate of flow to the United Kingdom in each case.

(e) How it is proposed to meet the costs of the scheme with special reference to the following heads, namely, recruiting costs including trade-testing; training costs; clothing and personal equipment; pay and allowances in Canada; maintenance and subsistance in Canada and en route; transportation; and pay and allowances after reaching the United Kingdom.

6. A telegram just received from Mr. Massey would seem to indicate that there is still another class of men desired, namely, advanced students in Physics, Electrical Engineering and other branches of Science. The Canadian Government would appreciate particulars of these requirements.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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MOST SECRET

IMMEDIATE

Office of the Under-Secretary of
State for External Affairs
Canada

Ottawa, 20th February, 1941

Dear Mr. Hankinson,

With reference to my most secret letter of February 10th, outlining arrangements which might be made for securing additional R.D.F. personnel, I am enclosing, for transmission to your Government, a memorandum outlining

(1) the plans that the Canadian authorities have in hand for obtaining R.D.F. personnel in Canada, and

(2) the arrangements for securing personnel from the United States.

The Canadian Government will be grateful for the earliest possible reply to the questions set forth in paragraph 5 of the enclosed memorandum.

Yours sincerely,

N.A. ROBERTSON

W.C. Hankinson, Esquire,

Acting High Commissioner for the
United Kingdom,

Earnscliffe,

Ottawa.

Copies sent to Prime Minister,
Nat. Def. for Air
Clerk of the Privy Council
Nat. Defence (Crerar)

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(a) The total numbers required for each Service.

(b) Proportion of officers in each Service.

(c) Status and qualifications of officers and men in each Service.

(d) Rate of flow to the United Kingdom in each case.

(e) How it is proposed to meet the costs of the scheme with special reference to the following heads, namely, recruiting costs including trade-testing; training costs; clothing and personal equipment; pay and allowances in Canada; maintenance and subsistence in Canada and en route; transportation; and pay and allowances after reaching the United Kingdom.

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SECRET

HLK/JG, December 27, 1940.

THE INTEGRATION OF WAR INDUSTRY IN CANADA AND THE UNITED STATES

1. Consideration has recently been given to the military, economic and social problems that have arisen or are likely to arise in Canada unless steps are taken to provide for the coordination and rational integration of the war industries of Canada and the United States. It is believed that the promotion of economy and efficiency during the present period of crisis, the solution of the problems which will arise during the months of transition from war to peace, and adequate and effective provision for the continuing requirements of hemispheric defence, require that immediate and detailed study be given to this problem. Such a study should include also an examination of the possibility and advisability of preventing duplication and mutually injurious competition by arranging for cooperation between the two countries in the further definition and establishment of stock piles of all strategic, critical and essential war materials.

2. Present channels of communication and opportunities for mutual study of these vital and very complicated problems are considered to be inadequate. Existing arrangements are designed primarily for the purpose of handling purchases and provide only the following contacts between the interested and responsible authorities in Canada and the United States:-

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A - Enquiries concerning the availability of United States war material from existing stocks ("supplies on the shelf") are addressed directly by military and naval Headquarters in Ottawa to military and naval Headquarters in Washington. When the possibility of obtaining such existing materials has been established the order goes forward via the channel noted in B hereunder.

B - Enquiries and orders for all Canadian war requirements (with the exception of the enquiries noted in A above) go through the Department of Munitions and Supply, Ottawa, and the British Purchasing Commission, New York, to the President's Liaison Committee (under Secretary of the Treasury Morgenthau), Washington. This Committee keeps in more or less close contact with the National Defence Advisory Commission (chiefly through Morgenthau's personal representative, Mr. Philip Young), but the liaison and the final responsibility for the clearing of such orders is not, apparently, defined with the accuracy that is to be desired. Mr. Rounthwaite and Mr. Carswell of the Department of Munitions and Supply are stationed in New York and Washington respectively to follow the placement and progress of Canadian orders, which are handled, within the British Purchasing Commission, by Mr. Madden in New York and Mr. Coventry in Washington. Neither

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the Canadian nor the British officials who are engaged in this work have the time, the knowledge or the authority which would enable them to deal intelligently with the general problem of industrial coordination between Canada and the United States.

C - In regard to the supply of specific commodities - particularly raw materials - there has grown up a haphazard system of ad hoc contacts between commodity "controllers" in Canada and their opposite numbers on the National Defence Advisory Commission in Washington. The difficulty of this procedure rests in the fact that the, for example, steel controller in Canada has rather strictly limited responsibilities, while his correspondent in Washington has no authority whatever but must rely on advice and persuasion. Moreover they cannot decide intelligently in regard to cooperation in the realm of steel unless and until they are apprised of decisions in the field of, for example, aeroplane construction, machine tool requirements, and finance.

D - If the proposal that "Supply" members be appointed to the Permanent Joint Board on Defence is carried out, the result will be the establishment of a new channel of contact between the supply services of the two countries, but if these appointees endeavour to influence policy they are likely to duplicate existing contacts, inadequate though these may be, and thus contribute another factor to the existing confusion.

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E - Included in the list of present channels of communication there should be some reference to the occasional direct contact that is established between Canadian Ministers and United States Secretaries - as, for example, the recent discussions between Mr. Howe and Mr. Morgenthau regarding flying boats. The unfortunate results that occur when such conferences involve an attempt to "short-circuit" existing and recognized channels are clearly indicated by the P.B.Y. contretemps which resulted from the particular discussions under referance.

3. The fact seems to be that there is at present no really adequate channel even for the relatively simple purpose of placing orders. There is no recognized and effective means of making Canadian needs known to the United States Priorities Board; and the Canadian War Requirements Board, while vitally interested in the whole problem, is not in a position to carry on effective discussions with the authorities in Washington in regard even to orders and priorities, much less to the fundamental problem of industrial coordination and integration.

4. The inadequacies of the present arrangement have been brought into focus by the current difficulties over standards, specifications, and models. It is quite clear that there is no accepted channel, that there are no established contacts between responsible bodies, which can be used for the effective discussion and disposition of these vital problems.

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5. Under the circumstances it would seem to be essential that an immediate survey be undertaken with a view to recommending steps which would be designed

i. To clarify the purposes for which contact is essential;

ii. To define the authorities in each country in whom the effective responsibility is or should be centred; and

iii. To simplify and define with precision the authorized channels of communication between the responsible authorities.

6. It is arguable that in view of its importance in the present crisis and its possible effect on future developments, this is the most important problem now before the Canadian Government. Its proper solution will contribute to winning the war and to the avoidance of post-war social, economic and political catastrophies. The proposed examination can do no harm and it may well contribute to the discovery of the essential solution.

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OFFICE OF THE
MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

OTTAWA, February 7,
1 9 4 1

A.D.P. Heeney, Esq.,
Secretary,
War Committee of the Cabinet.
O T T A W A.

Dear Mr. Heeney:

Will you please bring the following matter to the attention of the War Committee of the Cabinet this afternoon. The budgets of the War Service organizations were submitted for scrutiny and consideration and recommendation to the National War Charities Funds Advisory Board, under the Chairmanship of Mr. C.L. Burton.

There is a representative on this Board, appointed by the Government, from every province in Canada, and the Chairman is likewise appointed by the Government. Each of the six War Service organizations are also represented on the Board.

At the meeting of the Board held in Ottawa on January 21st and succeeding days, the budgets of the organizations in respect to which they intend to appeal to our Canadian public were submitted to the closest scrutiny and the Board has now sent me its recommendations. The Board recommends as follows:

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"That as there appears in these budgets Capital Expenditure for Huts and other buildings in Military Camps necessary to carry on the activities of the National War Services Organizations, the Advisory Board believes that it is unwise to ask the Canadian public to subscribe funds for capital purposes. We, therefore, recommend to the Minister that, where such buildings are required to be constructed in Government Camps and on Government property, the capital expense should be borne by the Government, further, that the organization for whom the building will be constructed, shall be consulted as to design and suitability."

It would appear that the Canadian Legion was approached by the Auxiliary Services Division of the Department of Defence with the request that it erect a Hostel at Halifax. The Legion refused unless the Government would supply the money. The Legion did not include any item in its budget, as submitted, for a Hostel at Halifax.

The Salvation Army did not include any item for a Hostel at Halifax nor did the Y.M.C.A. or Y.W.C.A.

The Knights of Columbus did include the sum of $54,000 in its budget for a Hostel at Halifax and the furnishings therefor. This was deleted and no allowance was made for the operation of any such Hostel at this point by the Knights of Columbus. This deletion was made as a result of the policy recommended by the Board.

I discussed this matter with Mr. Burton, Chairman of the Board, in Toronto yesterday and he told me that he was satisfied that, if this matter went back to his Board, the decision would be the same, as it was thoroughly canvassed and agreed upon

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by every representative with the exception of the representative of the Salvation Army.

Yours very truly,

Minister.

P.S. No other organization included any item in its budget for 1941 for Hostels in Halifax. Therefore it would appear that the only ones contemplating Hostels were the Knights of Columbus and the Legion.

J.GG.

Mr. Ilsley asked by Mr. Power and Mr. Macdonald to get this before War Committee of Council as soon as possible.

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February 11, 1941.

MEMORANDUM FOR THE PRIME MINISTER:

A Sub-Committee of the Committee of the Chiefs of the Intelligence and Censorship Branches has considered with grave concern the policy of giving out for publication information concerning the arrival and disposition in Canada of prisoners of war.

The members of the Sub-Committee desire respectfully to draw to your attention the following points which are the most disturbing aspects of this matter.

1. The release of such information as was given out in connection with the recent arrival of a large number of prisoners indicates the presence in Canadian ports of a number of ships capable of transporting troops and leads to the immediate assumption that a movement of men across the North Atlantic eastwards is imminent.

2. The release of such detailed information concerning the prisoners themselves, as got into the press either directly or by inference in connection with the most recent arrival, is considered most undesirable because of opposition vis-a-vis the United States where the definite identification of prisoners by friends and relatives is made comparatively simple.

3. It should also be noted that Article 16 (d) of the Defence of Canada Regulations specifically forbids the securing, recording, communicating or publishing any information concerning the number, description or location of any prisoners of war.

There is attached to this memorandum a note prepared by the Press Censors which contains effectual account of the newspaper publicity which has been given to the arrival and disposition of the three principal groups of prisoners who have come to this country.

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It is respectfully recommended that in the future no information whatsoever should be given to the press concerning these questions.

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OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa,
February 6,1941.

CLERK OF THE PRIVY COUNCIL
FEB 7 1941

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
Ottawa.

Re: Wings for Britain

Dear Mr. Heeney:

As Minister of this Department, I am charged with the responsibility of the administration of The War Charities Act.

I attach herewith an application for the registration of a fund to be known as "Wings for Britain". I also attach copy of Constitution of this proposed Organization.

I am given to understand that it is not the intention at the moment for this Organization to actually conduct an appeal in Canada for subscriptions to this fund, but that it is the intention that an appeal should be made in the United States for donations to this fund.

I am told that there is some legislation in the U.S.A. similar to our War Charities Act and that those appealing for funds in the United States must register with some department of the Federal Government of the United States before they can launch any appeal.

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The pursuit of this policy may have international complications and, therefore, I think that this matter should be discussed by the War Committee of the Cabinet, and I would ask that this letter and the enclosures be duly submitted to the War Committee.

Yours sincerely,

James G. Gardiner.

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CYPHER

NO. 47

WASHINGTON, February 5, 1941.

No. 47. Secret. Reference to Robertson's telephone message concerning Greenland.

State Department official assures me that they are seized with the urgency of the aerodrome problem, and that decision on aerodrome and consequent action is not being delayed by consideration they are giving to general problem of defence of Greenland and they agree about possibility of sending expedition in the immediate future. Pennfield has been asked to check on report he has just sent in, that floe of ice is already reported near Julianehaab, and that navigation in that vicinity may be difficult, though not impossible, until perhaps May.

Pennfield reports Greenland authorities would be pleased to receive group of United States experts to investigate possibility of aerodrome, etc.

Have talked situation over with Campbell, and reported to him on action we and State Department have taken.

War Plans Division meets tomorrow afternoon.

CHARGE D'AFFAIRES

(REFERRED TO NATIONAL DEFENCE FOR AIR)

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Ottawa, February 10th, 1941.

IMMEDIATE AND MOST SECRET

Dear Mr. Hankinson,

In reply to your letter of February 6th, I may say that I am informed that the War Committee of the Cabinet have again reviewed the position with respect to the recruitment of radio mechanics from the United States. Its members are fully seized of the importance and urgency of this question and are, as you know, not only doing their utmost to expedite the recruitment in Canada of men qualified to perform R.D.F. work, but are ready to give every facility to the enlistment in Canada of radio mechanics from the United States. They feel, however, that they should not, under present conditions, undertake any recruiting of these men in the United States.

Arrangements might be made for the Royal Canadian Air Force to initiate recruiting measures within Canada which would reach United States centres with a view to inducing suitable radio mechanics to come to Canada for enlistment in the Royal Canadian Air Force, if this could be done without conflicting with United States laws and policies and without prejudicing other and perhaps more important forms of assistance which our

W.C. Hankinson, Esq.,
Acting High Commissioner
for the United Kingdom,
Ottawa.

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Governments, as belligerents, expect to receive from the United States. Under present circumstances, this type of limited and indirect recruiting would appear to be the only feasible method. Recruits coming to Canada under such arrangements could be enlisted in the Royal Canadian Air Force at R.C.A.F. rates of pay and could proceed, without delay, to the United Kingdom for further training by the Royal Air Force.

Consideration has been given to various alternative plans for helping your Government to meet, from the United States, its pressing need for additional R.D.F. personnel. Each of them, however, would involve a measure of recruiting activity in the United States, which would appear to be incompatible with the neutrality laws of the United States and be at variance with the Canadian Government's understanding of the United States Government's wishes and with its appreciation of the requirements of United States public opinion at the present time. In the opinion of the Canadian Government any initiative which it could usefully take in the matter would have to avoid

(1) the payment of travelling expenses by the Canadian authorities for persons coming to Canada for enlistment;

(2) the despatch of Canadian personnel to the United States for the purpose of soliciting, engaging, or examining recruits; and

(3) the giving of any undertaking to prospective recruits by Canadian personnel in regard to payment of travelling expenses or other remuneration.

These limitations appear to exclude any effective organization of

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a recruiting campaign within the United States. What remains is, as I have suggested, the acceleration of recruiting measures within Canada, designed to reach United States centres with a view to bringing home to Americans of desired qualifications, the need and opportunity for their services in this work.

Yours sincerely,

N.A. Robertson

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

OTTAWA, February 13, 1941.

No. 206

CODE

Reference Masaryk's letter of the 30th of December a copy of which was brought to Ottawa by Colonel Ralston.

The Canadian Government has approved the proposal for the raising of a military force from Czechoslovak nationals in Canada, subject to conditions which were explained to the Czech Consul General in November last. These conditions are identical with those agreed to by other allied governments engaged in recruiting in Canada.

Due to the necessity of devoting all available resources to our own war effort and because of the necessity of treating all allied recruiting agencies in Canada alike, the Government has found it impossible to agree to extend financial credits to the Czechoslovak authorities in Canada.

A despatch will follow by the next bag. In the meantime a full statement has been given to the Czechoslovak Consul General here and I assume that he will be communicating directly with Mr. Masaryk.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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MINISTER OF NATIONAL DEFENCE

OTTAWA,

February 5, 1941.

N.A. Robertson, Esq.,
Acting Under Secretary of State
for External Affairs,
Ottawa.

Dear Mr. Robertson,

I enclose a copy of a letter which I have received from Dr. F. Pavlasek, Consul General of the Czechoslovak Republic, dated February 4th. You will remember I handed you a copy of Mr. Masaryk's letter to Mr. Massey on the same subject, namely, the questions arising out of the organization of a Czechoslovak Army in Canada. I also enclose a copy of my reply to Dr. Pavlasek.

Perhaps you will bring both communications to the attention of the Prime Minister and, if he desires, to the Committee for further consideration and reply.

Yours very truly,

J. L. RALSTON

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Ottawa, February 5, 1941.

Dr. F. Pavlasek,
Consul General of the Czechoslovak Republic,
Room 801, Keefer Building,
1440 St. Catherine St. West,
Montreal, P.Q.

Dear Dr. Pavlasek,

I have your letter of February 4th.

I may say I brought home with me Mr. Masaryk's letter to Mr. Massey, and it was only a few days ago that I handed this letter to the Acting Under-Secretary of State for External Affairs.

I find I have to go away for a few days on account of a slight indisposition, but as soon as I return I shall take your letter up with my Colleagues.

Meantime, I am sending a copy of your communication to the Acting Under-Secretary of State for External Affairs for consideration along with Mr. Masaryk's letter.

Yours very truly,

(signed) J. L. Ralston

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CZECHOSLOVAK CONSULATE GENERAL
Room 801, Keefer Building
1440 St. Catherine St. West
MONTREAL, QUE.,
CANADA.

No. 182/41. February 4th, 1941.

Sir,

I have the honour to inform you that I have now obtained instructions from my Government in London to approach the Government of the Dominion of Canada, asking for the admission of a Czechoslovak mission to discuss with the Canadian authorities the questions arising out of the organization of a Czechoslovak Army in Canada.

The chief points concerning which my Government would like to negotiate are:

1. The recruiting of Czechoslovak citizens in Canada,
2. Their training in Canada,
3. The granting of credit by Canada to the Czechoslovak Government to defray the expenses of concentration, maintenance and training of the troops and payment of allowances to their families.

I have already submitted a note concerning these questions to the Right Honourable W.L. Mackenzie King and should be greatly obliged if you could kindly support the recruiting and training of Czechoslovak citizens in Canada and the request for credit for this purpose. The

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completion of our Armys in England from Canada is a matter of great importance to our war efforts, as in Canada there is a considerably large group of Czechoslovak citizens who have already had two years in the Czechoslovak Army before they emigrated to Canada, and who would be a very valuable supplement to our Army in Great Britain.

The question of credit is extremely important to our work as our financial means fell into German hands after the invasion. In this connection I would like to mention that His Majesty's Government in Great Britain and Northern Ireland is giving our Government the necessary credits for the maintenance of our Army in Great Britain.

Mr. Jan Masaryk, the Czechoslovak Minister for Foreign Affairs, mentioned in his letter that he has already approached you in these matters through the Honourable Vincent Massey in London during your visit in England and he directed me to continue in the negotiations.

I intend to visit Ottawa shortly, and would be very grateful if you would grant me an appointment, so that I could give you a detailed explanation.

I have the honour to be,
Sir,
Your obedient servant,

(signed) Dr. F. Pavlasek.

Consul General of the
Czechoslovak Republic.

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TELEGRAM

D-17-1
1941

From THE CANADIAN MINISTER IN JAPAN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

D17
1941

CYPHER

No. 17

TOKYO, February 7th, 1941.

February 7th. No. 17.

Polish Ambassador here has asked his Government to approach the United Kingdom Government and the Dominion High Commissioners with a view to finding appropriate destinations for some 400 Polish refugees who have arrived or will arrive shortly in Japan. Meetings have been held here which I have attended, along with my British and Australian colleagues. Tentative proposal is that Canada will be asked to accept for the duration of the war 79 of the group, all of whom will be vouched for by the Polish Government and probably self supporting. I have naturally made no committments, but would appreciate your views whether the 79 would likely be admitted to Canada. After February 9th no more Poles will be permitted to leave territory under Soviet control.

CHARGE D'AFFAIRES

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D-19-1
1941 Pacific

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA
TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

IMMEDIATE
MOST SECRET
CYPHER
No. 23

OTTAWA, February 11th, 1941.

Reference your telegram Circular D. 60 of February 9th regarding interference with trans-Pacific shipping. In view of accumulating evidence communicated by you to us of increasing risk of war in the Pacific, it would, in our opinion, be unwise to persist in plans for interfering with Japanese and Russian shipping in the Pacific. The immediate advantages that might be obtained from seizing 3 or 4 Japanese vessels or interfering with deliveries to Vladivostok would not appear by any means to balance the risk of providing Japan with a possible excuse for retaliatory action, if not a pretext for war. In view of the meagre British naval forces in the Pacific, the inadequacy of Canada's coastal defences in British Columbia, the special situation created by the large Japanese population resident there, and the uncertainty as to what the immediate reaction of the United States would be to conflict in the Pacific between the British Empire and Japan, it would appear to us to be unwise at present to proceed with plans for seizing Russian and Japanese ships and bringing them to Western Canadian ports for examination.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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1941 Pacific

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMPORTANT

MOST SECRET

CYPHER

CIRCULAR D. 60

LONDON, February 9th, 1941.

Circular D. 60. Most Secret. My telegram of April 27th, No. 44, 1940, penultimate paragraph.

1. We are concerned at increasing efforts which are being made by Germany to obtain supplies by using Trans-Siberian route to carry goods which have been shipped either direct to Vladivostock or landed in Japan. It is estimated here that about 200,000 tons of goods reached Germany by this route during 1940, of which at least 80,000 tons had been carried to the Far East by sea. All recent reports show that volume of contraband sent via Siberia is steadily increasing.

2. Past experience has shown that interception of one or two vessels bound for the Far East has a strong deterrent effect upon traffic in contraband. It is accordingly proposed to endeavour, where possible, to intercept vessels bound for ports in the Far East, subject to following conditions:

(a) No general orders to intercept Japanese or other vessels bound for the Far East would be given Commanders-in-Chief, and interception would only be made in cases where, after reference to the United Kingdom Government, there appeared to be prima facie evidence that goods on board particular vessels were ultimately destined for the enemy, or in the case of shipments to Asiatic Russian ports that similar goods are being exported or re-exported by the Soviet Union to the enemy or enemy controlled territory;

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From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(b) No interception would take place within 500 miles of coast of Japan or within American territorial waters;

(c) The intention to intercept on the above basis would not apply to ships flying the flag of any American country. Latter will be treated as in special category. They would not in any case be intercepted in American Neutrality one, and any question of interception outside that zone will be left to be further considered as the occasion arises.

3. His Majesty's Ambassador at Tokyo has agreed to and indeed strongly recommended the above in cases where there is good evidence that cargoes are destined for the enemy. His Majesty's Ambassador at Washington has informed us that he sees no reason to think the United States Government would object to interception in the Pacific Ocean outside territorial waters. In view of the disposition of our forces, interceptions are only likely to occur off American coast, which will give Japan less cause for complaint than if interception took place towards Asiatic side of the Pacific. Most contraband is exported from North and South America, and much of it comes from the east coast of America, passing through the Panama Canal. We are doing all we can to discourage such shipments by pressing United States Government to raise no objection to interceptions in Caribbean area (see my telegram of February 7th, Circular D. 57), and by dissuading friendly shipping from carrying unapproved cargoes. If the United States Government agreed to our suggestions, action in Pacific Ocean would be rare, but in view of the uncertainty of their attitude we

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

consider it essential to take immediate action against ships bound for the Far East carrying contraband. We should therefore be glad to learn, as a matter of urgency, whether the Dominion Governments would see any objection to interception of such vessels on conditions mentioned in paragraph 2 above.

4. We should also be grateful for information whether the Canadian Government would agree to any vessels intercepted in eastern Pacific area being brought into Victoria (or Esquimalt), or some other suitable port in British Columbia for contraband control examination. Three Japanese vessels the "Seia Maru", the "Takaoka Maru" and "Awata Maru", one or more of which it is hoped to intercept in this area, have formed the subject of recent telegrams to the United Kingdom High Commissioner. It will be appreciated that for naval reasons it would not be possible to intercept and divert more than a limited number of ships to a western Canadian port.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TELEPHONED

No. 52 WASHINGTON, February 11, 1941.

MOST IMMEDIATE AND SECRET

Following for Mr. Robertson, Begins:

Reference my letter February 6th concerning necessity for intelligent publicity in United States on Canada's war effort.

(1) Feeling, referred to in paragraph 5 as possibility, is now beginning to spread. Editorial in "New York World Telegram" for February 7th and Washington "News" for February 8th and columns in Washington "Times Herald" for February 10th are devoted to argument "Canada doesn't lend-lease, why should the United States?" The Washington "News" says:

> "If Canada finds nothing irregular, mean or grasping in requiring England to cash in her Canadian investments, why, so long as England has investments in this country, should we adopt a more altruistic - and, for us, a more dangerous - policy?"

(2) United States writers have not yet seized on Morgenthau's table printed on page 83, House Hearings on Lend-Lease Bill, forwarded to you under cover of Legation despatch No.243 of February 4th. This table could be used by isolationist writers and speakers as proving that Canada has demanded from the United Kingdom gold or liquidation of United Kingdom securities in Canada.

(3). This false analogy drawn from Canada may provide useful argument for critics of Lend-Lease Bill during Senate debate and may also make it difficult for Administration to treat sympathetically Canadian representations arising out of Canada's economic and financial condition.

(4) Once this argument begins to spread widely, it will be difficult to overtake. I urge, therefore, that action be taken by Canadian Government within the next 48 hours to put

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

WASHINGTON, February 11, 1941

No. 52.

Canadian position in its proper light. Suggest following possible courses of action for your consideration:

1. United States correspondents in Ottawa and Canadian correspondents of United States papers should today be given information for publication in tomorrow's papers on extent of Canada's present war effort along lines suggested in last paragraph of my letter under reference. They should also be given specific reasons why Canada has not adopted a lend-lease bill;
2. Prime Minister might be requested to consider desirability of introducing or moving vote of thanks to MacLeish at Canadian Club lunch tomorrow and in his speech give information referred to in above paragraph;
3. Brockington might be asked to consider inserting similar information in his Lincoln's Day speech. Mr. Howe, who arrives in Washington at 11 p.m. tonight, might be asked to give well advertised press conference at Legation tomorrow, at which he would stress Canada's war effort and the economic and financial problems arising out of her balance of payments with the United Kingdom and the United States. This suggestion occurred independently to Carswell of the British Purchasing Commission, who has telephoned me about it. Carswell had discussed the matter with Leslie Chance, Secretary-General of Commission. They are both extremely worried by stories referred to in first paragraph and agree with him that stories must be killed immediately. Carswell suggests you telephone Mr. Howe, who will be leaving Montreal 4 o'clock this afternoon;

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -

No. 52 February 11, 1941.

WASHINGTON,

5. Mr. Churchill, or leading Defence Minister in London might, on Thursday, February 13th, give out story on direct Canadian contribution to the defence of Great Britain. I have been told that United States Army observers are greatly impressed by McNaughton's contribution to defence preparations and I have also been told that two Canadian Divisions in United Kingdom are ranked with one United Kingdom Division as being crack troops to resist the expected invasion. If this is true publicity for it in the United States would help to overcome unfortunate effect of newspaper articles which have been referred to;

6. Washington "Times Herald" article ties up non-existence of Canadian Lease-Lend Bill with demands by certain newspapers in Canada that newsprint be cut off from Chicago "Tribune " and other papers in this country which are opposing United States Lend-Lease Bill. Immediate indication of Canadian Government's policy on this newsprint problem would be welcome;

7. during next week or two while Lend-Lease Bill is under consideration by Senate, it would be useful if announcements could be made in Ottawa showing extent of Canadian participation in the war. People of this country would be impressed, for example, by announcement that Canada had ordered far reaching curtailment of production of automobiles for civilian use.

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

No.52. - 4 - WASHINGTON, February 11, 1941

(5). Examination by you of text of MacLeish's speech, which I have not seen, might indicate how Prime Minister could tie up his remarks with MacLeish's. Perhaps connection might merely be that MacLeish has interpreted United States policy to Canada and expression of hope that MacLeish will also be able to interpret Canadian war effort to United States.

(6). I am not in sufficient possession of all the facts to be able to suggest nature of Canadian reply to question why Canada does not lend-lease to United Kingdom, but suggest answer should include statements of expenditures which Canada, unlike the United States is making for the direct defence of the United Kingdom, the fact that at least a part of the gold which we have received from the United Kingdom has been used to purchase the supplies from the United States which are necessary to fill United Kingdom orders for arms and for the construction of arms facilities in Canada and the fact that Canada is a debtor and not a creditor country. Should Canada be contemplating making gifts to the United Kingdom after United Kingdom has liquidated all its investments in Canada, this might also be mentioned.

(7.) I once again stress necessity in any presentation of Canadian war effort to United States of translating the effort into terms understandable by United States citizens. This can be done only if figures of man power are multiplied by 11 or 12 and figure of total expenditures by 15 or 16 in order to show what the extent of Canada's war effort would be in a country the size and wealth of the United States.

(8.) If suggestions made in sub-paragraphs 2 and 4 of paragraph 4 above are adopted, could you telegraph text of Prime Minister's

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TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

WASHINGTON, February 11, 1941.

No. 52.

remarks so that, if possible, we could have them mimeographed in order that Mr. Howe might give them to the newspapermen at his press conference. It is, of course, essential that in this case Mr. Howe should be given the text of Prime Minister's remarks some time before his own press conference so that there may be no chance of their arguments conflicting in any way. Ends.

CHARGE D'AFFAIRES.

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COPY

(For original message form See Duplicates) Jan 9/41

To: CAS Ottawa, Canada

From: ROYCANAIRF, London.

The following message in five parts. Part One begins:

Following from Ralston for Prime Minister and Power through External.

Following is text of Aide Memoire referred to in my telegram 37 of January 8th. Begins:

> Canada's generous offer to provide more flying training facilities has been the subject of telegraphic correspondence between Prime Ministers ending with telegram No. 178 to the Prime Minister of Canada.
>
> 2. In that telegram we put first things first and the limiting factor in the expansion of flying training being the shortage of advanced trainer aircraft, we asked that Canada's first effort should be to increase its production of advanced trainers. This still remains the primary need.
>
> 3. The flying training organization has been planned to meet the needs of the operational force which it is hoped to complete in the course of the year 1942 and to provide some margin against the possibility of still further operational expansion beyond the force at present engaged for that year.
>
> (End of Part One. Part Two follows.)
>
> (Part Two begins:)
>
> 4. This training organization embraces 56 flying training schools and includes, of course, the schools provided by the British

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Commonwealth Joint Air Training Plan which in turn provides 25 of the 56 service flying training schools required for the complete training organization.

5. The course of the war has placed severe restrictions on flying training in the United Kingdom and this fact, together with the heavy aerodrome requirements for operational purpose in the United Kingdom, makes the completion of the United Kingdom portion of the authorized expansion of the flying training organization a matter of some difficulty. Indeed, account has to be taken of the possibility that all flying training other than operational training may, in due course, have to take place outside the United Kingdom.

(End of Part Two. Part Three follows:)

(Part Three begins:)

6. Canada has very generously agreed to provide accommodation for eight service flying training and six other schools to be transferred from the United Kingdom. Four of these service flying training schools we hope to occupy or beging to occupy by about the end of next month. Two existing schools are already transferred and one newly formed school is in process of being transferred. The fourth (a newly formed school) will leave later this month. We hope to transfer four more service flying training schools by August 1941.

7. The actual process of transfer involves a break in training and an immediate loss of output but this we must accept.

8. Canada has tackled the problem of providing a vast training organization with great energy and resource and we appreciate what a heavy strain this must involve. It is with some hesitation, therefore, that we

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ask Canada to contemplate at any rate before the middle of 1941, the transfer from the United Kingdom of additional training units. This possibility arises entirely from the considerations set out in paragraph five.

(End of Part Three. Part Four follows.)

(Part Four Begins)

9. We have a balance of six additional service flying training schools in the United Kingdom portion of the programme and we have reached the conclusion that it is highly desirable that these should be located in the North American continent. The time factor is all important and consequently we cannot afford to neglect any possibility of securing the use of ready-made capacity.

10. It remains to consider the need for capacity for observer and general reconnaissance training (in addition to that for which Canada is already providing accommodation) and we cannot see any means of providing it in this country. This additional training which makes use of Anson aircraft very largely must again depend on the availability of that type, or an equivalent type of aircraft. If and when an adequate supply of aircraft for this purpose can be foreseen, we should like to discuss the formation in Canada of more schools, giving these kinds of training.

(End of Part Four. Part Five follows.)

(Part Five Begins)

11. Another way in which Canada might be able to help would be by extending the existing elementary flying training organization in Canada to cover the needs of any United Kingdom schools transferred to that Dominion.

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12. It is realized that the planning and construction of additional training schools must take some considerable time, and that it is essential that the Canadian government should be furnished with definite proposals at an early date if the additional schools ultimately found to be needed in Canada are to be profided in time. It may well be that before Air Vice Marshal Breadner leaves the United Kingdom we shall be in a position to indicate our needs with more precision. We should therefore be glad if Mr. Ralston would agree to our pursuing the question further with Air Vice Marshal Breadner.

(End of Part Five and end of message.)

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1941

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 37

LONDON. January 8th, 1941.

No. 37. Following from Colonel Ralston to the Prime Minister and Power, Begins:

Secretary of State for Air has written to me concerning further expansion of the Joint Air Training Plan. He refers to Mr. Churchill's telegrams of November 14th and December 4th which deal with the possibility of developing production of trainer aircraft in Canada. He adds that this was not intended to mean that the United Kingdom had abandoned the idea of undertaking more flying training in Canada at a later stage, but it was not possible at the moment to give a final decision as to how much more training might be done in Canada, or whether it could better be provided by an extension of the Plan than setting up more transfer schools in Canada.

Attached to his letter was an aide-memoire which summarizes the position, and which I am cabling separately through Air Ministry cypher. I have agreed that Air Vice Marshal Breadner shall discuss questions in that aide-memoire with Air Ministry here, pending consideration that will be given it in Ottawa. Ends.

MASSEY

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE CHARGE D'AFFAIRES, CANADIAN LEGATION, WASHINGTON.

No. 27

CYPHER

Ottawa, ~~January 29~~ Feb 4th, 1941.

Reference defence of Newfoundland.

The Permanent Joint Board on Defence has been considering certain labour problems arising or likely to arise from the construction of defence works in Newfoundland. Please inform Mr. Hickerson that Canadian members of Board have been considering situation and have taken advice of interested Departments here. It is now proposed that, if the United States Government agrees, the following proposition be placed before the Newfoundland Government by the Secretary of State for External Affairs:

Suggest that to avoid competition for labour between contractors on various projects in Newfoundland; to determine propriety of importing labour and in what numbers and classifications; to establish regionally uniform wages and hours; to deal with labour disputes; to minimize absenteeism; and so to devise and administer labour policy that there will be a minimum of disturbance to the local economy, the Newfoundland Government should establish and administer a single labour agency charged with these functions for all projects. United States and Canada should maintain close liaison with the agency through representatives appointed for that purpose.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 194

LONDON, February 3rd, 1941.

No. 194. Reference to United States bases. No matter of particular Canadian interest has yet transpired. For information, considerable difficulty has arisen, and may probably continue to arise, due to United States claim for privileges in waters and air adjacent to leased areas, without any clear definition of "adjacent". Also over United States claim for right to control territorial waters in the approach thereto. Believe that the Admiralty will strongly oppose these claims, as the latter point would put control of all traffic, mercantile or naval, at Bermuda in the hands of the United States authorities. Waters adjacent to leased area in St. John's harbour to the detriment of Canadian naval interests and of commercial shipping. Canadian delegates will not allow this to pass without protest.

Relations with Newfoundland delegation very cordial. Murray has been specially requested by them to attend and assist them in sub-committees considering marine matters.

MASSEY

(REFERRED TO NATIONAL DEFENCE FOR NAVAL SERVICES AND NATIONAL DEFENCE (AIR))

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D-19
1941 Mar.

TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND.

Ottawa, January 31st, 1941.

No. 161

CODE

Your telegram No.176 of January 30th, Atlantic bases discussions. In circumstances we are prepared to agree to United Kingdom request that Canadian representatives at Conference should attend in capacity of observers. Major Canadian interest, as outlined in my previous telegrams, lies in preservation of our rights under arrangements with Newfoundland authorities regarding operational control of air base.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

NO. 158 OTTAWA, January 31, 1941.

CYPHER

The following for the information of Canadian representatives at discussions Atlantic bases and in elaboration of my No. 140 of January 28th.

1. The Canadian Government has requested that operational control of the Newfoundland airport, the seaplane base at Botwood and the seaplane anchorage at Gleneagles be transferred to Royal Canadian Air Force for the period of hostilities. Conferences and correspondence have taken place between Canada and the Newfoundland Government with this in view.

2. The Newfoundland Government has formulated certain fundamental points on which such transfer of control must in their view be conditional and the Canadian Government has agreed to accept these points subject in turn to our obtaining operational control. There are eight fundamental points, the most important of which are: (a) that no alteration be made to existing lay-out of air bases without prior consent. (b) that no part of the air bases shall be handed over to control of a third party without prior consent, and (c) that facilities are to be ensured for continued operation of trans-Atlantic delivery of military aircraft and for operation of British civil aircraft. The Newfoundland Government has agreed to lease to the Canadian Government the lands at Newfoundland airport on which R.C.A.F. buildings are

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being built. Financial arrangements regarding the proposal involve United Kingdom as well as the Newfoundland and Canadian Governments and have not as yet been settled.

3. The Canadian Government regards the acquisition of operational control of the Newfoundland airports named above as an essential and indispensable factor in Canadian defence measures in Newfoundland. While it is not necessary in view of the continuing negotiations to initiate discussion in this connection, Canadian representatives should watch carefully any development which would act to the detriment of Canadian interests in this respect. The Canadian Government would wish to make most urgent representations if any such development arose.

4. Further information and advice in regard to items on the agenda will be forwarded shortly.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 176

LONDON, January 30th, 1941.

No. 176. Further to your telegram No. 139, Atlantic bases discussions. There has been some doubt as to whether Canadian representative at the discussions should act merely as observer or be in exactly the same position as other delegates. I have been trying to clear this up with Dominions Office, and on the point Lord Cranborne has written me to the effect that there are important considerations which give rise to considerable difficulties in respect of full representation of Canada at the discussions. These discussions, in so far as they do not relate to actual sites of bases, deal, so far as Newfoundland is concerned, mainly with questions of jurisdiction to be exercised in leased area and administrative arrangements arising out of leases, which matters are, of course, within the competence of the Newfoundland Government. For political reasons United Kingdom authorities consider it most important that it should be made clear to public opinion in the United States, United Kingdom and Newfoundland that Newfoundland is the principal in this matter, and that any views expressed in discussions, as regards Newfoundland, should be expressed directly by their representative to the United States representatives. Accordingly, inasmuch as any question affecting Newfoundland arises, United Kingdom representatives at the conference are, as far as possible, refraining from making any statement, and leaving it to the Newfoundland representatives to present their case and conduct their negotiations. If a Canadian representative

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

were to take part in discussions affecting Newfoundland, there is, according to Lord Cranborne, some risk that, however helpful his intervention might be in practice, the political implications mentioned above might well be misunderstood. He feels, therefore, that under the circumstances the Canadian representative should attend meetings as an observer, and that the chairman and Newfoundland representatives should keep in closest touch with him on all matters of interest, so that Canadian point of view vis a vis United States delegates may receive fullest consideration. Lord Cranborne adds that in the special circumstances referred to above, he hopes that this arrangement will be satisfactory to the Canadian Government. Would appreciate your views.

Commodore Murray arrived in London this morning, and will attend meetings of conference from now on.

MASSEY

Referred to Dept. of National Defence (Militia)
(Naval Services)
(Air)
Transport
Clerk of the Privy Council

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE
No. 173

LONDON, January 29th, 1941.

No. 173. Your telegram No. 139 and your telegram No. 140 of January 27th and January 28th, Newfoundland and West Indies bases discussion. I attended opening session and Pearson has attended two subsequent sessions. Commodore Murray has not reached London yet but he will, I hope, arrive tomorrow. In his absence we are in some difficulty here owing to insufficient information of Canadian arrangements regarding Newfoundland, though your telegram No. 140 assists in this regard.

The agenda as agreed upon is as follows:-

1. Forms of leasing or other documents.
2. Provision as to satisfactory use of leased territory.
3. Boundary of sites.
4. Questions relating to services.
   (a) Command and policy as to defence.
   (b) Reciprocal use in peace and war of
      (i) Naval bases, anchorage and dockyards.
      (ii) Military aerodromes.
   (c) Apparatus radiating electrical energy.
   (d) Local flying regulations.
   (e) Meteorological stations.
   (f) Hydrographical survey.
   (g) Abandonment.
5. Jurisdiction.
6. Apprehension and surrender of offenders.
7. Regulations in area (e.g. health, gambling, etc.).
8. Immigration and shipping.
   (a) Immigration laws.
   (b) Quarantine (including plant quarantine).

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(c) Payment by United States ships of

(i) Harbour dues

(ii) Light dues

(iii) Pilotage dues.

(d) Nature of lights put up by the United States Government.

(e) Coastwise shipping.

(f) Harbour facilities in leased areas for British and other shipping.

9. Customs duties.

10. Imports and exports control in time of war.

11. Financial.

(a) Currency.

(b) Exchange control.

12. Establishment of businesses and professions by United States citizens and others in leased areas.

13. Employment of local labour.

14. Use of British and local goods.

15. Communications facilities.

(a) Postal facilities.

(b) Cable, wireless, and telephone facilities in leased areas.

(c) Censorship.

(d) Broadcasting.

16. Traffic regulations in leased areas.

17. Particular rights to be reserved in leased areas, e.g.

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(a) Minerals (including gravel, stone, sand and oil).

(b) Treasure trove.

(c) Antiques.

(d) Fishing and other local industry.

18. Expropriation of private property.

19. Additional cost to administration due to establishment of United States bases.

20. Additional cost of compensation to Newfoundland and Colonies.

21. Civil aviation.

22. Liabilities of United States contractors to Newfoundland or Colonial income tax, professional fees,etc.

Preliminary consideration has been given to above subjects, and 3 or 4 Sub Committees have been set up.

MASSEY

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

"C" CODE LONDON, January 18th, 1941.

NO. 104

No. 104. My telegram No. 72 of January 15th, Allied nationals threatened by the enemy. Immediate problem of the Poles in Roumania and Yugo Slavia has been much eased, as the Government of India have taken 330 Poles from these countries, leaving only 150 Polish boys in Roumania to be provided for. These are between the ages of 14 snd 18 years and evacuated from Poland in September, 1939, mostly Roman Catholics, less then 10% Jews; nearly all belong to the Polish intellectual class singled out for particular persecution by Germany, and mostly Boy Scouts. British Minister in Bucharest reports that boys are of a good type and would be in serious danger if left in Roumania.

With regard to slightly less urgent categories of Poles and Czecho-Slovaks in western Europe, the following figures relate to October, 1940, and there may have been certain changes since then:-

700 Czechs in unoccupied France, 100 in Portugal, 300 in Morocco, 50 in Tangier, 20 in Algeria, 24 in Sweden.

Details as to classification by sex and occupation are being obtained. These numbers include volunteers who served in the French army, and political refugees. Both categories would be in particular danger if the Germans invade the territories in which they now are. There are about 992 Polish refugees in Portugal, consisting of roughly 750 persons in family groups in which the head of the family is employable (about 5 persons to each 2 such family groups) and roughly 200 more persons, old men, women and children, who are without an employable family head.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Among the employable heads of families are 68 technicians, 33 engineers and 16 doctors. No details are available as to the political history of these Poles, or as to how many may be of Jewish origin. There are also 585 Belgians and 537 Dutch in Portugal. The United Kingdom Government are taking up the question as to whether these can be sent to the Belgian Congo and the Netherlands East Indies.

You will observe from the above, that, whereas the case of Polish Boy Scouts in Roumania is most urgent, the others mentioned come into potentially urgent category, depending on whether Germany decided to invade occupied France and Spanish peninsula.

MASSEY.

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

"C" CODE

No. 72

LONDON, January 15th, 1941.

No. 72. United Kingdom Government have approached Dominion High Commissioners about position of Allied nationals in countries threatened by the enemy. Position is as follows:-

Preparation for evacuating British nationals from threatened countries are under consideration. But in case of future invasions, there may be no neutral territory left where Allied nationals can wait in safety, while their cases are being examined by United Kingdom and Dominion immigration authorities.

United Kingdom Government have recognized in principle the obligation to provide for Allied war refugees, and there are in fact about 20,000 of them in England, but as the United Kingdom is an advanced war area exposed to blockade, bombardment and possible threat of invasion, and as they have to provide housing for troops, munitions, workers, evacuees, etc., they feel that it is impossible to accept further refugees. United Kingdom Government, therefore, suggest that each of the countries of the British Commonwealth might be willing, in principle, to receive such refugees up to a limited number for the duration of the war, on the understanding that they would be repatriated on restoration of their countries after the war, and that their passage to and from, and maintenance in British Commonwealth territory would be provided by the Allied Governments concerned. The total number of persons involved should not exceed between

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

3,000 and 4,000. If this number were accepted, evacuation plan would be arranged, after consultation with Governments concerned, so that Allied refugees in each particular country of potential invasion could be sent to the most convenient part of the Empire, from the point of view of shipping and also to the limit of the numbers which the Dominion Government may desire to set. United Kingdom Government are also investigating what can be done by the Colonial Empire to supplement the number of these persons who have already been placed in India and elsewhere. They would be grateful for a very early reply as they are faced by the request for help in urgent circumstances by the Polish and Czecho-Slovak Governments, and if invasion were to come before plans were completed, it would be beyond the power of the United Kingdom Government to save Allied nationals involved. The case of some hundreds of Poles in Roumania and Yugo Slavia is particularly urgent. They include a group of 150 Polish boys in Roumania, mostly boy scouts.

Czecho-Slovaks urgently involved include roughly 100 in Yugo Slavia, Roumania, and Turkey. As regards other countries, numbers of Allied nationals ranges from 50 in Japan to 2,000 in Portugal. Difficulties involved in admission of these refugees to the Dominions are fully appreciated, but their case rests on humanitarian grounds. Their fate if they fall into German hands does not bear thinking of. I may add that in view of the scarcity of transportation, it seems to me most unlikely that the maximum number of 3,000 to 4,000 Allied nationals would, in fact, ever get out of Europe. Those most urgently involved

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

are Allied nationals i.e. Czecho-Slovaks and Poles who are in particularly dangerous areas, and who have no Colonial territory of their own to go to. As you will see from the above they constitute quite a small number of persons. United Kingdom Government will let us have further details re numbers and nationalities involved as soon as possible. Meanwhile they would be grateful for your views in principle.

MASSEY

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1941

DEPARTMENT OF NATIONAL DEFENCE

CANADA

OFFICE OF THE MINISTER
OTTAWA

January 15th, 1941.

SECRET

Dear Mr. Heeney:-

I enclose copies of two suggested telegrams for Newfoundland, the originals of which I have given to Mr. Power. I have not heard from him since I sent him the draft with reference to the Airport, and I do not know whether he is proposing to alter Paragraph 3.

Yours very truly,

H. A. Dyde,
Special Assistant to the
Associate Minister.

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
OTTAWA.

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DRAFT

2.

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHNS

Ottawa, January 1941.

SECRET

CYPHER

NO.

Reference your No. 78, December 28th:

1. The Canadian Government now agrees with your Point 2 that no alterations be made of existing lay-out of bases without prior consent of Newfoundland Government. All your fundamental points have now been acceded to.

2. Canadian Government is prepared to accept a lease instead of a fee simple grant of lands on which R.C.A.F. buildings are being erected, provided the term of such lease corresponds reasonably to the life of the buildings being built thereon and subject to United Kingdom concurrence and subject to other details of the proposed transfer of control of airport being arranged to the satisfaction of the Governments concerned.

3. It is noted that your Government is prepared to make some contribution towards operation and maintenance costs, but that while Canada is exercising control this will be substantially less than formerly. In this connection the Canadian Government would like to make the following observations:

(a) This Government has not in the past regarded the financial burden of the airport facilities as being necessarily inseparable from the operational control as witness our maintenance of the Meteorological Service in the past while operational control of the airport was in other hands.

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(b) The Newfoundland Government has stipulated and the Canadian Government has agreed that delivery of military aircraft across the Atlantic is a matter of paramount importance and that facilities are to be ensured for British Civil Aircraft undertaking Trans-Atlantic or local flights. The delivery of military aircraft overseas will quite possibly become an activity of some magnitude in the near future. It would seem to the Canadian Government to be equitable that the United Kingdom Government as well as Newfoundland should contribute in some measure to the cost of maintaining these facilities. The Canadian Government has in mind suggesting that a proportionate share of the cost of wireless services and maintenance be borne by the United Kingdom Government, even though operational control for defence purposes be in Canadian hands. The enterprise is a joint one and while the Canadian Government is prepared to assume the larger share of the burden, it is hoped that all the interested parties will co-operate.

4. In view of the fact that provisional understanding on the main points has been reached, we would hope that the matter may be referred to the United Kingdom at an early date so that final details can be disposed of and a definite date for take-over set.

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DRAFT

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S

SECRET OTTAWA, January 1941

CYPHER

NO.

1. Reference Memorandum of Meeting November 28th and the title Acquisition of Property, The Canadian Government desires to express its deep appreciation of the provision whereby title to Crown lands required for Canadian Defence measures will be conveyed or a lease granted to the Canadian Government without charge. This is a very welcome contribution on the part of the Newfoundland Government. The Canadian Government agrees with the proposal to appoint an agent to negotiate privately in cases where private property is involved and steps are being taken to implement the recommendations of the Memorandum in this respect. The proposal by the Newfoundland Government to establish an Advisory Board in contentious cases is also approved and the co-operation of the Newfoundland Government in this matter is also greatly appreciated.

2. Referring to the same Memorandum and to the title Defence Forces, the Canadian Government agrees that no substantial change will be made in the strength of the Canadian Forces assigned to the defence of Newfoundland without reasonable prior notification to the Newfoundland Government.

3. Referring to the same Memorandum and to the title Telephone and Telegraph Services, inquiry is made as to whether it has been possible to give further consideration to the enlargement of these Services and as to whether

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the Newfoundland Government is now prepared to say what additional service can be provided with special reference to communications necessary for the effective operation of the Military, Naval and Air Forces stationed in Newfoundland.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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OFFICE OF THE MINISTER

CANADA

G

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa,
17th January 1941.

TO THE WAR COMMITTEE OF THE CABINET:

Attached herewith is a memorandum dated January 10th, addressed by the Director of Public Information to Justice Davis, Associate Deputy Minister of this Department.

The memorandum as you will note indicates an expenditure of $5600. and it is of such a special nature that I think that the proposed expenditure should be discussed by the Committee forthwith.

James G. Gardiner.

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Copy

Office of
DIRECTOR OF PUBLIC INFORMATION

Ottawa, Canada
January 10. 1941.

MEMORANDUM:

MR. JUSTICE DAVIS
ASSOCIATE DEPUTY MINISTER

On Wednesday, January 7th, Sir Eugene Fiset, Lieutenant-Governor of Quebec, proclaimed February 9th next as a day of prayer for victory.

Coincidentally, His Eminence the Cardinal, Archbishop of Quebec and the Archbishops and Bishops issued a pastoral letter inviting all adherents to the Roman Catholic faith in French Canada to observe this day of prayer. The outstanding ceremony will be the observance of a Pontifical High Mass in Notre Dame Church in Montreal, in which prayers for the safety and long reign of His Majesty the King will also be said.

Some weeks ago, when the holding of such a day of prayer was proposed, we in Public Information, were invited to lend it our support. Recognizing the possible effect upon the rest of Canada that such a significant gesture by French-Canada might have in the development of national unity, I readily offered the fullest co-operation of my office and Mr. Claude Melancon, Associate Direction of Public Information, has worked tirelessly since in actively assisting the Lieutenant Governor of Quebec and His Eminence, the Cardinal, in all of the arrangements which have been made to this moment.

The effect of the proclamation and pastoral letter upon the English press of Quebec already has been profound, as the attached clippings from the Montreal Star and the Montreal Gazette will indicate.

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Reports carried by American papers - notably the New York Times, - have brought requests from the large U.S. radio chains that they be permitted to participate in publicizing the Montreal ceremony and negotiations to this end are proceeding.

The British Broadcasting Company also wishes to broadcast the Montreal ceremony to the British Isles, other parts of the Empire, to France and other European countries. I think you will admit that the cumulative effect may be most important.

We have been asked to do our utmost to assist in all arrangements to ensure the success of the effort, and because we are convinced of its national and international value. I have agreed to do so. In this connection we have been asked to print 106,000 copies of the special prayer book which will be used in this service throughout Canada at an estimated cost of $5,600.

In consultation and by agreement with Hon. Ernest Lapointe and Hon. Pierre Casgrain, we have placed this order. I think that this information should be placed before the Cabinet Council.

In addition to the newspaper clippings referred to, I attach copy in English of the Proclamation of the Lieutenant-Governor of Quebec and copy of an Order in Council issued by the Executive Council of the Province of Quebec on the subject.

(Sgd.) G.H. Lash
Director.

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1941

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 3

LONDON, January 2, 1941.

No. 3. Your telegram No 1527 of September 30th, and your telegram No 1653 of October 22nd.

In view of developments of concentrated attacks on various cities of the United Kingdom and consequent strain placed on fire-fighting personnel in this country, Home Office are anxious to reopen discussions regarding offers of firemen from Canadian municipalities.

It is expected proposals somewhat along following lines will be made by United Kingdom Government shortly;

(1) Experienced firemen from Canada would be regarded as Volunteer Canadian Contingent to be divided into units of about 100 men for service either (a) in general service attached to regular brigades, or (b) special emergency units for supplementary water supplies, and heavy fire-fighting duties to be held in reserve for transfer to meet emergencies.

(2) In either case formations would be organized as Canadian units with their own officers; but attached to one or more particular brigades.

(3) In either case it is understood that the Canadian officers would be responsible for discipline, and administration, and would be under orders only in matters concerned with operations.

(4) It is proposed there should be usual Canadian

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

term of service as regards pay, allowances, and pensions, these to be paid by the Canadian Government as in the case of Canadian Forestry unit. The British Government would bear cost of board and lodging, and equipment of contingent while in the United Kingdom. Cost of transport of contingent to and from this country would be borne by the Canadian Government while all travel in the United Kingdom would be paid by the British Government.

(5) All equipment and auxiliary fire service uniforms, if worn by the Canadian contingent, would be provided by the British Government.

(6) As regards number required, urgent measures are now being taken to augment the auxiliary fire services, and a Canadian contingent up to a total number of 1000 trained men would be especially welcome.

I hope consideration may be given these proposals in anticipation of their official communication. The experience of London last Sunday night shows the gravity of fire-fighting problem.

MASSEY

518 ready

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DEPARTMENT OF AGRICULTURE

MINISTER'S OFFICE

Ottawa, Jan. 17, 1941. *193*

Memorandum for Mr. A. D. P. Heeney,
Clerk of the Privy Council.

Mr. Gardiner would appreciate very much if you would arrange to have the attached memoranda presented for discussion at today's meeting of the War Committee.

D. M. Allan
D. M. Allan,
Private Secretary.

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OFFICE OF THE MINISTER

CANADA

G

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa,
17th January 1941.

TO THE WAR COMMITTEE OF THE CABINET:

Attached herewith is copy of telegram dated January 2nd, addressed by the High Commissioner for Canada to the Secretary of State for External Affairs.

It will be remembered that while in Great Britain members of my staff discussed with the Home Office the question of Fire Fighting personnel to be recruited in Canada and to be sent to Great Britain to aid Great Britain.

At that time it was intimated to us that such assistance was not needed. It would appear from the attached telegram that the situation is changed and that the British Government will be shortly asking for this type of assistance.

I would recommend that in principle we agree to render this assistance to the extent of, say, one thousand men.

The question to be decided is whether or not this Force should be recruited as part of the military forces of this country.

I presume that the recruiting could be more easily done through existing recruiting machinery in Canada.

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A decision would have to be reached as to the control of this force in Great Britain should it be sent there.

A report is available in my Department as to how this type of organization functions in Great Britain, and should it be decided that the recruiting of these men be gone on with and should it be decided that some other Department of Government should handle the matter, then this report will be available.

Another question to be decided is the question of payment for these men, including the cost of recruiting, cost of transportation to Great Britain, possibilities of pensions, question of pay, separation allowances, etc. It is noted that the British Government will bear the cost of board and lodging and the equipment of a contingent while in Great Britain, including uniforms while in Great Britain. All other expenses would have to be borne by Canada.

The telegram suggests that one thousand men be recruited.

James G. Gardiner.

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C-15
1941

OFFICE OF THE DEPUTY MINISTER FOR AIR

D-19-1-C
1941

M E M O R A N D U M

Ottawa, 13-1-41

To: Acting Deputy Minister for Air.

On receipt of a request that the Royal Canadian Air Force should endeavour to enlist in the United States eight thousand (8,000) radio mechanics for service in the United Kingdom, a meeting was held at Earnscliffe on January 7th at which the following were present:-

The Minister of National Defence for Air.
Sir Gerald Campbell
Air Vice Marshall L.L.D. McKean
Air Commodore J.C. Slessor
Air Commodore G.O. Johnson
Air Commodore H. Edwards
T. Sheard
S. D. Armour.

It was decided at this meeting that pending the determination of policy by the Government, certain preliminary steps should be undertaken with a view to deciding

(a) Whether any such number of radio mechanics would be available

(b) How best they might be recruited.

A meeting to this end was held in New York on Friday, January 10th, at which were present:-

Air Commodore J. C. Slessor
Air Commodore Pirie
Mr.John Foster of the British Embassy,Washington
Air Commodore H. Edwards
S. D. Armour of this Department
Mr. Homer Smith
Mr. Clayton Knight
Colonel Harold Fowler of the Clayton Knight Committee.

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This meeting confirmed the opinion expressed at the meeting held in Ottawa on January 7th that the services of these radio mechanics would have to be secured on a service and not on a civilian basis. The reasons for this are that

(1) The nature of the work they would be called upon to do makes it necessary that they be under military control.

(2) The Governments concerned would not be agreeable to spending the money necessary to recruit and transport the men unless they had some definite hold over their services.

(3) The R.C.A.F. pay of approximately $3.00 a day, which is the suggested rate of remuneration for this work would not prove attractive to civilians.

(4) No organization exists, nor can one be quickly improvised to take care of administrative details such as pay, if these men were engaged on a civilian basis.

As the result of information received from Mr. Frank A. Titchenor, the publisher of Aero Digest and of a number of radio trade magazines, it was decided that the only source from which suitable radio mechanics could be recruited in sufficient numbers would be from amongst the amateur radio enthusiasts whose activities centre in the Radio Relay League. The Radio Relay League has for its rallying point the magazine Q.S.T. which is published by a Mr. Warner, and in which Mr. Titchenor has an interest. Q.S.T. is said to have a circulation of more than 50,000 which is a good indication of the number of radio amateurs in the United States.

Mr. Titchenor expressed the opinion that it would be possible to secure at least a large proportion of the 8,000 radio mechanics required provided they were approached in a proper manner. He said it would be necessary to convey to them the idea that their services were of vital importance in the defence of democracy and that they would be serving in uniform as part of the R.C.A.F.

---------- 3.

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It was Mr. Titchenor's idea that the Radio Relay League which has branches all over the United States, should be used as a channel for spreading abroad the word that radio mechanics are urgently required for the defence of Britain. He said that the Radio Relay League is in the habit of broadcasting two-way conversations between the editor of Q.S.T. and some selected amateur, to which most amateurs are in the habit of listening in. It was suggested that a two-way conversation between the editor of Q.S.T. and some radio amateur in Canada should be broadcast during which the announcement would be made that radio mechanics were required by the R.C.A.F. This could be followed up by announcements made through the Radio Relay League. Mr. Titchenor expressed his confidence that the Radio Relay League would be willing to co-operate with us to the fullest extent.

Mr. Titchenor offered to supply to Air Commodore Edwards a list of all the radio amateurs in the United States compiled from the Department of Commerce records. When this information reaches Air Commodore Edwards it will be possible to tell where recruiting should be carried on in order to secure the services of the radio repair men required.

Meantime Air Commodore Edwards has laid plans for the assembling of the staff necessary to instruct citizens of the United States in the recruitment of radio mechanics. The instructional staff would be divided into a number of teams to cover the main recruiting centres as indicated by the lists to be furnished to Air Commodore Edwards by Mr. Titchenor. Each team would consist of a Medical Officer, an expert to test the prospective recruits, an R.C.A.F. clerk to instruct as to the preparation of documents and a Recruiting Officer. If the Dominion Government approves of the R.C.A.F. acting as the agency of recruitments for these radio mechanics in the United States, the necessary instructional teams would be struck off the strength of the R.C.A.F. for the period of their services in the United States and sent down in mufti to set up the necessary organization in various localities.

The procedure would be roughly as follows:-

The Radio Relay League would direct interested radio amateurs to recruiting centres where they would be tested as to their knowledge, medically examined and if accepted, furnished with transportation to the

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nearest R.C.A.F. Recruiting Centre in Canada where they would be sworn in and passed on to Manning Depots. They would be held at Manning Depots only long enough to be attested, inoculated, vaccinated and uniformed before being sent overseas.

The above procedure would, of course, be possible only with the consent of the United States Government.

If the policy of the Government is not to request the United States to permit the recruitment of radio mechanics in the United States by the R.C.A.F., it was suggested as an alternative that the R.A.F. should recruit these men themselves. In order to do this it would probably be necessary to set up a special pay category corresponding roughly to that prevailing in the R.C.A.F.

If the R.A.F. finds it necessary to recruit these men themselves, it was suggested that the R.C.A.F. might co-operate at least to the extent of sending down instructional teams to assist them in setting up the necessary organization.

If the Government of Canada is not prepared to allow the participation of R C.A F. personnel in the recruiting plan in any form, it was stated by Air Commodore Pirie, Air Commodore Slessor and Mr. Foster that the R.A.F. would make every effort to do the work themselves even if this involved setting up an entire organization. In the event of this happening the R.A.F. would only want Canada to permit the establishment of a depot to which recruits could be sent.

It was pointed out at the meeting, however, that for the R.A.F. to set up an organization of its own would be a lengthy process and that the urgency of the situation made it most undesirable for the matter to be handled in this way.

It was decided that the Clayton Knight Committee as such should not have any active part in the recruiting of these radio mechanics but that the individual members of the Committee might be called upon for their advice in view of their intimate knowledge of conditions in the United States.

(sgd.) S.D.Armour.

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D-11-1

SECRET 1941

TELEGRAM

FROM: Canadian Military Headquarters, Great Britain

TO: National Defence Headquarters, Ottawa

7th January, 1941

"DEFENSOR

OTTAWA

LONDON, ENGLAND

5TH JANUARY, 1941

MIN. 40

FROM RALSTON TO PRIME MINISTER AND TO POWER BEGINS.

PART I AFTER FULL DISCUSSION WITH EDEN MARGESSON AND WAR OFFICE STAFFS I INTEND TO RECOMMEND THE FOLLOWING AS THE OBJECTIVE OF CANADIAN ARMY OVERSEAS PROGRAM FOR 1941-42 FIRST DESPATCH DURING FIRST QUARTER 1941 BALANCE OF CORPS TROOPS NOW MOBILIZED IN CANADA FOR CANADIAN CORPS OF 2 DIVISIONS THIS ALREADY PROVIDED FOR IN PROGRAMME CONSIDERED BY WAR CABINET COMMITTEE. SECONDLY DESPATCH OF 3RD CANADIAN DIVISION AND COMPLEMENT OF CORPS TROOPS WHENEVER EQUIPMENT SITUATION HERE IN CANADA PERMITS THIS ALSO ALREADY PROVIDED FOR BUT NOW HAVE BETTER UNDERSTANDING WITH U.K. RE EQUIPMENT POSSIBILITIES. MAY 1941 WOULD BE THE DESPATCH DATE TO BE AIMED FOR. THIRDLY DESPATCH FIRST HALF 1941 IN TIME TO TAKE FIELD IF REQUIRED IN THE SUMMER OF 1941 OF AN ARMY TANK BRIGADE FOR EMPLOYMENT WITH CANADIAN CORPS. THIS FORMATION TO BE EQUIPPED WITH MARK 111 INFANTRY TANKS NOW BEING MADE IN CANADA TO THE EXTENT AVAILABLE IN UNITED KINGDOM AGREEING THAT CANADA HAVE PRIORITY ON CANADIAN PRODUCTION OF THESE TANKS AND TO ASSIST IF NECESSARY BY PROVISION OF INFANTRY TANKS FROM UNITED KINGDOM PRODUCTION. THIS FORMATION NOT YET ACTUALLY

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AUTHORIZED ALTHOUGH AUTHORITY FOR PURCHASE OF THE TANKS WAS GIVEN MONTHS AGO AND THESE ARE NOW UNDER CONSTRUCTION AT ANGUS SHOPS. THIS FORMATION WAS MENTIONED IN CRERARS APPRECIATION SUBMITTED TO CABINET COMMITTEE PARAGRAPH 22. FOURTHLY DESPATCH BY THE EARLY AUTUMN OF 1941 OF PERSONNEL OF CANADIAN ARMOURED DIVISION WITH SUCH EQUIPMENT AS MAY BE AVAILABLE.

PART II UNITED KINGDOM ANTICIPATES THAT EQUIPMENT FROM BRITISH ORDERS EITHER IN US OR UK WILL BE AVAILABLE TO EQUIP THE DIVISION BUT IT WOULD NOT BE COMPLETELY TRAINED AND AVAILABLE FOR EMPLOYMENT UNTIL DURING THE FIRST QUARTER OF 1942. THIS FORMATION ALREADY AUTHORIZED AND AUTHORITY GIVEN FOR PURCHASE OF CRUISER TANKS# WILL NOT BE PRODUCED IN CANADA BEFORE AUGUST OR SEPTEMBER 1941. THE ARMOURED BRIGADE GROUP ALREADY FORMED IS 1 OF THE 3 BRIGADES OF THIS DIVISION. WE SHALL PROBABLY USE SOME OF THE UNITS OF THIS ARMOURED BRIGADE GROUP IN MAKING UP THE ARMY TANK BRIGADE MENTIONED IN THIRDLY ABOVE SO AS TO GET THE ARMY TANK BRIGADE OPERATING QUICKLY. WE WOULD THEN FILL UP THE PERSONNEL OF THE DIVISION IN PART FROM CERTAIN UNITS ALREADY MOBILIZED FIFTHLY REGARDING FOURTH CANADIAN DIVISION THE UK'S PRESENT VIEW IS THAT IT IS NOT CONSIDERED NECESSARY OR DESIRABLE THAT A FOURTH CANADIAN INFANTRY DIVISION SHOULD BE SENT TO ENGLAND DURING 1941 BUT THE WAR OFFICE WOULD BE GLAD IF THE POSSIBILITY OF ITS DESPATCH BY THE SUMMER OF 1942 COULD BE BORNE IN MIND. TERMINOLOGY REGARDING THESE FORMATIONS MOST CONFUSING. ARMY TANK BRIGADE PROPOSED IS A COMPARATIVELY SMALL FORMATION OF 3 TANK BATTALIONS USING INFANTRY TANKS SUCH AS THE MARK III NOW BEING MADE IN CANADA. IT WOULD OPERATE MORE INTIMATELY WITH THE CORPS. ON THE OTHER HAND ARMOURED BRIGADE GROUP WHICH WE HAVE ALREADY FORMED IS A COMPONENT OF THE MUCH LARGER ARMOURED DIVISION WHICH IS A 3 BRIGADE FORMATION WHICH NORMALLY USES NOT INFANTRY TANKS BUT CRUISER TANKS. IT CAN OPERATE QUITE ON ITS OWN AND INDEPENDENTLY OF THE INFANTRY. THE AUSTRALIANS HAVE AUTHORIZED AN ARMOURED DIVISION.

PART III THE CHANGES IN THE ABOVE PROGRAMME FROM THE PROGRAMME SUBMITTED TO THE WAR CABINET COMMITTEE ARE FIRST THE INCLUSION OF AN ARMY TANK BRIGADE AS WELL AS AN ARMOURED DIVISION SECONDLY THE PROBABLE

Continued on next page:-

CORRECTION AT END OF MESSAGE

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POSTPONEMENT OF DESPATCH OF THE FOURTH CANADIAN DIVISION UNTIL THE SUMMER OF 1942 THIRDLY THE PROBABLE ELIMINATION FOR THE FISCAL YEAR 1941-42 OF THE FORMATION OF THE SIXTH DIVISION WHICH WAS CONTEMPLATED BY THE PROGRAMME PREVIOUSLY CONSIDERED.

PART IV TROOPS IN CANADA WILL CONSIST OF COAST DEFENCE TROOPS OTHER UNATTACHED UNITS THE FOURTH CANADIAN DIVISION AND THE 9 SECURITY BATTALIONS NOW MOBILIZED WHICH MAY FORM PART OF A FIFTH DIVISION LESS SUCH MOBILIZED PERSONNEL AS IT MAY BE CONSIDERED ADVISABLE TO INCORPORATE INTO THE ARMOURED DIVISION. THE MOBILIZATION OF A FIFTH DIVISION AND POSSIBLY EVENTUALLY OF A SIXTH DIVISION WILL DEPEND ON NEEDS OF CANADIAN DEFENCE WHICH WILL BE AFFECTED BY WHETHER AND WHEN A FOURTH DIVISION MAY EVENTUALLY BE REQUIRED OVERSEAS AND WHEN A DATE CAN BE FORECAST FOR ITS DESPATCH. AS STATED ABOVE THIS DATE AS AT PRESENT ENVISAGED IS NOT BEFORE THE SUMMER OF 1942.

PART V I HAVE CAREFULLY AND THOROUGHLY DISCUSSED WITH CRERAR AND MCNAUGHTON AND AM CONVINCED THAT ARMY TANK BRIGADE IS DEFINITELY ADVISABLE. MY REASONS ARE FIRST IT WILL ROUND OUT THE CORPS WITH AN EFFECTIVE ARMOURED FORMATION ORGANIZED AND EQUIPPED TO WORK WITH THE INFANTRY. IN THAT CONNECTION IT AFFORDS PROTECTION AND SECURITY FOR OUR TROOPS IN ACTION AND ALSO A HARD HITTING STRIKING FORCE IN ATTACK. SECONDLY IT WILL UTILIZE MARK III INFANTRY TANKS WHICH WE EXPECT WILL SHORTLY BE IN PRODUCTION IN CANADA. THIRDLY IT IS AN ARMOURED FORMATION ALTHOUGH A SMALL ONE WHICH CANADA CAN FURNISH PROMPTLY AT A TIME WHEN HE GIVES TWICE WHO GIVES QUICKLY FOURTHLY IT WILL BE SATISFACTION TO CANADIANS TO FEEL THAT IN THE COMPARATIVELY IMMEDIATE FUTURE THEY ARE CONTRIBUTING AN ARMOURED FORMATION WHICH IS A TYPE OF FORCE CHARACTERISTIC OF PRESENT DAY METHODS. THIS WOULD FILL IN THE GAP UNTIL THE ARMOURED DIVISION IS FORMED AND EQUIPPED WHICH AS STATED ABOVE COULD NOT BE COMPLETED BEFORE 1942. SINCE THE BULK OF EQUIPMENT FOR THE ARMY TANK BRIGADE NAMELY MARK III INFANTRY TANKS HAS ALREADY BEEN AUTHORIZED THIS TO THAT EXTENT INVOLVES NO NEW FINANCIAL COMMITMENT.

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PART VI I TRUST THESE REASONS WILL APPROVE THEMSELVES TO YOU. I WOULD PREFER TO MAKE MY REPORT TO WAR COMMITTEE OF CABINET IN PERSON BUT ON THE OTHER HAND TIME IS PASSING RAPIDLY AND THERE IS SO MUCH TO BE DONE THAT I FEEL IT IS IMPORTANT THAT EVEN DAYS BE NOT LOST IN MAKING STAFF PLANS. I HAVE THEREFORE FELT JUSTIFIED IN AUTHORIZING CREPAR TO WIRE STUART INDICATING THAT I WOULD BE MAKING THE RECOMMENDATIONS ABOVE AND INSSRUCTING HIM WITH OTHER MEMBERS OF ARMY COUNCIL TO MAKE VERY CONFIDENTIAL STUDY AND PLANS IN ADVANCE SO THAT NOT A MOMENT MAY BE LOST WHEN APPROVAL HAS BEEN GIVEN. ENDS.

CANMILITRY"

CORRECTION

ON PAGE 2 IN PART II 5TH LINE INSERT BETWEEN "TANKS" AND "WILL" THE WORDS "TO BE USED FOR ITS EQUIPMENT THESE CRUISER TANKS"

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/JD

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CANADA

C-15

Ottawa, 9th January, 1941

My dear Sir Gerald,

I am in receipt of your letter of January 6th, regarding the recruiting of personnel for radio direction finding work in the United Kingdom. I immediately discussed this question with my colleagues.

We realize the high importance of the work in this field. I may say at once that the Canadian Government will be very anxious to help in any possible way.

Further enquiry is being made as to the feasibility of recruiting or training Canadian personnel for this work.

We are not clear, however, how the Canadian Government could usefully undertake to enlist several thousand men in the United States for such service overseas. The men so enlisted would apparently be serving with the Royal Air Force or the Army in the United Kingdom rather than with any Canadian Force. We are informed that it is considered by the United Kingdom authorities that nothing less than Royal Canadian Air Force rates of pay should be offered, as the type of men wanted would not serve under Royal Air Force rates; whether under present conditions of military and civil employment in the United States, any large number of men would be available at Royal Canadian Air Force rates is a question on which further information appears desirable. The confidential character of the work

Sir Gerald Campbell, K.C.M.G.,
High Commissioner for the
United Kingdom,
Earnscliffe,
Ottawa.

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would require careful investigation into the qualifications and background of possible recruits, and as the Canadian Government has no Consular Service in the United States, this could apparently be done more effectively through the British Consular Service than any other established agency. It has been suggested that use might be made by the United Kingdom of members of the United Kingdom Air Missions or Royal Air Force schools at present in Canada.

We have noted that the Charge d'Affaires of the British Embassy in Washington believes that the support of the United States Administration could be secured without difficulty, and even some priority for United Kingdom needs ensured. Enquirers made of the Charge d'Affaires through the Canadian Legation in Washington indicate that this opinion was based on a general appreciation of the sympathetic attitude of the Administration towards the Allied war effort, and was not based on any definite indication of approval of the present plan or of enlistment in general. As regards the Clayton-Knight organization, the Canadian Government recently found it necessary, after discussions with the United States authorities, to modify the organization and procedure with regard to the enlistment of air personnel in the United States, and to confine the enlistment to civilian purposes such as instruction and ferrying planes. We have not thought it desirable to make any approach to the United States authorities at the present stage.

While we have not been able to ascertain any ground for believing that this enlistment might more appropriately and effectively be carried on by Canada than by the United Kingdom, I might repeat our desire to assist the project in any feasible way and our readiness to examine the question further at any time.

Yours sincerely,

W. L. MACKENZIE KING

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SECRET

TELEGRAM

FROM: Canadian Military Headquarters, Great Britain.

TO: National Defence Headquarters, Ottawa.

7th January, 1941

IMMEDIATE

DEFENSOR, OTTAWA LONDON, 7th JANUARY, 1941

MIN. 41. FROM RALSTON TO PRIME MINISTER AND POWER. BEGINS.

HANKEY SAW MAGEE AND MYSELF REGARDING NEED FOR R.D.F. PERSONNEL AND I HAVE SEEN HIS TELEGRAM TO THE UNITED KINGDOM HIGH COMMISSIONER OF 4th JANUARY 1941 ASKING POSSIBILITY OF CANADIAN CO-OPERATION IN ENLISTING AND ORGANIZING. HE SEEMED TO ASSUME THAT THE UNITED STATES WOULD MAKE NO OBJECTION AT WHICH I WAS SURPRISED UNTIL HE SHOWED ME A TELEGRAM FROM BUTLER CHARGES DES AFFAIRS WASHINGTON WHICH CERTAINLY GAVE THE IMPRESSION THAT UNITED STATES AUTHORITIES WOULD BE ENTIRELY SYMPATHETIC. I KNOW FROM CONVERSATION HERE HOW VITAL THE OPERATION OF THIS EQUIPMENT IS PARTICULARLY IN DEFENCE AGAINST NIGHT BOMBING WHICH HAS BEEN SO DESTRUCTIVE IT MAY BE POSSIBLE THAT BUTLER IS MAKING WISHFUL ASSUMPTIONS REGARDING UNITED STATES GOVERNMENTS ATTITUDE. THINK IT WOULD BE VERY USEFUL TO HAVE CHRISTIE TALK WITH BUTLER AND FIND OUT THE LATTER'S GROUNDS FOR ASSUMING FAVOURABLE UNITED STATES ATTITUDE AND THEN IF THE FACTS WARRANT IT TO FOLLOW UP WITH ENQUIRIES MADE MORE DIRECTLY. WHAT HANKEY ASKS IS WHETHER THE CANADIAN GOVERNMENT ARE PREPARED TO HELP I THINK THAT DEPENDS ON WHETHER THE UNITED STATES ATTITUDE MAKES IT POSSIBLE FOR US TO HELP WHAT I WANT TO CONVEY IS THAT THE MATTER IS IN MY VIEW DEFINITELY VERY IMPORTANT AND ANY HELP WHICH WE COULD GIVE WOULD BE A USEFUL CONTRIBUTION. ENDS.

CANMILITRY

29

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6th January, 1941.

510C/9.

IMMEDIATE AND SECRET.

My dear Prime Minister,

You will recall that in October last, under instructions from the United Kingdom Government, I approached the Canadian Government with a view to their undertaking the recruitment of all available trained personnel for Radio Direction Finding work in the United Kingdom. The prompt response which the Canadian Government made to this request was very much appreciated by the United Kingdom Government and has resulted already in a considerable number of men being sent to the United Kingdom for this work.

I have now, however, received a telegram from the Secretary of State for Dominion Affairs which shows that the needs of the United Kingdom in this respect are far greater than can be met from recruitment in Canada alone, and I have been asked to approach the Canadian Government immediately with a view to securing their co-operation in the enlistment of volunteer United States radio mechanics, up to a total of 8,000, for work with the Air Force and the Army, with possibly a few for Naval purposes.

In making this request I have been asked to explain that it is impossible to overrate the importance of securing large numbers of experienced radio personnel. Since the Royal Air Force, to which I have referred above, and to which the Canadian authorities responded so promptly and energetically, Radio Direction Finding in its various applications in all three Services has assumed even greater proportions than were then envisaged. It is, I am informed by Lord Cranborne, no exaggeration to say that Radio Direction Finding was a decisive factor in winning the Battle of Britain, and our experts look to it to play a vital part in meeting the problems of the night bomber and attacks on merchant shipping. For these reasons the further expansion of Radio Direction Finding has been allotted the highest priority by the Cabinet.

Large numbers of radio mechanics will be required to maintain the apparatus which is in production, and other apparatus which is being rapidly developed. The need to get this help into service with the minimum delay is so urgent that we cannot afford to wait until inexperienced personnel have received ab initio training.

The Right Hon. W.L.Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

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A Committee, formed by Lord Hankey to comb all sources in the United Kingdom, has found that only a proportion of the requirements in experienced radio personnel will be available there, and the recent drive by the Royal Canadian Air Force to secure radio mechanics has shown that immediately available Canadian sources are exhausted. This being so, and greatly as they welcome the training scheme which the Canadian authorities are organising in this country, the United Kingdom Government are forced to explore the United States field, which is the only remaining potential source of the numbers required.

The difficulties of attracting United States volunteers in the first place and of organising their subsequent reception and enlistment are fully appreciated, but the need is so urgent that it has been decided that the attempt must be made. In this connection the United Kingdom Government have been encouraged by the views of His Majesty's Charge d'Affaires in Washington, who believes, first, that the support of the United States administration could be enlisted without difficulty and some priority for our needs arranged, and secondly that if the necessary publicity were properly handled there is "a reasonable hope that a fair proportion of the 8,000 applicants required would be forthcoming".

I have accordingly been asked to enquire whether the Canadian Government would be prepared in principle to co-operate in this problem by enlisting all available United States volunteers for service overseas. It is felt by the United Kingdom Government that if your Government are prepared to help in this manner they may prefer to undertake the entire organisation themselves. For this reason, though the United Kingdom Government are prepared to assist in any way that is desired, no detailed suggestions are being put forward at this stage. In case, however, it is of assistance to the Canadian authorities in considering the matter, I enclose herein a resume of various suggestions which His Majesty's Charge d'Affaires in Washington has set forth in regard to the general lines on which it might be found desirable to proceed. For example, it is clear that some organisation for providing information and for the preliminary selection of candidates would need to be set up in the United States before any publicity were attempted. Arrangements would also have to be made to avoid enemy agents being planted, in view of the secret nature of the work. If the Canadian Government are willing to undertake this task it is felt to be for them to say what form the organisation should take, and whether for example the Clayton-Knight organisation, necessarily extended and reinforced, would be best or whether it would be desirable to start a separate organisation. This applies equally to the questions to what extent and through what channel the help of the United States administration should be sought.

The volunteers should be of the same type as those recently recruited as radio mechanics by the Royal Canadian Air Force. Approximately half of those recruited from the United States will be required for ground duties with the Royal Air Force, and the remainder for service with the Army. Precise allocation is not possible at this stage. Naval requirements, if any, will be only a very small proportion.

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Lord Cranborne has particularly stressed that the need is most urgent in respect both of the air and land forces, and indeed I am authorised to make it clear that the extent to which enemy attacks on the United Kingdom can be successfully driven off depends to a very large degree on the requirements of this type of personnel being met as soon as possible.

Yours sincerely,

Gerald Campbell.

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SECRET

MEMORANDUM.

RECRUITMENT OF R.D.F. PERSONNEL IN UNITED STATES

Comments by H.M. Charge d'Affaires, Washington.

1. In recruiting and selecting United States volunteers it should be possible to make good use of the Clayton-Knight organisation. In the light of former experience of the United States administration's attitude it seems no longer necessary to limit, out of deference to United States neutrality, the use to which this organisation is put in matters of this kind.

2. At least for the present, it would be injudicious to enlist the help of the "Committee for the Defence of America", though this might be invoked at a later stage.

3. If prompt and effective action is taken, the support of the United States administration could probably be enlisted without difficulty and some priority for our needs arranged, particularly in view of the President's recent speech. This would meet the problem of competition with the requirements of the United States forces.

4. The Embassy would be ready to give any support and assistance that may be required as regards obtaining volunteers and in the matter of publicity. It is suggested that use might be made of the experience of the British consulates in the United States, whose work in handling other categories of United States volunteers has hitherto proved effective.

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE CANADIAN MINISTER TO THE UNITED STATES, WASHINGTON.

OTTAWA, January 9, 1941.

CYPHER

No. 5

With reference to my despatch of the 31st Dec No. 915 regarding airplane base and meteorological and wireless stations in Greenland.

We have been informed by the United Kingdom authorities that during the current year ten to twelve thousand short range planes must be forwarded to the United Kingdom, and that it will be exceedingly difficult to obtain shipping space for these planes in crates. Alternative is to fly the planes, but their range will be little over one thousand miles. This would necessitate establishment of landing field and highly efficient meteorological and wireless service on southern tip of Greenland. We would be prepared to send a Canadian mission to examine the possibilities of such establishments at once.

Please place these views before United States authorities and ascertain their views and readiness to assist in working out a scheme which would meet their approval and accomplish the desired ends. Every day that can be saved will be of value.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C-10-3
1941

DEPARTMENT OF EXTERNAL AFFAIRS

Ottawa, 2nd of December, 1940.

Dear Mr. Prime Minister:

The Tenth Recommendation of the Special Committee on Orientals in British Columbia reads as follows:

> "That a small standing Committee should be set up in British Columbia to supervise the carrying out of such of the foregoing recommendations as are adopted by the Government, and for the purpose of keeping the Government constantly informed as to the oriental situation in that Province."

May I take the liberty of suggesting that, if the Government should approve this Recommendation, Colonel Sparling and Assistant Commissioner Mead be appointed as the nucleus of the proposed Standing Committee? Assistant Commissioner Mead should also, in my opinion, be asked to supervise the registration of Japanese in British Columbia (which the Special Committee recommended should be carried out under the

The Rt. Hon. W.L. Mackenzie King, C.M.G.,
Prime Minister of Canada,
OTTAWA.

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auspices of the R.C.M.P.) as he knows the situation intimately and is liked and respected by the Japanese, as well as by the Provincial and Municipal Police authorities. Colonel Sparling is stationed in British Columbia and is competent, careful and judicious in his attitude and temperament.

Consideration might also be given to asking Professor H.F. Angus, Lieutenant-Colonel McGregor McIntosh, M.L.A., and possibly Fred. J. Hume, Mayor of New Westminster, to complete the Committee. Angus is known as the outstanding advocate of fair treatment for the Orientals in British Columbia; McIntosh is one of the leaders of the anti-Oriental movement (but is fundamentally a decent and honest man); and Mayor Hume is sensible, level-headed, and highly respected. He would make an admirable Chairman for the Committee.

Such a combination of appointments would, in my opinion, ensure that the Government will be well advised, it will indicate to the Japanese that they

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are going to get a fair deal, it will disarm the "White Canada" crusaders (and possibly end in the conversion of one of their two most prominent leaders), and it will satisfy public opinion.

These suggestions are made entirely on my own responsibility but I am confident that they would be endorsed by the other members of the Special Committee.

Yours sincerely,

(signed) H. L. Keenleyside

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CANADA UNITED STATES OF AMERICA

PERMANENT JOINT BOARD ON DEFENCE

CANADIAN SECTION

OFFICE OF THE SECRETARY
EAST BLOCK, PARLIAMENT BUILDINGS
OTTAWA

CLERK OF THE PRIVY COUNCIL
DEC 31 1940

December 30, 1940.

A. D. P. Heeney, Esq.,
Secretary to the Cabinet War Committee,
Ottawa, Canada.

Dear Mr. Heeney:

Since the Board's last meeting in New York, Mayor LaGuardia has telephoned me to say that he discussed the 12th recommendation of the Board (on the subject of the appointment of a supply member) with the President, who approved of the proposal, subject to its being, as it were, cleared with Mr. Morgenthau and Mr. Purvis by satisfying them that the making of any purchases through any new channel was not in contemplation. Mayor LaGuardia offered to take the point up accordingly and I expressed my approval of his doing so.

The reasons for making the proposal are set out at some length in the Journal which should reach you about the same time as this letter. There is no intention to affect in any way the present arrangements relating to contracts and deliveries. What is desired is to have on the Board members in touch with the supply departments of the two countries in the same way as the present members are with their respective Service departments so that the Board may intelligently consider what it is or might be desirable to order.

I hope that the War Cabinet will approve the recommendation subject to the same qualification as that upon which the President's approval was given. I think the making of the proposed appointments is of considerable importance particularly in view of the difference in practice in the two countries. In the United States, after the purchase of specific articles has been approved by the National Advisory Committee on Defence (and presumably now by its successor) the contract is let and

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its execution overseen by one of the Service departments, whereas here the contract is let and its execution attended to by the Department of Munitions and Supply at the request of the Service department concerned. This difference in practice brings the Service departments in the United States into more direct contact with supply than the corresponding departments here and makes it more difficult to separate supply problems from those of a more directly military character than it would be if the United States practice corresponded more closely than it does to ours.

Yours very truly,

Chairman.

BMM

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C-10-3-B
1941

OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa,
January 2nd, 1941.

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
OTTAWA.

Dear Mr. Heeney:

Mr. Gardiner has asked me to foward to you the attached draft letter to National War Services Boards and Divisional Registrars which he would like to have discussed at the meeting of the War Cabinet Committee this afternoon.

Yours truly,

D M Allan

D. M. Allan,
Private Secretary.

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DEPARTMENT OF NATIONAL WAR SERVICES

O T T A W A, Ontario.
January 2, 1941.

Draft letter to be forwarded to National War Services Boards and Divisional Registrars.

It has been brought to the attention of the Government that a number of cases of young men who are for certain reasons in charge of a farm or business, have made application for postponement of training for the training period, beginning January 10th, 1941.

The Government have under consideration a change in policy related to these training periods, and until final decision is reached, regarding the proposed changes, do not desire to draft regulations to cover these cases.

It is therefore suggested that the Board, in dealing with cases such as the only son of a widowed mother, or a mother left with the farm or business because the father is in the army, or other legitimate cases, allow postponement when the circumstances would seem to warrant it, rather than insist upon attendance at camp, making it apparent when doing so, that if the system is unchanged, they may be called for service before October 1, 1941.

It is thought it might create some hardship without serving the public interest if the system should be changed following this call to insist upon the attendance of such individuals in this particular call.

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D-19-1
1941 European

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON.

IMMEDIATE

SECRET

CYPHER

NO. 27

Ottawa, January 3rd, 1941

1. Please inform the Minister of National Defence that the Cabinet War Committee have approved the recommendations regarding Canadian Tunnelling personnel, contained in your telegram No. 2155 of December twenty-eighth, and Canmilitary Min. 30, and G.S. 3213.

2. You are therefore authorized to inform the War Office of the government's consent for employment of remainder of Canadian Tunnelling Company at Gibraltar, 2nd Canadian Tunnelling Company to be formed in accordance with the terms of the telegrams above referred to.

3. The government desire to give further publicity to this form of contribution on Canada's part and wish to know whether there is any objection to announcing that further Canadians of this category are being sent to Gibraltar for this special duty and that a 2nd Tunnelling unit is being formed. Please indicate in your reply such detail as may properly be given.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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D-194-A
1940 Chip

SECRET

TELEGRAM

1309

FROM: Canadian Military Headquarters, Great Britain.

TO: National Defence Headquarters, Ottawa.

28th December, 1940

M. S ACTION

DEFENSOR, OTTAWA

LONDON, 28th DECEMBER, 1940

IMMEDIATE

MIN. 30. FOLLOWING FROM RALSTON FOR POWER.

MASSEY WIRING EXTERNAL RE BRITISH REQUEST FOR ADDITIONAL TUNNELLING TROOPS AT GIBRALTAR. HAVE DISCUSSED WITH C.G.S. AND ALSO WITH MCNAUGHTON. HAVE ALSO DISCUSSED IN DETAIL WITH MAJOR COLIN CAMPBELL WHO HAS JUST RETURNED. AM CONVINCED OF UTILITY AND IMPORTANCE OF JOB BEING DONE AND OF THE SPECIAL COMPETENCE OUR PERSONNEL NOT ONLY TO DO THE WORK BUT TO HELP TRAIN BRITISH UNITS IN THESE HARD ROCK OPERATIONS.

I THINK IT IS A DISTINCTLY CANADIAN CONTRIBUTION WITH IMPORTANCE MUCH BEYOND NUMBER OF MEN AND QUANTITY EQUIPMENT EMPLOYED. C.G.S. RECOMMENDS MY VIEW IS DEFINITELY THAT ADDITIONAL TROOPS REQUIRED SHOULD BE FURNISHED AND THAT THE METHOD SUGGESTED OF AUTHORIZING ADDITIONAL COMPANY IS THE PROPER AND PRACTICAL METHOD FOR PROVIDING THIS PERSONNEL. AS GREATLY DESIRED THAT DECISION BE MADE BY JANUARY 12TH WOULD ASK IMMEDIATE CONSIDERATION AND REPLY.

HAVE THEIR RESPONSIBILITY FOR AUTHORIZING MCNAUGHTON TO MAKE ALL PLANS IN ADVANCE BUT EVERYTHING SUBJECT TO FINAL AUTHORIZATION. A SLIGHT CHANGE IN ESTABLISHMENT WILL BE REQUIRED PARTICULARS OF WHICH C.M.H.Q. WILL ADVISE DEFENSOR BUT THIS NEED NOT DELAY AUTHORIZATION.

CANMILITRY

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1940 Eng

SECRET

T E L E G R A M

FROM: Canadian Military Headquarters, Great Britain

TO: National Defence Headquarters, Ottawa. 1310

28th December, 1940.

C.G.S.

M.G.O.

A.G.

Q.M.G.

M.S. ACTION

IMMEDIATE

DEFENSOR LONDON ENGLAND

OTTAWA 28 DECEMBER 1940

G.S.3213.

PART I. FURTHER TO MIN.30 OF EVEN DATE.

IN ORDER TO MEET SPECIAL REQUIREMENTS OF WORK TO BE UNDERTAKEN AT GIBRALTAR MCNAUGHTON RECOMMENDS ESTABLISHMENT SECOND TUNNELLING COMPANY BE BASED ON UNAMENDED ESTABLISHMENT 3/1931/16 B/2 WITH THE FOLLOWING AMENDMENTS.

ADD 1 CAPTAIN
1 SUBALTERN
1 SERGEANT
2 CORPORALS
2 DRIVERS I.C.

SUBTRACT 5 SAPPERS.

TOTAL 8 OFFICERS 207 OTHER RANKS.

...../2

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UNDER DISTRIBUTION RANK AND FILE BY TRADES AND DUTIES MAKE FOLLOWING AMENDMENTS.

ADD TO TRADESMEN

1 CLERK

1 ELECTRICIAN

1 FITTER

1 ENGINE ARTIFICER

24 MINERS

1 DRAUGHTSMAN TOPOGRAPHICAL

1 SURVEYOR

1 WELDER.

SUBTRACT

34 PIONEERS.

ADD TO NON TRADESMEN 2 DRIVERS FOR DUTY AS BATMEN.

IF APPROVED REQUEST DESIGNATION FOR WAR ESTABLISHMENT FOR SECOND TUNNELLING COMPANY SEPARATE AND DISTINCT FROM THAT APPLIED TO FIRST COMPANY AND TO BE MADE EFFECTIVE 27 DECEMBER.

PART II. AS PROPORTION ONLY OF DETACHMENT OF FIRST COMPANY NOW AT GIBRALTER IS TO BE USED AS NUCLEUS OF SECOND COMPANY ON COMPLETION OF MOVE CANADIAN TUNNELLING PERSONNEL THERE WILL CONSIST OF SECOND CANADIAN TUNNELLING COMPANY PLUS ONE SECTION FIRST CANADIAN TUNNELLING COMPANY.

CANMILITRY

/RGW

506

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"R"

D-M-L-A
1940 Europ

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

CYPHER

NO. 2155

LONDON, December 28th, 1940.

No. 2155. Your telegram No. 1930 of December 10th, Canadian Tunnelling Company, Gibraltar.

United Kingdom Government now enquire whether moving the remainder of the above company to Gibraltar could be authorized. It would really involve organization of another tunnelling company, since we would require one tunnelling company as corps troops at all times. The personnel now in United Kingdom would be made the nucleus of the First Canadian Tunnelling Company to be always available for use with the Corps, and a proportion of the personnel now at Gibraltar would be made the nucleus of the Second Tunnelling Company to carry on the work there, which may take six to nine months. After completion, there will be plenty of employment in the Corps for this second company. Personnel needed to add to this nuclei and round out each company, would be obtained by selection of those with requisite experience and trade qualifications now on strength of other units of the Canadian Army (Active). In United Kingdom, question has been discussed with Minister of National Defence and McNaughton. Financial conditions to be the same as for detachment now at Gibraltar. Cost involved is really the cost of one additional tunnelling company. McNaughton recommends, and Minister of National Defence is telegraphing Power with views of himself and Chief of the General Staff. Please cable your decision as soon as possible, as War Office consider the matter of great urgency.

MASSEY

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COPY

D-19-C
1941

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN LONDON

Ottawa, January 2nd, 1941.

IMMEDIATE

SECRET

CYPHER

NO. 24

Following from Prime Minister and Power, for Ralston, Begins:

1. The Cabinet War Committee considered today your telegram No. 2160 of December thirty-first, regarding the interpretation of Paragraph six of the agreement regarding identification of Canadians from the Air Training Plan.

2. The government are now prepared to approve the paragraph in question on the basis that Royal Canadian Air Force ground personnel sent from Canada to the twenty-five Royal Canadian Air Force squadrons, will be replaced by Royal Air Force ground personnel sent to Canada, such replacement being subject to the stated condition, quote, so far as it may mutually be considered practicable, unquote. Your signature to the agreement, on the part of the government, is accordingly approved. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CY HER

NO. 2160

LONDON. December 31, 1940.

No. 2160. Following from Ralston for the Prime Minister and Power, Begins:

Your telegram No. 2036, Memorandum of Agreement on Air Training Plan. First interpretation of paragraph 6, as outlined in your paragraph 3, is the correct one. Have consulted Dominions Office and Air Ministry who have written that their interpretation of this paragraph is that it contemplates that Royal Canadian Air Force ground personnel sent from Canada to the 25 Royal Canadian Air Force squadrons would be replaced by Royal Air Force ground personnel sent to Canada. They add that this system of replacement is, of course, also covered, as regards both parties to the Agreement, by the words:

"So far as it may mutually be considered practicable".

With this interpretation, I assume that there is no objection to me signing the Agreement.

MASSEY

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Minutes of the

War Committee of the Cabinet

April 3rd, 1941.

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Ottawa, April 3rd, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Thursday, April the 3rd, at 11 a.m.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of Agriculture and Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald),

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The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Financial assistance to foreign language publications

1. The Minister of National War Services asked that consideration be given to the provision of financial assistance to National Publishers Limited of Winnipeg, of which Frank Dojacek, a Czech, was the President. This firm published papers in Ukrainian and German. A sum of about $6,000 would enable Dojacek to carry out a plan to increase circulation which, at present, was about 10,000 for each paper. Both publications strongly supported the war effort and were regarded as useful media of propaganda among the Ukrainian and German speaking populations in the West. It had been suggested that the sum required might be provided through the R.C.M. Police vote.

(See letter of April 1st from the Minister of National War Services, to the Secretary, and attached memorandum).

2. The Minister of Justice stated that the R.C.M. Police were favourable to this project, as the newspapers in question were thought to be a helpful antidote to Communist activity.

3. The Minister of Mines and Resources expressed himself as favourable to the proposal as of assistance in counteracting subversive propaganda.

4. After some discussion, the Committee approved the provision, from the R.C.M. Police estimates,

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for the assistance of National Publishers Limited, of a sum to be agreed on by the Departments of Justice and National War Services.

Non-military service for conscientious objectors

5. The Minister of National War Services submitted a proposal for an alternative to compulsory military service for Mennonites, Dukhobors and other conscientious objectors. The proposal, which provided for an estimated total of 700 men, contemplated their employment in national parks, at army rates of pay. It had been prepared in consultation with the National Parks Bureau of the Department of Mines and Resources.

(See letter of March 31st, 1941, from the Minister of National War Services, to the Secretary, and attached memorandum).

6. Mr. Gardiner said that while he felt that such a scheme could be worked out to the satisfaction of all concerned, exception would be taken to paying these men at the same rate as men serving in the forces. Possibly half the army rate would be appropriate. Mennonites had offered their services free.

7. After some discussion, the Committee approved, in principle, the proposal submitted by Mr. Gardiner; rates of remuneration to be lower than those for military trainees, and to be the subject of further consideration.

Foreign broadcasts service

8. The Minister of National War Services recommended that provision be made for the continuance of the systematic reception in Canada of foreign broadcasts, particularly from German and Italian sources. Such a service had been maintained by the Public Information Office, and discontinued. Subsequently, it had been carried on as an experiment by the Canadian Broadcasting Corporation. It was felt that the service should be continued for the benefit of the Department of National Defence and the Public Information Office.

(See letter of February 15th, 1941, from the Minister of National War Services, to the Secretary).

9. The Acting Under-Secretary of State for External Affairs said that the Department of External Affairs had no objection to the continuance of the listening service mentioned by Mr. Gardiner.

10. After further discussion, it was agreed that provision should be made to continue a service for reception of foreign broadcasts.

Confidential information to newspaper editors

11. The Minister of National War Services reported that the Director of Public Information recommended that authority be given him to make available, privately, to newspaper editors, certain confidential material

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relating to the war, which he received from the U.K. Ministry of Information through the Department of External Affairs. Such information would be welcomed by newspaper editors as "background" material. At a later date the government might consider extending the service to Canadian affairs as well.

Samples of the type of material and of a draft covering letter to editors were submitted.

(See letter of March 15th, 1941, from the Minister of National War Services, to the Secretary, and enclosures).

12. The Acting Under-Secretary of State for External Affairs explained that the material from the U.K. Ministry of Information, to which Mr. Lash's recommendation had reference, was prepared for newspaper editors in the United Kingdom. It was intended to assist newspapers in the interpretation of events, rather than to provide them with facts.

There were several objections to passing this material on to Canadian editors: the material would be out of date, in large part, when it reached them, Canadian editors might resent attempts at governmental guidance, the mechanics of distribution and review would involve inevitable delays.

13. The Prime Minister referred to the danger of any attempt by the government to inspire editorial opinion by providing what purported to be inside information. It would be unwise for the government to act in the manner recommended by Mr. Lash. The Public Information Office should rather concentrate upon the dissemination of fuller information regarding the Canadian war effort.

14. After further discussion, it was agreed not to approve the recommendation, in this respect, of the Director of Public Information.

Canadian tour of British press representatives - British tour of Canadian press representatives

15. The Minister of National War Services referred to his previous suggestion to the Committee, that authority be given to arrange for a Canadian tour of representatives of the British press, for the purpose of familiarizing them with the various aspects of the Canadian war effort. A proposal had now been received through the Canadian High Commissioner in London, for a tour of Great Britain, under the auspices of the British Council, by selected representatives of the Canadian press. In the latter connection, the names of certain Canadian journalists had been suggested.

(See telegram No. 456 of March 17th, 1941, from the Canadian High Commissioner, London, to the Secretary of State for External Affairs, Ottawa).

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16. Mr. Gardiner stated that the expenses of the Canadian press tour of the United Kingdom were to be provided by the British Council, and it was recommended that the Canadian government bear the cost of the British journalists' visit to Canada, estimated at approximately $50,000. In his view, both proposals should receive the government's approval, but the personnel of the Canadian party should be chosen by the press associations.

17. After some discussion, it was agreed that approval be given to Mr. Gardiner's recommendation with respect to a Canadian tour for British press representatives, at an approximate cost to the government of $50,000, and that an affirmative reply be given to the suggestion that a party of Canadian press representatives visit Great Britain. It was also agreed that it would be desirable to have the personnel of the Canadian party chosen by the press rather than by the government.

Women's Voluntary Services of Canada

18. The Minister of National War Services submitted a proposal for the establishment of an organization, to be known as the Women's Voluntary Services of Canada. The objects of this body would be to conduct courses of instruction throughout Canada, in First Aid and home nursing, motor transport, A.R.P. work, and similar war duties, to act as a clearing house for women who desired to render voluntary service, and to direct them to other organizations where their services could be utilized.

It was suggested that Her Royal Highness, the Princess Alice, who had been consulted, should assume responsibility for the initiation of this body, and to assist her, should call in a representative group of women as a provisional organizing group.

The new organization would constitute a reserve similar to the reserve army to be called up as required, and the government would undertake to make use of this source exclusively, for such female employees as were required by the Defence Departments. Certain types of service in the Defence Departments might require uniformed service.

The material gathered by the National Committee for the Voluntary Registration of Canadian Women would be utilized by the new organization.

(See memorandum of March 14th, 1941, from the Associate Deputy Minister of National War Services, to the Minister).

19. Mr. Gardiner stated that he did not favour the suggestion that members of the proposed organization be formed into a "reserve" similar to the army reserve, nor was he satisfied of the need of women for mechanical transport and other similar occupations, at present. The proposal that the government make exclusive use of the organization as a source for female war employees for the Defence Departments was of doubtful feasibility. He did not favour putting women into uniform.

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20. The Minister of National Defence for Air observed that the public were not aware of the large numbers of women who were already employed in war industry. The government, however, would have to face the necessity of organizing the voluntary workers in some manner.

21. The Prime Minister stated that it would be inappropriate to have Her Royal Highness, the Princess Alice, undertake the organization of women's voluntary services. It was the duty of the government to accept sole responsibility in such matters, and to protect the Crown and its representatives. Adequate publicity should be given to the present employment of women in war work.

22. The Minister of National Defence observed that it was not sufficiently realized how few women could be employed by the Defence Departments. The army could not use more than 1,500 to 2,000. This was a very small proportion of those who wished to serve. Further, the Defence Departments could not undertake to obtain exclusively from a voluntary organization the female employees whom they required for stenographic and clerical purposes.

23. Mr. Power said that the R.C.A.F. could make use of not more than 1,000 women. Advantage should be taken of experience gained in respect of women's organizations in the United Kingdom.

24. Mr. King said that before any decision were taken, an opportunity should be given the Committee to consider carefully a detailed report as to existing women's organizations, present employment of women in war work, and carefully prepared recommendations as to spheres of war work in which women could be usefully employed.

25. Mr. Gardiner expressed the view that the time had not yet come to make extensive use of women in military and industrial occupations. At the same time, something must be done to give direction to the large numbers of women who were already organized, and who wished to help.

26. After further discussion, it was agreed that the Associate Deputy Minister of National War Services be requested to confer with representatives of the other departments concerned, and to prepare, for submission to the Committee, a detailed report containing:

(a) a description of existing women's war organizations,

(b) a statement of the extent to which women were now engaged in war work, and

(c) recommendations as to the spheres of war activity in which women could be usefully employed.

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Publicity re A.R.P. training and activities

27. The Minister of National War Services stated that the Director of Public Information had requested direction as to whether publicity should be given to air raid precaution training and activities.

28. The Committee were agreed that no publicity whatever should be given to such training and activities.

Income Tax exemption for child refugees

29. The Prime Minister raised the question of an extension of income tax exemption of tax payers who had received into their homes child refugees.

30. The Minister of Finance explained that this matter had received most careful consideration, and that the government's stated policy was to extend such tax exemption only in cases where the children had come to this country under co-operative arrangements between the Canadian and U.K. governments. To extend exemptions beyond this, to cases where children had been received under private auspices, would involve far reaching consequences in respect of dependents generally.

31. After some discussion, it was agreed that the present policy of the government, in this respect, be adhered to.

Camp Hill Hospital - additions

32. The Secretary reported that he had received from Treasury Board a letter from the Minister of Pensions and National Health, urging that early authority be granted to proceed with the construction of additional accommodation for Camp Hill Hospital, Halifax. A report had been received from the chief medical officers in Halifax, for the Army, Navy and Air Force, and the District Administrator of the Department of Pensions and National Health. These officers agreed that the additional accommodation be provided, and placed under the administration of the Naval Service.

33. The Minister of National Defence stated that he was not satisfied as to the urgency of the provision recommended, and at his request, Mr. Mackenzie's communication and recommendation, in this respect, was referred to him for further consideration and report.

Canadian Army detention barracks in the United Kingdom

34. The Minister of National Defence submitted a recommendation for the establishment in the United Kingdom of a detention barracks for Canadian military personnel, at a cost of approximately $157,000.

The matter had received full consideration by departmental officers and, in their view, provision for this establishment was urgently required.

35. After some discussion, the Committee approved Mr. Ralston's recommendation in this respect.

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Despatch of Canadian Army units overseas

36. The Minister of National Defence reported that the Army Tank Brigade and other units to a total of some 9,000 men would proceed overseas early in May. It was contemplated that the remainder of the 3rd Division would be despatched in July.

Canadian Corps - additional requirements in units

37. The Minister of National Defence reported that the matter of the additional units required to complete a Canadian Corps of three Divisions, with a reasonable proportion of Army, G.H.Q., and Line of Communication troops, had been studied in detail. Upon the recommendation of the Chief of the General Staff, approval had been given to the mobilization of what was regarded as the necessary minimum. This involved mobilization of additional personnel to the number of 6,991, all ranks, which was substantially less than prevailing U.K. establishment. Provision for this had been made in the army estimates.

38. Mr. Ralston said that the War Office had asked the G.O.C., Canadian Corps, for additional railway units from Canada, but had been informed that this matter would have to be taken up directly between governments. The Chief of the General Staff felt that provision of railway troops could not be considered for some months, at least, because of other commitments; further he did not feel that large scale operations on the Continent need be visualized in the near future. It was suggested that the War Office be informed that any request, in this respect, should be forwarded through the Canadian High Commissioner.

39. The Committee approved the Minister's action in respect of additional requirements in units, as above described, and agreed provision of additional Canadian railway troops, was a matter for decision by the government.

Acquisition of property at Aldershot, N.S.

40. The Minister of National Defence recommended that authority be given for the expenditure of approximately $110,000 to acquire, for training purposes, further property at Aldershot, N.S. Ground was required for the rifle range and field firing practice; the property previously acquired for this purpose being now required as a camp site. In addition to the cost of acquisition, $75,000 to $80,000 would be needed to swing the rifle range, and to clear the new area.

41. The Committee approved Mr. Ralston's recommendations in this respect.

Chemical warfare - experimental and training area

42. The Minister of National Defence reported progress in the acquisition of the area for experimental

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chemical and gas warfare. The real estate adviser to the department had visited the site and recommended its acquisition on a 99 year lease. This was regarded as satisfactory, and was recommended.

43. The Committee approved Mr. Ralston's recommendation in this respect.

Balkan situation

44. The Prime Minister read a number of messages received from the U.K. government regarding the situation in the Balkans. While the new government of Jugo-Slavia had agreed to secret staff talks, they would resent any attempt to force them into active co-operation with Great Britain. The reaction in Turkey, to the new situation, was not altogether satisfactory. There were, however, hopes of establishing a united Balkan front, composed of Turkey, Greece and Jugo-Slavia, and secret staff talks with Jugo-Slavia had been agreed to.

The meeting adjourned at 12.50 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

April 9th, 1941.

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SECRET

Ottawa, April 9th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Wednesday, April the 9th, 1941, at 2.30 p.m.

There were present the following members:

The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

In the absence of the Prime Minister, the Minister of Justice acted as Chairman.

Additional facilities (lighterage) at Halifax

1. The Minister of Munitions and Supply reported that existing harbour facilities at Halifax, with improvements presently contemplated, would not be sufficient to permit the maximum use of the port for the shipment of war materials to Great Britain. In consequence, the Directors of the Canadian National Railways recommended that provision be made for the construction of a double-track trestle and lighters as a means of increasing trans-shipping capacity to the extent required.

It was estimated that these additional facilities would involve an expenditure of some $4,000,000, including the cost of two hundred lighters, tugboats and wharf. It was recommended that this be provided from the war appropriation. A draft submission to Council, in this respect, was submitted.

(See draft joint submission by the Minister of Transport and the Minister of Munitions and Supply).

2. After some discussion, in which it was agreed that the fullest use should be made of port facilities at Halifax for the shipment of war materials to the United Kingdom, the draft submission, in this respect, presented by Mr. Howe, was approved in principle. The Secretary was directed, upon signature of the submission, to refer it to Treasury Board.

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Joint Air Training Plan - extension of Agreement after April 1st, 1943.

3. The Minister of National Defence for Air expressed the opinion that negotiations should be initiated with the other governments concerned, with a view to deciding the future course of the British Commonwealth Air Training Plan after the date fixed in the Agreement, viz., April 1st, 1943.

The Air Staff had reported that by that date the Plan would be running at full capacity, but that there would be no aircraft on order to provide against wastage; and no provision for spare parts, aircraft spares and other essential materials. Aircraft and aircraft spares required to be ordered well in advance and the programme, in these respects, for the fiscal year 1943, should be prepared with as little delay as possible. Before any commitments were made, however, negotiations should be initiated for the extension or revision of the Agreement.

(See memorandum of April 7th, 1941, from Air Vice-Marshal Stedman, to the Minister).

4. After some discussion, it was agreed that it be suggested to the Prime Minister that preliminary enquiries be made of the United Kingdom, Australia and New Zealand governments with regard to the initiation of negotiations for consideration of the future course of the Air Training Plan after April the 1st, 1943.

Atlantic Coast Defence - loan of patrol aircraft

5. The Minister of National Defence for Air reported that the Air Staff were anxious to obtain, if possible, the loan of half a dozen PBYs from the United States, to assist in the protection of convoys from the Atlantic Coast. The Prime Minister, when in the United States, would take this matter up personally with the President.

Defence of Canada
Anti-submarine measures

6. The Minister of National Defence reported that the Chiefs of Staff had given consideration to the views of the U.K. government and their military advisers, as set out in the two telegrams of March the 24th, which the Prime Minister had read to the Committee on March the 27th, particularly as regards the strengthening of anti-submarine defences.

The Chiefs of Staff Committee had expressed concurrence in the views contained in these telegrams. They had pointed out, however, that the U.K. government, in referring to anti-submarine protection of shipping near the Canadian Coast, did not appear to have taken into account the reference to the importance attached to the protection of shipping lanes and

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bases, in the Canadian Chiefs of Staff Appreciation. It should, in their view, be made clear that Canada was sparing no effort to build up and strengthen anti-submarine defences. A clear evidence of this fact was the expenditure of over $225,000,000 on ships and aircraft fully equipped with anti-submarine devices.

(See memorandum of April 3rd, 1941, from the Chiefs of Staff Committee to the Minister).

7. The Secretary stated that he had discussed with the Prime Minister the draft telegram, in this connection, which the Chiefs of Staff Committee had suggested be sent to the U.K. government. An alternative draft had been prepared in accordance with Mr. King's views, and was submitted to the meeting.

8. The Committee approved, for despatch, the draft telegram, in this respect, submitted by Mr. Heeney.

(See telegram No. of April 10th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London.)

(Note - This telegram was further amended by the Prime Minister upon his deciding to remain in Ottawa.)

R.A.F. training in Canada and the United States

9. The Minister of National Defence for Air read a reply which had been received from the High Commissioner for the United Kingdom, to the communication sent to Mr. Hankinson, following the Committee's discussion of this subject on March the 21st.

(See letter of April 8th, 1941, from the High Commissioner for the United Kingdom, Ottawa, to the Acting Under-Secretary of State for External Affairs, Ottawa.)

10. Mr. Power observed that the reasons now given by the United Kingdom for accepting the offer of training facilities in the United States were the availability of additional urgently required trainer aircraft and instructors, the hope of obtaining thereby further U.S. volunteers for the R.A.F. and the political advantages which would accrue.

If, as a result, American volunteers were forthcoming and were accorded more favourable treatment than recruits under the Joint Air Training Plan, this would be very much resented.

11. Mr. Power said that he had discussed the situation with the Prime Minister who had suggested that he confer with the new U.K. High Commissioner, Mr. Macdonald, with a view to making the Canadian position quite clear to him. It would be well to have from the U.K. government a statement of their reasons for undertaking flying training in the United States, which could be made public, so that there would be

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no impression that the U.S. proposal was being accepted because of some failure on the part of Canada in respect of the Joint Air Training Plan.

Transport of mules to the United Kingdom

12. The Minister of NationalDefence reported that at the request of the U.K. government, he had agreed to the employment of one officer and sixty other ranks from the Canadian Army, to accompany a shipment of mules from the United States to Great Britain. All costs involved would be borne by the United Kingdom, and arrangements had been made accordingly.

(See memorandum of April the 8th, 1941, from the Adjutant General, to the Minister.)

13. The Committee approved Mr. Ralston's action in this respect.

Chemical and gas warfare - experimental and training area

14. The Minister of National Defence submitted a draft Order in Council providing for the lease, from the Alberta government, of the area chosen for this purpose. The Committee had already approved the project in principle and the terms of the lease had been the subject of careful consideration.

15. The Committee, thereupon, approved Mr. Ralston's recommendation and the Order in Council in this connection was duly passed.

(See P.C. 2508 of April 9th, 1941)

Laboratory testing of defence materials - grant to Department of Mines and Resources

16. The Minister of National Defence reported that the Department of Mines and Resources required a grant of $75,000 for the conduct of laboratory testing work upon defence materials. A meeting of representatives of the departments concerned recommended that such an amount be made available from the war appropriation.

17. The Minister of Mines and Resources explained that this involved additional work and expense for the Bureau of Mines. If the funds were made available, his department would be glad to undertake it.

18. After some discussion, it was agreed that the sum of $75,000 be provided to the Department of Mines and Resources, from the war appropriation, and that the department make application therefor, to Treasury Board.

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Relief of Canadian forces in Iceland

19. The Minister of National Defence reported that word had been received that the remaining Canadian troops in Iceland would be relieved by U.K. forces by the end of April.

Provision of paravanes for Canadian vessels

20. The Minister of National Defence for Naval Services submitted, for consideration in principle, a draft recommendation to Council to provide for the fitting of paravanes on approximately twenty ships of Canadian registry, at an estimated cost of $70,000. It was anticipated that occasions might arise in the near future when this equipment would be desirable.

21. The Committee approved, in principle, Mr. Macdonald's recommendation, in this respect, and the Secretary was directed to refer the same to Treasury Board.

Bedford Basin Magazine, Halifax - additions

22. The Minister of National Defence for Naval Services submitted, for consideration in principle, a draft recommendation to Council to provide funds for certain additional works and buildings at the Bedford Basin Magazine. The total cost of the project had been estimated at $1,715,711.35, of which $80,035.36 was to be borne by the Army. Provision for $1,060,056.99 had been made in the 1940-41 estimates. Authority was now required for a further amount of $575,619, of which $28,589 fell within the fiscal year 1940-41, and the remainder within 1941-42.

23. After some discussion, the Committee approved, in principle, Mr. Macdonald's recommendation, in this respect, and the Secretary was directed to refer the same to Treasury Board.

Hospital accommodation at Halifax (Camp Hill) and Calgary

24. The Minister of National Defence reported that the Deputy Minister of Pensions and National Health, and the Director General of Medical Services of the Department of National Defence, had submitted a further joint report, recommending that funds be provided, immediately, to proceed with the construction of additions to Camp Hill Hospital to provide the 300 beds recommended in the original submission of the Minister of Pensions and National Health.

(See report of April 3rd, 1941, from the Deputy Minister of Pensions and National Health, and the Director General of Medical Services of the Department of National Defence, to the Honourable J.L. Ralston, and the Honourable Ian Mackenzie.)

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25. Mr. Ralston stated that he was now prepared to recommend that the additions to Camp Hill Hospital be approved.

In so far as Calgary was concerned, he was doubtful, however, of the necessity of building a large hospital there at the present time. It might be better to acquire the site but, for the present, to build camp hospitals only.

26. The Minister of National Defence for Naval Services said that his department were satisfied to have the additional 300 beds provided at Camp Hill hospital for naval personnel, but pointed out that this would not take the place of the separate naval establishment, which was contemplated.

27. After further discussion, the Committee approved, in principle, the recommendation of the Minister of Pensions and National Health, for additions to Camp Hill Hospital, to provide 300 beds (for naval personnel) at a total cost not exceeding $150,000. The Secretary was directed to inform Treasury Board accordingly.

War Service buttons for munitions workers

28. The Minister of Munitions and Supply raised the question of distinctive buttons for workers engaged in munitions plants. There was considerable pressure in favour of providing some such distinguishing badge.

29. The Minister of National Defence observed that there were difficulties involved. Buttons should not be given merely on the employers' recommendation, but only upon proof that the employees concerned were genuine key men. This would mean the establishment of "reserved" occupations, and approval of the issue of buttons by suitable boards.

Posters in munitions plants

30. The Minister of Munitions and Supply raised the question of patriotic posters in munitions plants, and it was agreed that this matter be taken up with the Department of National War Services.

Defence of Newfoundland - additional U.S. assistance

31. The Minister of National Defence for Air read a letter from the U.K. High Commissioner to the Prime Minister reporting that the Prime Minister of the United Kingdom had received a message from the President of the United States stating that he was concerned at the possibility of raids by surface naval vessels against Newfoundland, and, therefore, proposed to send U.S. forces to St. John's in the near future. These forces would consist of a half battery of 8" guns, and one squadron of three medium and three heavy bomber aeroplanes, in all 57 officers and 575 men. Mr. Churchill

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had informed Mr. Roosevelt of his agreement to the proposal and the U.K. government invited the Canadian government to take the necessary steps to assure appropriate arrangements being made in Newfoundland.

(See letter of April 8th, 1941, from the U.K. High Commissioner, to the Prime Minister.)

32. Mr. Power stated that, so far as air personnel and equipment were concerned, the necessary steps for the reception of U.S. forces were being taken. A request had already been made, in accordance with the Permanent Joint Board's recommendation that a U.S. fighter squadron be despatched to the Newfoundland Airport. This was not the force mentioned in Mr. Macdonald's communication, though the bombers would be welcome.

It was strange that there had been no direct approach by the U.S. government with regard to the forces mentioned by Mr. Roosevelt. The Permanent Joint Board had been quite unaware of the President's proposals in this respect.

33. The Minister of National Defence stated that he was without information as to the additional artillery for St. John's, mentioned in Mr. Roosevelt's message, and was doubtful when mountings could be made available. It would be helpful if Brigadier Stuart, Vice-Chief of the General Staff, could attend the meeting.

34. The Vice-Chief of the General Staff, who entered the meeting some minutes later, at the Committee's request, said that until now, he had not heard of the proposed U.S. additions to Newfoundland defence. The present situation with respect to artillery protection for St. John's was as follows:

> 4 6" guns were in position, supplied and manned by the United States;
>
> Under recommendations of the Permanent Joint Board on Defence, 2 4.7" guns, supplied and manned by Canada would be mounted by June the 15th; and 2 10" guns, to be supplied by the U.S. and mounted and manned by Canada, would be mounted by July the 15th.

It was not possible for him to say, offhand, how long it would require to mount the 8" guns which the President had now proposed to send. It was doubtful if this could be accomplished by June the 20th.

Defence of Newfoundland -
Canada-Newfoundland Agreement

35. The Minister of National Defence for Air reported that he had received, by telegram, from Mr. Gibson the partial text of a proposed agreement

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between Canada and Newfoundland with regard to the control of airports.

(See telegrams, unnumbered, Part 1 and Part 2, of April the 8th, from Mr. Gibson, to Mr. Power.)

36. Mr. Power stated that the Air Staff had examined the text which had been forwarded so far and his comments upon its provisions were as follows:

(a) The meaning of Paragraph 2 (3) regarding damage to air bases while under Canadian control was not clear and required further definition;

(b) The rights of the Newfoundland Commissioner for Public Utilities, under Paragraph 2 (5) were unknown;

(c) The meaning of Paragraph 4 with regard to responsibility for and control of the Air Ministry wireless organization and equipment required further definition. Some limitation would need to be placed upon the extent of Canadian responsibility. In any event the U.K. government would not be bound by an agreement between Canada and Newfoundland;

(d) The obligations arising "out of the Ottawa negotiations of 1935" were not known.

Subject to satisfactory clarification on these points, the text transmitted appeared satisfactory.

37. After some discussion, the Committee expressed general agreement with the partial text submitted, subject to satisfactory definition of the points raised by Mr. Power.

Ferrying of aircraft to the United Kingdom - Supply of personnel from the Joint Air Training Plan

38. The Minister of National Defence for Air reported that the R.A.F. had requested that 30 observers from the Joint Air Training Plan be made available to navigate bombers from Canada to the United Kingdom, on April the 11th and 15th.

The Air Staff reported that adequate trained personnel for this purpose could be provided but no decision had been taken as to whether the request should be met, and, if so, whether personnel should be detailed for the purpose, or asked to volunteer. While the danger of proceeding overseas in unarmed bombers might not be substantially greater than that involved in going by sea, public sentiment might be aroused if casualties were to result.

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Under the Air Training Agreement, these personnel, in any event, belonged to the R.A.F. to whom they were subject upon embarkation.

39. The Committee discussed this question at some length, some members expressing the view that it would be preferable to call for volunteers for the purpose, others that it was advisable simply to detail the men required.

The meeting adjourned at 4.45 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

April 21st, 1941.

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Ottawa, April 21st, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Monday, April the 21st, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Prime Minister's visit to the United States

1. The Prime Minister, who had just returned to Ottawa, reported upon his conversations, in the United States, with the President and members of the Administration:

A - Economic and financial co-operation

2. Mr. King stated that, in addition to two meetings with the President, on April the 16th and 20th, he had also had opportunities of conferring, in Washington, with the Secretary of State and the Secretary to the Treasury.

Mr. Hull had expressed deep interest in the projected Joint Committee on Economic Co-operation. He had also mentioned his feeling that the restrictions upon Canadian tourist travel in the United States had produced unfortunate results; measures to alter this situation were receiving consideration.

Mr. Morgenthau had welcomed the opportunity of a frank discussion of financial relations between the two countries. Canada's problem was recognized as serious and he was prepared to go as far as possible to supply Canada with the necessary U.S. dollars. He had been under a misconception as to the Canadian attitude in regard to French gold in our possession; there had been an opportunity for Mr. King to put the matter in its true light. A conference with the Canadian Deputy Minister of Finance, for detailed discussions of financial matters, had been arranged.

3. Mr. King said that, prior to his second conference with Mr. Roosevelt, he had taken the opportunity of meeting Dr. Clark in New York, and preparing, as a basis for discussion with the President, a draft statement regarding Canada-United States industrial co-operation in relation to the war.

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On Sunday, April the 20th, Mr. King had met Mr. Roosevelt at Hyde Park. The President, who had been made familiar with the Canadian financial problem, by Mr. Morgenthau, had readily agreed to the contents of the draft statement which Mr. King had prepared with Dr. Clark. Certain minor revisions were made, at the President's suggestion, namely - the deletion of the reference to the lease-lend to the United Kingdom of things procured in Canada by the United States, and the addition of aluminum to war materials to be obtained from Canadian sources.

Mr. Harry Hopkins, who was at Hyde Park, had remarked that he had conferred with Mr. Howe on the matter of United States purchases in Canada. It should be understood that all U. S. orders should be placed through the Canadian Department of Munitions and Supply. If Mr. Hopkins could be informed, as quickly as possible, of the details of Canadian capacity, representatives would be sent to Canada to examine the plants proposed to be used, so that there would be no unnecessary delay.

The draft statement had been read over the telephone, clause by clause, to Mr. Morgenthau, who had expressed full agreement. The President and the Prime Minister had, thereupon, agreed that the statement, as revised, be regarded as a settled expression of their agreement upon the subject discussed. It was further agreed that the statement be given to the press, the same evening, by Mr. King.

(See text of statement as settled, and issued to the press on April 20th, 1941, page 5 infra).

B - Atlantic defence

4. Mr. King said that it was the President's intention gradually to "push out" the neutrality zone to the north and east. A double patrol would operate east of Greenland, into the North Atlantic, to the vicinity of Iceland.

It would, however, be difficult for Canada to obtain certain additional defence material from the United States, for Atlantic defence. He had suggested the loan, for this purpose, of six patrol aircraft (PBYs), but the President, who had looked into the proposal, felt that the U. S. patrols would handle the situation better, and there was a shortage of such aircraft in the United States. Mr. Roosevelt had enquired regarding measures for the protection of Hudson's Bay. He was to confer with the Morgan interests regarding reconnaissance.

Mr. Roosevelt had expressed the view that it was a mistake for us to move anti-aircraft guns from Halifax, for the protection of Arvida. In his opinion, Arvida was not likely to be attacked, and the guns would be needed at Halifax. There was no present possibility of obtaining, from the United

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States, additional anti-aircraft artillery for the Atlantic Coast.

5. Mr. Howe remarked that, so far as Arvida was concerned, he was of the same view. The guns were more important to protect Halifax.

C - Canadian publicity in the United States

6. Mr. King said that the President had expressed appreciation of the Canadian attitude with regard to publicity in the United States while the Lease-Lend Bill had been before Congress. Now, however, he would welcome a full extension of publicity with regard to the Canadian war effort, and he had expressed approval of the proposal that a public relations officer be added to the Canadian Legation in Washington. In common with Mr. Hull, Mr. Roosevelt had also agreed that a public address by the Prime Minister, in the United States, would be timely. The President had suggested an address before the U. S. House of Representatives.

D - Recruitment in the United States

7. Mr. King said that he raised with the President the matter of recruiting in the United States, for the armed forces, particularly in relation to the proposed enlistment of radio mechanics for R.D.F. work. The Committee would recall that it had been said that Mr. Roosevelt was agreeable to such recruiting being carried on.

In reply, Mr. Roosevelt had stated emphatically that there had been no change in his attitude on the question. Certainly, on no occasion had he expressed consent, or given permission to recruiting in the United States. However, a scheme had now been worked out for the enlistment of civilian personnel for the performance of non-combatant duties. This would be permitted, and, indeed, encouraged, but nothing which would violate the law would be sanctioned.

Exports to Japan

8. The Prime Minister, in answer to an enquiry by the Acting Under-Secretary of State for External Affairs, stated that he had raised with the President, the question of export policy as regards Japan. In Mr. King's view, it was not likely that the U. S. government would be willing to take drastic steps, in this connection, with consequent risk of bringing on war in the Pacific.

Canada had gone a long way in preventing exports to Japan. As regards United States policy, it would be well to communicate with the Secretary of State.

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Restrictions upon Canadian consumption of zinc

9. The Minister of Munitions and Supply enquired whether the Committee would favour the imposing of restrictions upon the domestic consumption of zinc, of which a world shortage existed. The United Kingdom were prepared to accept shipments from Canada at existing rates. If restrictions upon Canadian consumption were introduced, it would be possible to export to the United States, and provide Canada thereby with an additional source of U. S. dollars.

10. The Committee expressed general agreement with Mr. Howe's suggestion in this respect.

Building of destroyers in Canada

11. The Prime Minister enquired what progress had been made regarding the construction of destroyers in Canada.

12. The Minister of Munitions and Supply reported that plans had been received, that key men were en route from the United Kingdom to give technical guidance, and that the problem had received study. In his view, however, the project was of doubtful efficiency, in view of other shipbuilding needs and the enormous requirements for repairs, which were straining existing facilities.

13. Mr. King said that he was, himself, doubtful of the wisdom of the undertaking. The construction of destroyers was a long and complicated process. It might be preferable to employ our energies in building other classes of ships.

Progress of the war -
Eastern Mediterranean

14. The Prime Minister read a number of communications from the U. K. government, regarding the progress of events in Greece and North Africa. Withdrawal to the shortened Thermopylae line was being effected, and plans had been made for eventual movement to Crete. The offensive in North Africa made it necessary to concentrate upon the defence of Egypt, which was regarded as necessarily taking precedence.

The meeting adjourned at 4.45 p.m.

A. D. P. Heeney
Secretary.

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Joint statement by the Prime Minister of Canada and the President of the United States, issued at Hyde Park, N.Y., Sunday evening, April 20th, 1941.

Among other important matters, the President and the Prime Minister discussed measures by which the most prompt and effective utilization might be made of the productive facilities of North America for the purposes both of local and hemisphere defence and of the assistance which, in addition to their own programs, both Canada and the United States are rendering to Great Britain and the other democracies.

It was agreed as a general principle that in mobilizing the resources of this continent, each country should provide the other with the defence article which it is best able to produce, and, above all, produce quickly, and that productions programs should be co-ordinated to this end.

While Canada has expanded its productive capacity many fold since the beginning of the war, there are still numerous defence articles which it must obtain in the United States, and purchases of this character by Canada will be even greater in the coming year than in the past.

On the other hand, there is existing and potential capacity in Canada for the speedy production of certain kinds of munitions, strategic materials, aluminum and ships, which are urgently required by the United States, for its own purposes.

While exact estimates cannot yet be made, it is hoped that during the next 12 months Canada can supply the United States with between $200,000,000 and $300,000,000 worth of such defence articles. This sum is a small fraction of the total defence programe of the United States, but many of the articles to be provided are of vital importance.

In addition, it is of great importance to the economic and financial relations between the two countries that payments by the United States for these supplies will materially assist Canada in meeting part of the cost of Canadian defence purchases in the United States.

In so far as Canada's defence purchases in the United States consist of component parts to be used in equipment and munitions which Canada is producing for Great Britain, it was also agreed that Great Britain will obtain these parts under the Lease-Lend Act and forward them to Canada for inclusion in the finished article.

The technical and financial details will be worked out as soon as possible in accordance with general principles which have been agreed upon between the President and the Prime Minister.

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Minutes of the

War Committee of the Cabinet

April 23rd, 1941.

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CABINET WAR COMMITTEE

Ottawa, April 23rd, 1941.

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Wednesday, April the 23rd, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Canada - United States - Joint Committees on Economic Co-operation

1. The Prime Minister said that, when he had seen the U. S. Secretary of State in Washington, Mr. Hull had expressed the view that the proposed joint studies on economic co-operation should be put under way without delay.

2. The Minister of Munitions and Supply agreed that it was important that the Joint Committees get to work just as soon as possible.

For the actual working out of detailed arrangements under the agreement embodied in the Hyde Park Declaration, two special committees had already been established by the Department of Munitions and Supply, the one (under Mr. E. P. Taylor) to deal with the sale of Canadian materials to the United States, and the other (under Mr. J. B. Carswell) to deal with lease-lend arrangements for U.S. components of Canadian production for the United Kingdom. A statement of Canadian productive capacity available to the United States had also been prepared and communicated to Mr. Harry Hopkins and Mr. Morgenthau.

The function of the Joint Committees would be to survey Canadian and U. S. industrial capacity, and study, from the long range viewpoint, means for an efficient and co-ordinated use of the resources of both countries. The members of the Joint Committees would not require to give their full time to the Committees' work. They would, from time to time, meet together in the United States and Canada, in much the same way as the Permanent Joint Board on Defence, and direct the conduct of studies and the preparation of reports to the two governments.

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The nominations of the Department of Munitions and Supply, for membership in the Canadian Joint Committee, were Mr. R. A. C. Henry and Mr. G. C. Bateman.

3. The Acting Under-Secretary of State for External Affairs observed that the suggested constitution of the Canadian Joint Committee included two nominees of the Department of Munitions and Supply, one of the Department of Finance, and a liaison officer from the Department of External Affairs. While there was good reason to believe that the United States were agreeable to the project, no formal reply had, as yet, been received from the State Department.

4. The Minister of Finance said that he would nominate Dr. W. A. Mackintosh, on the understanding that membership in the Joint Committee would not occupy his whole time.

5. After further discussion, it was agreed that the names proposed for the Canadian Joint Committee be communicated to the U. S. government, with the expression of the government's view that the Committees be constituted and assume their functions at an early date.

Control of exports to Japan

6. The Prime Minister reviewed the recent course of government policy with regard to the control of exports to Japan. At present, permits were required for all exports, and were being refused for all "strategic materials", including copper, nickel, lead, zinc, antimony, cadmium, iron and steel. While the Japanese had ceased to protest against their inability to obtain essential metals from Canada, they were indignant about our embargo on the export of wheat and hemlock logs, and were apprehensive about the anticipated refusal of permits for rayon pulp.

The Japanese Minister in Ottawa and the Foreign Office in Tokyo, through our Legation there, had made strong protests with regard to our action in respect of wheat and hemlock logs, and had gone so far as to suggest that, with the virtual ending of commercial relations between the two countries, the principal reason for diplomatic representation was itself disappearing.

7. The Acting Under-Secretary of State for External Affairs observed that, in respect of wheat and hemlock logs, Canada was imposing restrictions which had no counterpart in the United States, or other Commonwealth countries, that in neither case could the necessity of conserving supplies, or economic warfare reasons, be advanced as convincing bases for our action, and that, in consequence, Canada was in rather an exposed position.

Our policy as regards these commodities had been determined, primarily, by domestic political

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considerations. The Japanese had been informed that the government felt that the granting of permits might provoke anti-Japanese incidents in British Columbia, and consequent deterioration in relations between the two countries. The Japanese had not been impressed by our contentions in this respect and had also made it clear that they regarded the long vacancy in our Tokyo Legation as an indication that Canada was not making a serious effort to adjust difficulties between the two countries.

In all the circumstances some modification of the present embargo upon wheat and hemlock logs might be considered expedient.

(See memoranda of April the 19th and 23rd, 1941, from the Acting Under-Secretary of State for External Affairs, to the Prime Minister).

8. Mr. King expressed the view that[x] the appointment of a Minister to Japan was not, in itself, of urgent importance. In any event, it had not been found possible to obtain a suitable candidate for the post.

It was apparent that the U. S. government were following a policy aimed at avoiding an open break with Japan. There was no sufficient reason why Canada should take a position more extreme than that of the United Kingdom and the United States, which might lead to a further deterioration of relations. In the circumstances, some modifications of our present policy should be made, such as:

(1) The granting of export permits for pulp logs, firm orders for which had been placed before the export permit requirements were introduced;

(2) The granting of export permits for wheat, up to the quantity which had been purchased on Japanese account before the export permit requirement was introduced. (This would amount to about 70,000 tons).

If the Committee agreed to these modifications, they should be granted upon the clear understanding that they would be withdrawn in the event of their resulting in disturbances in British Columbia.

9. After further discussion, it was agreed that the policy of the government, in respect of exports to Japan, be modified in the sense recommended by the Prime Minister, and that word of the government's decision, be communicated to the Japanese Minister.

10. The Minister of National Defence for Naval Services expressed the view that in any publicity given to this modification of government policy, it should be made quite clear that no war supplies or material capable of war use were involved.

x - Mr. McGreer being Charge d'Affaires,

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11. The Committee agreed with Mr. Macdonald's view, in this respect, but decided that, in the circumstances, it would be inadvisable to make any formal public announcement.

Evacuation of Allied nationals from Portugal

12. The Acting Under-Secretary of State for External Affairs reported that the Consul General of Poland had submitted an urgent request for permission for entry into Canada of some 300 Polish refugees from those presently in Portugal. It was not possible for the Polish Government to guarantee maintenance of these refugees, though their passages to Canada would be paid. The situation was urgent because of an order of the Portuguese Government for the internment of all refugees who, up to May the 1st, had failed to secure admission to other countries.

(See letter of April the 19th from the Consul General of Poland, to the Acting Under-Secretary of State for External Affairs).

13. The Prime Minister expressed the view that it would be difficult to accept these persons if they were to become a public charge. It would be possible, perhaps, if suitable guarantees could be given by voluntary organizations, to permit their entry.

14. The Minister of Mines and Resources agreed that it would be a mistake to permit entry unless adequate guarantees as to maintenance were forthcoming. In any event the persons in question would require to be submitted to physical examination.

15. After further discussion, it was agreed that the Polish refugees, referred to in Mr. Podoski's letter be admitted to Canada, on condition that they complied with physical requirements, and that guarantees, satisfactory to the immigration authorities, were provided by local agencies as to maintenance in Canada.

Atlantic Coast Defence - anti-aircraft artillery

16. The Prime Minister referred to President Roosevelt's expression of opinion that it was unwise to move anti-aircraft guns from Halifax to Arvida.

17. The Minister of National Defence for Naval Services and the Minister of National Defence observed that Mr. Roosevelt might not have been aware of the extent to which anti-aircraft defence was provided at Halifax by the guns of vessels in port.

18. The Secretary reported that following the decision of the Committee, on March the 12th, to transfer anti-aircraft artillery to Arvida, and in accordance with the suggestion of the Defence Council, he had communicated with the Permanent Joint Board on Defence, with a view to their exploring the possibility of obtaining additional guns from the United

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States.

The Secretary of the Canadian Section of the Board had brought this suggestion to the attention of the U. S. members, and had been informed that it would be impossible to obtain any additional assistance along this line, at the present time, from the United States, as their own requirements were being very inadequately filled.

(See letter of April the 18th, 1941, from the Secretary of the Canadian Section of the Permanent Joint Board on Defence, to the Secretary).

Escape of prisoners of war

19. The Prime Minister referred to a newspaper criticism with regard to the recent escape from an internment camp in Northern Ontario of twenty-eight prisoners of war, and enquired what steps were being taken to investigate the causes.

20. The Minister of National Defence stated that the circumstances were being fully investigated by officers of his department, that a strong court of enquiry had been constituted, but that their report was not yet available.

The publicity which had been given to the incident, had been improper. Statements attributed to the Director of Internment Operations regarding "shooting at sight" and his reference to sending a destroyer after another escaped prisoner, should not have been made.

Permanent Joint Board on Defence - Command relations - Canada-U.S. forces

21. The Minister of National Defence reported that the important question of command relations between Canadian and U.S. forces had received the attention of the Chiefs of Staff Committee, as a result of reports received from the Canadian Service members of the Permanent Joint Board on Defence. The Chiefs of Staff Committee had gone into the matter at some length, and submitted recommendations.

(See memorandum of April the 22nd, 1941, from the Chiefs of Staff Committee, to the Ministers).

22. The Secretary said that the Chairman of the Canadian Section of the Board had expressed to him, this morning, concern as to the settlement of this problem. Colonel Biggar had said that the Board had not yet given it consideration, though the Service members of both Sections had discussed it, and certain differences of opinion had developed. He felt strongly that before any decision were taken by the government, the Board, as a whole, should be given the opportunity of exploring the question further and, if possible, arriving at an agreed solution which could be recommended to both governments. He was not

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satisfied that the formula to which, in certain circumstances, the Canadian Service members were prepared to agree, was sufficient to define the relations of the two governments to one another, and to the forces of each.

23. The Prime Minister suggested that it would be helpful to have Colonel Biggar and the Chiefs of Staff present for consideration of this question, and, a few minutes later, at the Committee's invitation, there entered the meeting:

The Chairman of the Canadian Section of the Permanent Joint Board on Defence (Colonel Biggar).

24. Colonel Biggar explained that the Permanent Joint Board on Defence had completed preparation of the so-called "Basic Plan 1", intended for use in the event of Great Britain being overrun by the enemy, or if the British Navy ceased to control the North Atlantic. The Board were now engaged in the preparation of "Basic Plan 2", which visualized the entry of the United States into the war as an associate of the British Commonwealth and Allied Powers. The question of command arose in relation to both plans.

In the circumstances contemplated in Plan 1, the Canadian Service members of the Board were prepared to accept, as a practicable solution, the allocation to the United States of "strategic direction" of the joint forces "subject to consultation" with Canada.

In respect of Plan 2, however, the U. S. Service members wished to apply the same formula in the conditions visualized therein, while the Canadian Service members were opposed to its adoption, feeling that Canada should retain strategic, as well as tactical control of her own forces, and that a satisfactory solution of the problem of command could be found in "co-operation".

25. Colonel Biggar said that, in his view, the phrase "strategic direction, subject to consultation" required more exact definition. The Canadian Service members assumed it to mean the authority to say where and when, and, presumably, whether, available forces should be used against the enemy. If this were so, such an extensive concession of control, at this stage, even in contemplation of the desperate circumstances visualized in Plan 1, would be difficult for any Canadian government to admit. He was not convinced that such supreme authority was desired by the United States, and felt that if the Board were given opportunity for consideration and discussion, a mutually satisfactory formula, acceptable to both governments, could be devised.

With regard to Plan 1, one of three courses might be adopted:

(a) the establishment of a partly political, partly Service body, to exercise strategic direction in North America;

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(b) the according to the United States of strategic direction, subject to consultation with Canada; and

(c) agreement upon "co-operation", that is the joint formulation of plans by the Services of each country.

So far as local command in Canada was concerned, there would be no difficulty in respect of land forces. The U. S. Army were prepared to concede Canadian command, not only upon the Eastern and Western Coasts, but also in Newfoundland, provided that the United States were given the strategic direction.

26. The Minister of National Defence for Naval Services said that the Naval member of the Board had discussed the matter with him, reporting that the United States did, in fact, wish to obtain real strategic control over our forces. The decision on this point was clearly one for the government.

27. The Minister of National Defence read to the meeting portions of the report of the Chiefs of Staff Committee, recommending consent to U. S. strategic direction under Plan 1, and retention by Canada of strategic, as well as tactical command, under Plan 2.

28. The Minister of Finance queried the necessity of agreeing, at this stage, to any formula with regard to command, in the circumstances contemplated in Plan 1. If and when such conditions arose, the question would then be much easier of solution.

At the Committee's invitation, there then entered the meeting:

The Chief of the General Staff (Major General Crerar), The Chief of the Air Staff (Air Vice Marshal Breadner), and Commander Houghton, representing the Chief of the Naval Staff.

29. The Chief of the General Staff, in answer to an enquiry by the Minister of National Defence, stated that from the military viewpoint, he would be prepared to accept the strategic direction of the United States in the desperate situation contemplated in Plan 1, local tactical command remaining with Canadian officers.

The practical importance of retaining local command was great, and if Canada yielded strategic direction, the U. S. Army were prepared to agree to Canadian local command in Newfoundland - a vital consideration from our standpoint.

With respect to Plan 2, it was clear that the United States Army wished to obtain the strategic direction in these circumstances as well. The Chiefs of Staff were opposed, however, to any such concession, except under the conditions of Plan 1.

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30. The Chief of the Air Staff, in reply to a suggestion by the Minister of National Defence for Naval Services that the position of Canadian forces under U. S. strategic direction would be similar to that of Allied forces under Marshal Foch during the Great War, observed that the striking difference would be that in the circumstances contemplated, the United States would have supreme command of Canadian forces in Canada.

So far as the Air Force were concerned, the problem was complicated by the division of U. S. air forces between army and navy.

31. Commander Houghton stated that U. S. Naval Officers wished to limit the extent of Canadian command to strategic direction of forces in the Gulf of St. Lawrence, the Bay of Fundy, and an area within a radius of thirty miles from each Canadian and Newfoundland defended port. This was not satisfactory to the Canadian Naval staff, who felt that, under Plan 2, a basis of co-operation should be sought, similar to that now obtaining between Canada and the United Kingdom.

32. (1) After further discussion, it was agreed that the Chairman of the Canadian Section of the Permanent Joint Board on Defence be requested to have the Board explore fully, with their U. S. colleagues, the whole question of command relations between Canadian and U. S. forces, under Plan 1 and Plan 2, with a view to reaching, if possible, a mutually satisfactory arrangement which the Board would be prepared to recommend to the two governments.

(2) With respect to Plan 1, the Committee recognized that, if no more satisfactory solution could be found by the Board, it might be necessary to accept strategic direction by the United States, subject to consultation with Canada.

(3) With respect to Plan 2, the Committee were of opinion that it would be desirable to have the question of command settled, if possible, along the lines of the recommendations of the Chiefs of Staff Committee.

Recruitment of radio mechanics in the United States - Overseas Civilian Technical Corps

33. The Minister of National Defence read a communication from the U. K. High Commissioner, explaining the present position in regard to plans of the U. K. government for the recruitment of radio personnel in the United States.

The original intention to enroll candidates in a civilian organization for enlistment upon arrival in Canada, had, as a result of further discussions with U. S. authorities, been abandoned as conflicting with U. S. neutrality laws. An alternative scheme, however, had been officially approved by the State Department. This involved the establishment of an "Overseas Civilian

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Technical Corps" through which it was hoped to secure 8,000 radio mechanics in the United States, and, subsequently, considerable numbers of technicians and skilled personnel for the three Services. The Corps was to be strictly civilian and the personnel would perform only non-combatant duties. The assistance of the Canadian government was requested in regard to several aspects of the scheme:

(a) Approval of the publicizing of the scheme through the offices and staffs, throughout the United States, of the Canadian National Railways, the Canadian Pacific Railway Company, and Thomas Cook and Sons.

The Committee agreed that approval, in this respect, should be given.

(b) Permission to use Canadian territory for the enrolment of members of the Corps, and provision through Canadian civilian or service organizations of requisite facilities; if this proved unacceptable, permission for the establishment of enrolment agencies by the U. K. government.

In this connection, the Committee agreed that Canada should provide such of the required facilities as could be made available, for examination and acceptance of candidates, at an appropriate capitation rate, having regard to charges for similar services for Canadian establishments in the United Kingdom; the personnel for enrolment offices were, however, to be appointed and controlled by the U. K. government.

(c) Arrangements for outward passages of enrolled personnel to the United Kingdom.

The Committee agreed to this, the cost of such passages to be borne by the United Kingdom.

(d) Consent to enlistment in the R.C.A.F. R.C.N. or Canadian Army, upon condition of service in the United Kingdom, of such candidates as expressed their desire to join the Canadian forces.

The Committee agreed that because of the difficulties of inserting a stipulation regarding service in a particular area, in the terms of enlistment, it would be preferable for the government to decline to accept volunteers for the Canadian forces, unless they had been refused for the Civilian Corps.

Canada - Newfoundland Agreement
(Air Bases)

34. The Secretary reported that, following the Committee's meeting on April the 9th, when consideration was given to the partial text of a draft agreement between Canada and Newfoundland, negotiations in Newfoundland, and at Ottawa, had been completed.

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Accordingly, on April the 16th, an Order-in-Council was passed, authorizing Mr. Gibson to sign and conclude the Agreement on behalf of Canada. This Agreement provided for the transfer, on mutually satisfactory conditions, of the control of Newfoundland Airport, and air bases at Botwood and Gleneagles.

(See P.C. 2664, of April the 16th, 1941).

Negotiations were proceeding with a view to a general agreement between Newfoundland and Canada with respect to finance, customs and other outstanding questions.

35. At the suggestion of the Minister of Finance, it was agreed that the Minister of National Revenue be requested to attend the next meeting of the Committee, to report upon matters relating to Newfoundland.

St. Pierre and Miquelon - Appointment of Canadian Consul

36. At the Prime Minister's suggestion, it was agreed that the Acting Under-Secretary of State for External Affairs should investigate and report to the Committee with regard to the appointment of a Canadian Consul, or representative, at St. Pierre and Miquelon, for the purpose of providing the government with regular and accurate information as to the state of affairs on the islands.

Hospital accommodation

37. The Secretary submitted a letter to the Prime Minister containing representations, with regard to wartime accommodation, on behalf of the Canadian Hospital Council. The Council suggested that in communities where competently operated civilian hospitals existed, consideration be given to the construction, for military purposes, of wings or annexes to such hospitals, in place of separate accommodation. It was submitted that such a policy would save money, and permit the maximum ultimate use of buildings and equipment.

(See letter of April the 2nd, 1941, from the President of the Canadian Hospital Council, to the Prime Minister).

38. The Minister of Mines and Resources and the Minister of National Defence for Naval Services felt that the suggestion merited consideration. It should, they felt, be possible to make use of existing facilities in planning accommodation to meet war needs.

39. The Minister of Finance stated his view that Treasury Board should continue to deal with each specific project as the necessity arose. It would be unwise to embark upon a policy which would lead to large increases of permanent hospital accommodation in Canada.

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40. The Minister of National Defence referred to a report on the subject by the Adjutant General, who proposed that a Committee of Service Medical Officers be directed to consider and report upon the proposals of the Canadian Hospital Council.

No fixed rule should be laid down. In general, it had been found cheaper to build temporary hospitals, though, in some instances, there might be a good case for additions to existing institutions.

41. It was agreed that the Committee of Service Medical Officers be directed to consider and report upon the proposals of the Canadian Hospital Council.

Distribution of secret telegrams - External Affairs

42. The Minister of National Defence raised the question of the distribution of External Affairs secret telegrams, and enquired whether it would be possible to revise the present practice, in order that there might be distribution to the Chiefs of Staff of the three Services, on some uniform principle.

43. After some discussion, it was agreed that "most secret" telegrams should be sent by the Department of External Affairs to the Defence Ministers who should agree among themselves, on what basis distribution should be made to their respective staffs.

Employment of war artists

44. The Minister of National Defence submitted a proposal for the employment of Canadian artists to depict Canadian war scenes.

45. After some discussion, the Committee agreed that the proposal should not be entertained.

Employment of women at R.A.F. schools in Canada

46. The Minister of National Defence reported that word had been received from the U. K. government that the need for the dilution of semi-skilled ground staff, with women, was regarded as of such pressing importance that, in the case of R.A.F. schools transferred to Canada, it would be necessary to employ, so far as possible, personnel of the Women's Auxiliary Air Force.

(See letter of April the 19th, 1941, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

47. Consideration of this matter was deferred.

Joint Air Training Plan - supply of aircraft spares

48. The Prime Minister reported that, upon the representation of the Minister of National Defence for Air that the shortage and anticipated shortage of aircraft

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spares for the Commonwealth Air Training Plan was causing grave concern, he had agreed to send a telegram direct to the Prime Minister of the United Kingdom, drawing attention to the urgency of supply for the purposes of the Plan.

(See telegram No. 60 of April the 13th, 1941, from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Dominion Affairs, London).

Canadian Army Mission to the United States

49. The Minister of National Defence said that consideration had been given by the General Staff, to the possibility of having to send to the United States, at a later date, an army mission, for direct communication between branches of the staff of each country. In this connection, it was thought appropriate that Colonel George Vanier should be asked to head the mission, if his services could be made available.

50. The Prime Minister agreed that Colonel Vanier would be a suitable person, if his services were not otherwise required by the Department of External Affairs.

Army Estimates -
Special Reserves

51. The Minister of National Defence described the system which was being followed in his department, whereby a pool was created by deductions of approximately 15% from all primary allotments, with certain exceptions, to provide funds for unforeseen projects for which no provision was made in the estimates, and to provide additional funds for projects which had been included.

It was Mr. Ralston's intention to discuss this procedure, which was believed to be of value, with the Minister of Finance. It had already been gone into fully with Treasury Board officials, and had been approved by them. Where new projects were involved they would, of course, be submitted for approval of the Cabinet War Committee, in principle.

Recruitment for the Army

52. The Minister of National Defence stated that he wished the Committee to be informed of the difficulties which were being encountered with regard to recruiting for the Army. For the past three months there had been shortages from requirements. These now totalled about 6,900 men. The reason for these shortages was that largely increased personnel were required under revised establishments, particularly as regards artillery.

53. Mr. Ralston said that it was intended to make every effort to overcome the deficiency and, as immediate expedients to assist in meeting the situation, it was proposed:

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(a) to post men to overseas formations from Coast defence units. This would involve, in most cases, their transfer to other arms of the service;

(b) to replace men sent overseas from Coast defence units, by personnel from the compulsory training centres.

It was pointed out that those who would be sent overseas, under such arrangements, had volunteered for active service beyond Canada, while those who would replace them from the training centres, were liable to service in Canada under existing law.

54. Mr. Ralston said that the adoption of these measures would not entirely meet the deficiency under existing re-enforcement requirements.

It had been anticipated that the Reserve Army units would provide sufficient re-enforcements for overseas units. They had been organized and maintained for this purpose. The response, however, had been disappointing. Quebec units, though fewer in proportion to population, had been an exception. All French-Canadian Reserve units had fulfilled, or exceeded, their obligations for re-enforcements.

Conscription for overseas service was impossible from the point of view of national unity; otherwise it might be the proper policy to meet the whole situation.

55. The Minister of Munitions and Supply observed that the local rates of recruiting were, in fact, in inverse ratio to increases in employment. Districts where there was greatest employment, were providing fewest recruits. The problem of labour supply in war industries was bound to become increasingly serious.

56. The Prime Minister stated that compulsory service for overseas was quite out of the question. The government should take great care to avoid any commitment which would lead directly or indirectly to conscription. The policy of the government on this subject was quite clear.

It should be possible to obtain large numbers of men by an appropriate recruiting campaign throughout the country. In this connection, the Mayors of the municipalities might well play an important part.

57. After further discussion, the Committee approved the adoption of Mr. Ralston's two recommendations, as set out in paragraph 53 above, for the posting of personnel to overseas formations from Coast defence units, and their replacement from the output of the compulsory training centres.

Progress of the war - The Balkans

58. The Prime Minister reported that official word had been received of the intention of

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the Greek government to leave Athens for Crete, and of the decision to withdraw the British Expeditionary Force.

The meeting adjourned at 7.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

April 25th, 1941.

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Ottawa, April 25th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Friday, April the 25th, at 3 p.m.

There were present the following members:

The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Minister of National Revenue (Mr. Gibson) was also present.

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

The Minister of Mines and Resources acted as Chairman, in the absence of the Prime Minister.

Defence of Newfoundland

I - Report upon Canada-Newfoundland negotiations.

1. The Minister of National Revenue, who was present at the Committee's invitation, reported upon negotiations in Newfoundland leading up to the signature, on April the 17th, of the agreement for the transfer to Canada of the control of air bases at Gander, Botwood and Gleneagles.

Certain other matters remained to be settled, for example, conditions of tenure of property at St. John's, customs arrangements, road construction problems, and the like. Negotiations in these respects were being carried on.

2. Mr. Gibson said that he had been impressed by the fact that Canada was spending, and would spend, large sums in Newfoundland, in order to secure rights in connection with defence measures, and that the United States were spending, and would spend, much larger amounts. The eventual investment of the United States would be many times that of Canada. This could not fail to have an important practical effect upon our position in the island.

U. S. troops were moving in in considerable numbers, and larger forces were to follow. The U. S. Army appeared to be acting, as regards the local situation, on their own initiative, and without reference to the Newfoundland authorities, or to the arrangements made by the Permanent Joint Board on Defence. For example, on orders received from senior officers in the

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United States, the local U. S. Commander was proposing to make a reconnaissance of Newfoundland Airport, with a view to determining what forces were required for its protection, and subsequently moving troops in. Such unco-ordinated action raised difficulties in the matter of local command.

II - Establishment of Air Base at Torbay

3. Mr. Gibson referred to the large expenditures which were involved in the proposed establishment by Canada of an aerodrome at Torbay. In this connection, he had obtained from the Commissioner for Public Utilities a letter agreeing to the project, and setting out conditions upon which the necessary property would be placed at the disposal of the Canadian government.

(See letter of April the 17th, 1941, from the Commissioner for Public Utilities, St. John's, Newfoundland, to the Minister of National Revenue).

4. The Minister of National Defence reported that he had, this morning, signed a contract demand involving an expenditure of some $1,900,000 for the development of the Torbay site, on the understanding that the project had been approved, in principle, by the Committee.

5. The Secretary stated that the Torbay proposal, as such, had not been specifically considered by the Committee, though reference thereto had been made in a paragraph in a first draft of the air bases agreement. This paragraph had been subsequently deleted in favour of the letter which Mr. Gibson had mentioned.

The Minutes of the Committee's meeting of November the 29th, 1940, however, contained a reference to the recommendations of the First Report of the Permanent Joint Board on Defence, for Canadian co-operation in defence of the Atlantic Coast, which had already been approved by the Committee. These involved inter alia the establishment of "a fighter aerodrome near St. John's", which was presumably the one which was to be established at Torbay. On that occasion Mr. Power had submitted an estimate of $8,725,000 to cover the costs of the several projects mentioned.

(See Minutes of November the 29th, 1940, page 6).

6. After some discussion, the Committee decided to give specific approval to the establishment of the aerodrome at Torbay, in accordance with the previously approved recommendations of the Permanent Joint Board on Defence.

Atlantic defence - U. S. Naval forces to be based on Canada

7. The Minister of National Defence reported that word had been received by the Chief of the Naval Staff that the United States wished, within the next

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two or three days, to base two battleships, three cruisers and nine destroyers on Shelburne, N.S. This request had been communicated, by telephone, to the Prime Minister, who concurred in immediate approval being given to this request.

8. The Committee approved the immediate basing of these U. S. forces on Shelburne, and directed that word to that effect should be sent to Washington, at once, through the Chief of the Naval Staff.

Recruitment for the Army

9. The Minister of National Defence referred to the discussion of this question at the Committee's meeting on April the 23rd, and reviewed the needs of the Army for the coming year.

Consideration had been given to the institution of an active recruiting appeal throughout Canada. This proposal had been discussed with the Minister of National Defence for Naval Services, who was in favour of such an appeal being undertaken. The Prime Minister had already expressed himself as in favour of a co-ordinated recruiting campaign.

10. After some discussion the Committee approved the institution, in the near future, of an active recruiting appeal for the Army.

Recruitment of radio mechanics in the U.S. - Overseas Civilian Technical Corps

11. The Secretary referred to the discussion of this subject at the meeting of April the 23rd. Apparently the Committee had been under a misapprehension as to the nature of the assistance desired with regard to candidates for the Corps who might, after arrival in Canada, express a wish to enlist in the Canadian forces.

In this connection he had spoke to the U. K. Air Liaison Officer in Chief, and had ascertained that what was desired was Canadian acceptance of such volunteers, for service in the United Kingdom, upon the same conditions as now obtained in respect of other non-Canadian personnel enlisted in the R.C.A.F. for R.D.F. duties in Great Britain. The whole cost involved would be borne by the U. K. government.

(See Minutes of March the 12th, 1941, pages 3-5).

12. After some discussion, the Committee approved the enlistment in the Canadian forces of such candidates for the Corps as might, upon their arrival in Canada, express their desire to volunteer; such personnel to be accepted upon the same basis as other non-Canadian R.D.F. personnel enlisted in the R.C.A.F.

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13. The Minister of National Defence referred to another request of the U. K. government, in this connection, namely, the provision of requisite facilities for handling in Canada, candidates for enlistment in the Corps. It had been ascertained that the R.C.A.F. did not feel that they could take on this additional problem. It had been suggested that it be dealt with by a civilian department, either the Department of National War Services, or the Department of Transport.

14. The Committee agreed that the terms of a communication to be sent to the U. K. government, in reply to their requests, in this connection, be settled by the Acting Under-Secretary of State for External Affairs, in consultation with the Department of National Defence for Air.

R.A.F. training in the United States - establishment of Canadian depot

15. The Secretary referred to a communication which had been received from the U.K. government, enquiring whether the Canadian government would be able to assist in providing a suitable transit centre for the accommodation in Canada of pupils en route to and from the United States. It had been suggested that arrangements for reception and movements of such personnel be made under the auspices of the R.C.A.F., the U.K. government accepting responsibility for the costs involved.

(See letter of April the 19th, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

16. Mr. Heeney reported that the matter had received careful consideration by officers of the Department of National Defence for Air, in consultation with the U.K. government Air Liaison Officer in Chief, and that the Deputy Minister had concurred in a recommendation for the establishment of a depot at Debert or Dartmouth, which would accommodate up to 600 trainees. In this connection a memorandum of detailed proposals was submitted.

(See Joint memorandum of Air Vice Marshal L.D.D. McKean, R.A.F., and Air Commodore H. Edwards, R.C.A.F., of April 24th, 1941, concurred in by the Chief of the Air Staff and the Deputy Minister of National Defence for Air).

17. After some discussion, the Committee approved the establishment of a depot in Canada, upon the lines recommended by the Department of National Defence for Air.

Employment of women at R.A.F. schools in Canada

18. The Minister of National Defence reported that the proposals of the U.K. government, in this respect, had been considered, this morning, by Defence Council. The Council had, however, been unable to reach any

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decision, in view of the question of policy involved.

The three Services, as such, had no objection to the transfer of W.A.A.F. personnel to Canada. There was, however, the obvious factor of government policy, namely, the effect of the arrival of such personnel in Canada, upon demands for the formation of Canadian women's service organizations.

19. The Secretary observed that the Associate Deputy Minister of National War Services had been directed to prepare a report to the Committee upon the whole subject of women's voluntary services. It might be considered desirable to defer decision upon this specific question until the matter of women's organizations could be dealt with as a whole.

20. The Committee agreed that the subject be deferred for consideration at an early meeting, the Secretary being requested, meantime, to see that the report from the Department of National War Services was made available.

Stores for Royal Naval units based on the Atlantic Coast

21. The Minister of National Defence reported that, in order to conserve shipping space, the Admiralty were considering the supply, from Canadian sources, of naval stores required by vessels of the Royal Navy based on Halifax. The Department of Naval Services reported that pending definite specification of actual requirements, it would be in order to reply that Canada would undertake the supply of naval stores to the greatest degree possible, and, if necessary, victualing stores as well.

22. The Committee approved a communication to the Admiralty in the sense suggested by the Naval Services.

The meeting adjourned at 4.45 p.m.

A. D. P. Heeney
Secretary.

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80.

Minutes of the

War Committee of the Cabinet

April 30th, 1941.

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Ottawa, April 30th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Wednesday, April the 30th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Progress of the war - Greece, France, the Mediterranean

1. The Prime Minister read a number of communications from the U. K. government, regarding the final stages of the campaign in Greece, including the text of the report to be given in the U. K. House of Commons today, upon the evacuation of the British Expeditionary Force, and the text of the Greek government's statement with regard to British aid, and the withdrawal of the British Forces.

2. Mr. King also read a communication from the U. K. government regarding relations with France. The incident off Nemours when French shore batteries fired upon British naval units had been the occasion of a full statement of British policy as regards intervention of vessels carrying goods destined for the enemy. There were clear indications of increased German pressure upon Vichy.

3. Mr. King also read communications with regard to Turkey, which hoped to be able to keep out of the war this year; Spain upon which there was evidence of increased German pressure; and the Middle East.

R. A. F. Training in Canada and the United States

4. The Prime Minister read a communication from the U. K. High Commissioner, describing, in some detail, the extent of the facilities to be made available by the U. S. Army Air Corps, for the training of British pilots, and the plans of the U. K. government for utilizing these facilities. The offer under discussion

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involved capacity equal to 7½ full-sized R.A.F. service flying training schools, with matching elementary flying training schools, as well as the whole Pan-American Airways Air Navigation School at Miami.

The U. K. government pointed out that the acceptance of these urgently needed facilities would permit of important increases in pilot and observer strength during the next twelve months, and do much to meet the expanding requirements for instructors and aircraft.

Particulars were given of the R.A.F. schools transferred, and to be transferred to Canada, involving fourteen establishments in all.

The letter ended with an expression of the U. K. government's appreciation of the large flying training programme being undertaken by Canada, both with respect to the Joint Air Training Plan, the transferred R.A.F. schools, and the Atlantic ferrying organization.

(See letter of April 28th, 1941, from the U. K. High Commissioner, Ottawa, to the Prime Minister).

5. The Secretary reported that the U. K. High Commissioner had communicated to him the draft text of a letter which Mr. MacDonald proposed to address to the Prime Minister, on the subject of flying training in the United States and Canada. This draft had been prepared and agreed to by the U. K. government, following Mr. MacDonald's discussions with the Minister of National Defence for Air. It had been prepared with a view to its being made public, in explanation of the undertaking by the U. K. government, of flying training in the United States. The draft would be submitted to Mr. Power for his comments.

(See draft letter from the U. K. High Commissioner, Ottawa, to the Rt. Hon. W. L. Mackenzie King).

Recruitment for the armed forces

6. The Prime Minister referred to recent discussions on the subject of the mobilization of Canadian man-power. In considering this problem, regard should be had to the magnitude of the commitments which Canada had already made in the industrial as well as in the military sphere, and to the competing demands of war industry and the armed forces. The paramount importance of the supply of adequate weapons of war, under modern conditions, as compared to mere numbers, had already been amply demonstrated.

7. Mr. King said that, with regard to conscription, he wished to make his own position quite clear. The present government could have no thought of conscription for overseas service, under any circumstances. There should be no misunderstanding on that score.

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The compelling reasons for this stand, on the part of the government, were the maintenance of unity within Canada, and the eventual need of men on this continent.

8. The Minister of National Defence stated that he had been surprised to find that the numbers of men now in the active forces were substantially less than at this stage during the last war, namely about 254,000, as compared with 275,000 at March the 31st, 1916.

This meant that there was still a great reserve upon which to draw. The demands of industry in this war were heavier; so far, the Canadian army had done no fighting. The public were starved emotionally and consequently recruiting had been slow.

9. Mr. Ralston said that, with regard to conscription, he, personally, could not commit himself to the position that conscription for overseas service should never be introduced, under any circumstances. There might come a time when it would be the only possible course to be taken. Nevertheless, he agreed that such a step would be a serious blow to national unity.

At present it was the intention to set on foot, throughout Canada, a carefully planned recruiting drive which, it was hoped, would meet with a satisfactory response. At this stage, however, it was not proposed to adopt extreme measures to obtain recruits, nor to "scrape the bottom of the barrel". Such measures, it was thought, would not be necessary to obtain the men now needed.

10. The Minister of National War Services spoke of the importance of organizing the recruiting campaign carefully, in areas where there were substantial foreign language populations. If conscription were to be avoided, careful planning and a sympathetic appeal would have to be made.

11. Mr. Ralston said that he wished to emphasize the fact that Quebec units had fulfilled their obligations for the provision of re-enforcements.

Difficulties as regards language had been encountered in the training centres, and facilities for teaching English to French-speaking trainees had been suggested.

12. The Minister of Justice said that there would be difficulty in teaching English to trainees of limited education, and, no doubt, there would be criticism of the establishment of classes for such a purpose. He would like to have an opportunity of considering the proposal further.

13. Mr. King spoke of the desirability of ensuring some uniformity in appeals for recruits;

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the Minister of National Defence might make a radio address, on the subject, and there would be no objection to including an invitation to enlistment by U. S. citizens. Such a statement should be carefully prepared and the advice of the Canadian Legation in Washington might be sought.

14. Mr. Ralston said that, with regard to the requirements of industry, it would be the purpose in recruiting, to enlist all who were ready to volunteer, giving opportunity, however, to the employers of men engaged in war industries to apply for reservation of key employees.

Organization of women's voluntary services

15. The Prime Minister expressed the view that it was important that the government should be in a position to announce plans for the organization of women's voluntary services at the time that the proposed recruiting campaign was undertaken. Subsequent to the Committee's recent consideration of this question, he had discussed it with the Governor General who had agreed that it would be preferable to have the women's activities co-ordinated under a man, and that it would be unwise to have Her Royal Highness The Princess Alice as head of any organization that might be set up.

16. The Minister of National Defence said that the Defence Services were agreed that if women were to be employed in connection with the army, navy and air force, they would require to be formed into separate organizations for the purpose.

17. The Secretary reported that following the Committee's consideration of this subject on April the 3rd, he had informed the Associate Deputy Minister of National War Services (Mr. Justice T. C. Davis) of the Committee's request for a detailed report upon existing women's war organizations, the extent to which women were now engaged in war work, and recommendations as to spheres of war activities in which women could be usefully employed.

(See letter of April 29th, 1941, from the Associate Deputy Minister of National War Services, to the Secretary, and attached report).

18. Mr. King read to the meeting Mr. Justice Davis' preliminary report, which was then submitted for consideration by the Committee.

19. After some discussion, it was agreed that the report be referred back to Mr. Justice Davis, for revision, in the light of the Committee's views -

(a) that any division of the Department of National War Services to be charged with responsibility for organizing women's voluntary services should be headed by a man, rather than a woman;

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(b) that at present no new organization such as the proposed "Women's Service Corps" should be set up;

(c) that a survey should be made of existing women's organizations and, in consultation with the departments concerned, a report submitted on the nature and extent of war employment in which women might usefully be engaged.

20. Mr. Ralston said that the Defence Department felt that the unofficial bodies at present in existence might, for purposes of organization, be treated in somewhat the same manner as the reserve army. It should be borne in mind, however, that the numbers of women who could be employed in connection with the Services were comparatively small.

Premises in National Research Council Annex

21. The Minister of National Defence reported that space in the National Research Council Annex, being used as a container assembly plant for gas masks, was being requisitioned for use by Census personnel. If these premises had to be vacated, there would result a serious interruption in the manufacture of important equipment, urgently required for war purposes, particularly in connection with the experimental gas and chemical warfare centre which was being established in Alberta.

22. After some discussion, it was agreed that the operations of the container assembly plant should take priority, and that the premises in the National Research Council Annex should be retained for its use.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

May 1st, 1941.

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Ottawa, May 1st, 1941.

CABINET WAR COMMITTEE

At a meeting of the full Cabinet, held in the Privy Council Chamber on Thursday, May the 1st, the Prime Minister reported upon matters involving Canadian relations with Japan.

Canada-Japan relations

1. The Prime Minister said that, subsequent to the Cabinet War Committee's consideration, on April the 23rd, of the problem of control of exports to Japan, he had seen the Japanese Minister and reported to him the government's decision to modify their present policy by the granting of export permits for pulp logs, for which orders had been placed, and wheat, up to the quantity purchased, prior to the introduction of permit requirements.

On April the 30th, he had called a meeting of British Columbia Members of the House of Commons, and had explained to them the action being taken by the government, and the reasons which had led to the decision to modify existing export control in these particulars. Upon being informed of the attitude and policy of the U. K. government and of the United States, and of the elements of danger in the position in the Far East, the Members, as a whole, had expressed themselves as satisfied with the action taken by the government, and had agreed to do what they could to discourage anti-Japanese demonstrations in British Columbia.

2. Mr. King said that, after the meeting with the B.C. Members, he had seen the Japanese Minister a second time, and informed him of what had transpired so that his government might be aware of the steps taken to avoid further friction between Japan and Canada. He had pointed out, however, that the modifications which had been made as regards pulp logs and wheat, should not be taken as any commitment, on our part, to issue further export permits.

3. Mr. King read to the meeting communications from the U. K. government, setting out the text of messages exchanged between Mr. Churchill and Mr. Matsuoka. Mr. Churchill had pointed out, very frankly, the considerations which, it was felt, deserved the attention of the Japanese government and people in the determination of their policies toward the Axis Powers and Great Britain and the United States. Mr. Matsuok 's reply had been non-commital.

(See telegrams D. 244 and D. 245 of April 29th, 1941, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

4. Mr. King also read a communication from the U. K. High Commissioner, describing the recent course of Anglo-Japanese relations.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

May 5th, 1941.

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Ottawa, May 5th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, East Block, on Monday, May the 5th, at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald),

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The Minister of Labour (Mr. McLarty) was also present.

Mr. J. W. Pickersgill acted for the Secretary.

The meeting was held for the purpose of receiving a delegation of the Canadian Manufacturers Association to make representations regarding labour conditions.

The delegation consisted of:

Mr. H. Crabtree, President, C.M.A., President Howard Smith Paper Mills Ltd., Montreal.
Mr. L. L. Lang, 1st Vice-President, C.M.A., President Lang Tanning Co., Kitchener.
Mr. H. Jacquays, Vice-President, Steel Co. of Canada, Ltd., Montreal.
Mr. W. D. Black, Chairman, C.M.A. Committee on National Defence and President, Otis-Fensom Elevator Co. Ltd., Hamilton.
Mr. Glyn Osler, K.C., Counsel for National Steel Corporation Ltd., Hamilton.
Mr. J. T. Stirrett, General Manager, C.M.A., Toronto.
Mr. H. W. Macdonnell, Secretary, Industrial Relations Department, C.M.A., Toronto.
Mr. E. G. Reburn, Assistant General Secretary, C.M.A., Toronto.
Mr. C. W. George, Ottawa Representative, C.M.A., Toronto.

1. The Prime Minister invited Mr. Crabtree to present the brief prepared by the Canadian Manufacturers Association.

2. Mr. Crabtree read a brief which commended the establishment of price control under the Wartime Prices and Trade Board and declared that the C.M.A. had endeavoured to co-operate with the government in controlling prices, in promoting harmonious employer-

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employee relations, in training and re-training workers, and in expanding war production. In recent months a dangerous and difficult situation had been developing in industrial relations. Profits had been reduced so that any increase in labour costs fell directly upon government and, therefore, the tax-payer. Farmers resented the privileged position of labour. Income of wage-earners was probably never higher.

The present dangerous situation was created by the activities of the C.I.O. which had already seriously dislocated defence production in the United States and appeared determined to do the same in Canada. The brief went on to refer to P.C. 2685 and P.C. 2686, passed on June the 11th, 1940; and to point out that the principles set out in the first of these had been accepted by employers generally. Employers, however, expected labour to live up to the principles, too. The second of these Orders in Council had established the National Labour Supply Council. One of its most important recommendations had been embodied in P.C. 7440, fixing a "ceiling" for wages. It was understood that the C.I.O. or its affiliates had disavowed the action of its representatives on the National Labour Supply Council, and now sought higher minimum wages. The C.M.A. strongly recommends that P.C. 7440 be strictly applied.

Charges of wrongful dismissal of employees had appeared in a number of recent demands for Boards of Concilliation. Most of these charges were without substance. In industry there was a great variety of machinery for settling conditions of employment. The overwhelming majority of workers did not want to become "unionized". Small minority groups and, especially, the C.I.O. and its affiliates are responsible, and they have made it abundantly clear that they care little what damage is done to Canada's war effort, provided they secure the power they seek. Their activities are facilitated by the present provisions of the Industrial Disputes Investigation Act, particularly sections 7, 17 and 22 of the Act read together. The effect is to invite applications for Boards of Conciliation, not in order to redress bona fide grievances, but to pave the way for "unionization" and introduction of a government sponsored vote. The Act should be amended to leave discretion to the Minister of Labour.

C.M.A. believes that the powers of lock-out and strike will eventually have to be suspended in war production for the duration of the war. Government has adequate powers to ensure minimum profits for employers and reasonable pay for employees. The people of Canada, as a whole, are not prepared to see the war effort hampered by strikes precipitated by minority labour groups seeking power and gain for themselves.

(See memorandum of May 5th, 1941, from the Canadian Manufacturers Association, to the Prime Minister).

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3. At the suggestion of the Prime Minister, Mr. Crabtree supplemented the brief with some additional observations. He felt the brief spoke largely for itself. He said the C.M.A. was anxious to have an environment created in which there would be a smooth industrial effort and that they wished to avert the serious situation which was looming up.

As a practical illustration, Mr. Crabtree referred to certain difficulties he, as President of Allied War Supplies Limited, was having with the Carpenters Union, over the construction of a plant at Scarboro near Toronto. He gave the impression that the carpenters had broken their agreement to work longer hours, at regular rates of pay.

4. Mr. W. D. Black then read a brief which had not been officially approved by the C.M.A., which set out in more detail the nature of the objection to the present operation of the Industrial Disputes Investigation Act. The gist of the objection is to the holding of a vote in plants, to determine agencies for collective bargaining. It contends that such votes do not represent the views of the "responsible" employees. The Steel Workers Organizing Committee is described in the brief as an unpatriotic and subversive organization, which is leading the workers astray.

(See undated memorandum from Mr. W. D. Black).

5. Mr. L. L. Lang then referred, briefly, to the dangerous situation at Kitchener, where an illegal strike began on Saturday. Mr. McLarty interjected the statement that the strikers were all back at work today.

6. Mr. Jacquays then spoke on behalf of Mr. Ross McMaster, who was unable to be present. He began by a reference to the good old days when there was little trouble with labour. There were only a few horizontal unions and they created little difficulty. Then came the vertical unions. At this point a little booklet was produced to prove that the C.I.O. in the United States was a Communist organization. Mr. Crerar asked who had written the booklet; Mr. Jacquays did not know the name of the author. He then went on to state that vertical unions were an excellent method of spreading subversive activities.

Until last year, however, the C.I.O. had two disadvantages in Canada: (1) its ranks were filled with Communists, and (2) it was directed from a foreign country (meaning the United States). These disadvantages had been overcome by purging the Communists from its ranks and by affiliation with the Canadian Congress of Labour. It was, however, still the same organization. Labour unrest in Canada was 90% imported, and conditions were approaching those in pre-war France where, through boring from within, even in government, discipline and order disappeared from industry. Canadian workers would be loyal if left

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alone, but industry was not getting support in the matter of labour unrest. To control costs, the manufacturer must be able to control his processes and his labour.

Mr. Jacquays alleged that labour was holding up production even in the aircraft industry. When Mr. Howe asked for a specific example, he flatly refused to give one, but went on to make the general statement that the only help the manufacturer had got from organized labour was unrest.

The Prime Minister interrupted, to suggest that so extreme a general statement tended to vitiate the whole argument. To this observation Mr. Jacquays retorted that he was not at the meeting to discuss the question, but to state his own point of view. He went on to say that the growing labour shortage would make the situation more acute, especially as industry was faced with a crusade, directed from a foreign country, not to correct injustices but to build up unions.

The Prime Minister took issue with the reference to "boring from within even in government" - a statement which he felt should be substantiated or withdrawn. Mr. Jacquays made no attempt to prove his statement.

7. Mr. W. D. Black then gave, at Mr. Crabtree's request, a brief outline of the labour training scheme being carried on by the Otis-Fensom Elevator Company. He emphasized the splendid co-operation of the mechanics in training young men and boys, and contrasted it with the situation in England where, he stated, training was hampered by organized labour. He hoped Canada would be spared similar impediments resulting from "unionization".

8. Mr. Crabtree then stated that in his own companies he had secured excellent co-operation from A. F. of L. unions. He did not object to unions as such, but to the C.I.O.

9. Mr. McLarty was then asked by the Prime Minister to speak. He began by referring to certain specific cases. He pointed out that he had instructed the Department of Justice to take action against the illegal strikers at Kitchener and, as a result, they had returned to work this morning. He made it clear that the National Steel Car Company were not correctly representing the facts in their case, where the company had, in fact, waived the vote which the Department of Labour proposed to take. In the Scarboro case, the head of the Carpenters Union had agreed to come to Ottawa, tomorrow, to discuss the questions outstanding.

Mr. McLarty went on to survey the general labour situation in Canada. He suggested that labour unrest and difficulties were exaggerated by the press.

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Out of more than three million workers in Canada, only some three hundred were on strike at the moment in a single plant (Peck Rolling Mills). Most of the difficulties encountered by his department had reference to alleged discrimination. Mr. McLarty admitted that the conciliation services of his department were not adequate to present needs. He felt, however, that manufacturers might assist the government by being more accessible to their employees and by dealing promptly with grievances.

10. Mr. Howe stated flatly that manufacturers had been guilty of the most flagrant disregard of the labour laws so far encountered. He stressed their duty to carry out the law to the letter, regardless of their personal views.

11. Mr. Jacquays then reverted to his objection to the C.I.O. His company (Steel of Canada) was an open shop, and the C.I.O. was trying to come between the company and its employees.

12. Mr. Black elaborated his point regarding the alleged loophole in the Industrial Disputes Act and stressed the fact that his real opposition was to allowing the employees to choose their bargaining agency by a vote.

13. Mr. Osler stated that he had intended to make a statement of the National Steel Car Company's case, but would not do so because time was short. He contrived to insinuate that Mr. McLarty had not kept an engagement given to him, on behalf of the company, a contention challenged, at once, by Mr. McLarty. A short exchange followed, from which it was clear that Mr. Osler and Mr. McLarty were far from agreement as to the facts in this case.

14. The Prime Minister said he would like to speak at length, but, as the rest of the Cabinet were waiting, he would be very brief. Mr. King contrasted the viewpoint of the government, with those of labour and industry. The latter were primarily concerned with their immediate problems, while the government must seek to view both, impartially, and in the light of world conditions. The present struggle was one between classes, as well as between nations, and we could not afford to be weakened by a class struggle which would destroy our unity. The government had no brief for the C.I.O. or any other organization, but it could not take action which would add fuel to the flames of conflict.

Mr. King went on to say that he, personally, could not see what was lost by appointing Boards and getting at the facts. For most of these difficulties publicity was the best of cures. If the case of the manufacturer was just, he stood to gain by publication of the facts which had been impartially ascertained. The dangers of subversive labour agitation would not be met by creating a grievance in the eyes of the public.

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Mr. King then explained the National Steel Car case, from the point of view of the government. He reminded the delegation that he had declined to permit a debate on the matter in Parliament, and that the House had sustained him. He had taken that course so as to avoid inflaming the public mind in wartime. Then the government had made a simple request to the company - a request, incidentally, which did not involve any permanent action. The company had refused to accede. Mr. King said that, in face of this refusal, he had never seen the Cabinet more united. They considered that the issue at stake was simply this: Is the government the final authority in the State? They had given the only answer possible, in the circumstances.

Mr. King concluded his statement by undertaking, on behalf of the government, to give the most careful consideration to the representations presented by Mr. Crabtree and Mr. Black.

15. Mr. Crabtree summed up for the delegation by repeating that the C.M.A. desired to work with the government; that they had no desire to take undue advantage of labour. They were not opposed to fair-minded trade unions, but were opposed to subversive unions. In their representations were two vital points: (1) a desire for a re-definition of the conditions for granting Boards of Conciliation and enforcing their rulings; and (2) the strict enforcement of P.C. 7440.

Mr. Crabtree thanked the government for their patient hearing; and said the C.M.A. looked forward to something constructive being done.

16. Before adjourning the meeting, the Prime Minister observed that the picture of the labour situation, after twenty months of war, as outlined by the Minister of Labour, was ample evidence that the government had been doing something constructive, from the outset, in labour relations.

J. W. Pickersgill
for the Secretary.

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Minutes of the

War Committee of the Cabinet

May 6th, 1941.

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Ottawa, May 6th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Tuesday, May the 6th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Loss of Service personnel en route overseas

1. The Prime Minister, in reference to the recent loss of a number of members of the Services, en route to the United Kingdom, as a result of enemy action, referred to the Committee's previous discussions and decision with regard to the transport overseas of Service personnel.

The matter had been discussed by the Committee on November the 22nd and November the 26th, 1940, as a result of representations by the Admiralty that, at that time, it was not possible to provide escorts for troop movements, because of other pressing requirements. A recommendation of the Chiefs of Staff Committee that, in the circumstances, troops be permitted to proceed overseas in unescorted fast liners, to the extent of 50% of actual life saving capacity of such ships, had not been approved, it being felt that the risk involved was too great.

On November the 29th, however, the problem had been reconsidered by the Committee, and upon the recommendation of the Associate Minister of National Defence, after consultation with the Naval Staff, a policy had been adopted permitting ships of 14 knots or better to carry Service personnel up to 200, all ranks, without escort.

(See Minutes of Cabinet War Committee meeting, November 29th, 1940, page 3).

2. Mr. King suggested that in view of the increased numbers of sinkings in the North Atlantic, since this policy had been adopted, it might be wise

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to review the government's decision in this respect. The recent loss of Canadian troops would occasion widespread concern.

3. The Minister of National Defence for Naval Services stated that the vessel carrying the members of the forces who had been lost, was a fast one. If fast liners were restricted to convoys, delay would result, and many Masters preferred to sail alone, for this reason. Escorted convoys, in any event, gave no guarantee of safety, and there was a serious shortage of vessels available for escort duty.

Reports so far indicated that out of 178 Service or government personnel on the "Narissa", 54 only had been saved.

4. The Minister of National Defence observed that the difficulty in the way of adopting a policy of escorts for all personnel was the insufficiency of escort vessels.

5. After further discussion, it was agreed that the Chiefs of Staff be directed, in the light of present conditions, to review the policy with regard to the transport overseas of Service personnel, with a view to seeing what additional precautions, if any, can be adopted.

Permanent Joint Board on Defence
Fifteenth and Sixteenth Recommendations.

6. The Prime Minister submitted the Journal of Discussions and Decisions of the Permanent Joint Board on Defence, covering the Board's meetings at Montreal, on April the 16th and 17th, and including the Board's Fifteenth and Sixteenth Recommendations. Copies of the Board's Journal, for these meetings, had already been sent to the Defence Ministers and to the Minister of Munitions and Supply, for consideration and report.

7. The Secretary reported that he had received word from the Chairman of the Canadian Section that the President had already approved the Board's recommendation regarding rolling stock and the improvement of the Newfoundland railroad facilities (Sixteenth Recommendation), but that the United States could not proceed to implement this Recommendation unless the gasoline storage in the Newfoundland Airport and Lewisporte-Botwood areas were provided by the Canadian government, as recommended by the Board (Fifteenth Recommendation). In the circumstances, it was requested that action by the Canadian government, upon the Fifteenth Recommendation, be treated as a matter of urgency.

The Air Staff had not yet had an opportunity of completing their estimate of the cost of providing the additional storage facilities involved.

(See letter of May the 3rd, 1941, from the Chairman of the U. S. Section, to the Chairman of the Canadian Section of the Permanent Joint Board on Defence).

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8. Mr. King suggested that, in the circumstances, the Committee might depart from the usual practice of withholding approval of these Recommendations until the Ministers concerned, after consultation with their staffs, were in a position to report. In this case approval might be given, subject to concurrence of the Minister of Finance and the Defence Ministers.

9. The Committee, thereupon, approved, in so far as Canada was concerned, the Fifteenth and Sixteenth Recommendations of the Board, subject to the concurrence of the Minister of Finance and the Defence Ministers.

Permanent Joint Board on Defence - Terrace - Prince Rupert Highway

10. The Secretary reported that some time since, the Director of the Surveys and Engineering Branch of the Department of Mines and Resources had submitted a second report upon the Terrace-Prince Rupert Highway, the construction of which had been recommended by the Board, in their First Report. A revised estimate of the cost of this project, amounting to $3,000,000, represented a reduction of some 25% from that which had previously been submitted.

This proposal had already been considered by the Committee, but in view of the fact that the General Staff did not consider the completion of the road as vital from the strategic point of view, it had been decided that the matter be deferred for the time being. Accordingly, this project had been excepted from the government's approval of the Recommendations of the Board's First Report.

(See Minutes of November 5th, 1940, page 10).

11. The Minister of Mines and Resources observed that, to the cost of the road itself, would have to be added certain supplementary expenditures. He was not in favour of proceeding with the project at this time.

12. After further discussion, it was agreed that the Chiefs of Staff be directed to reconsider and report upon the Board's Recommendation with regard to the Terrace-Prince Rupert Highway.

Visit of the Prime Minister of Australia

13. The Prime Minister suggested that it would be appropriate if members of the Committee were to arrange to meet the Prime Minister of Australia during his visit to Ottawa. Three-thirty or four o'clock in the afternoon of May the 6th would be a suitable time.

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Newfoundland
Negotiations on outstanding questions

14. The Secretary reported that he had received from the Secretary to the Defence Council, a letter with regard to questions still outstanding, for settlement between the Canadian and Newfoundland governments. Mr. Dyde's letter indicated that Newfoundland would be willing to send representatives to Ottawa, prepared to complete a general agreement on these questions, and suggested that negotiations be resumed at an early date.

A draft telegram to the Governor of Newfoundland, to that effect, was submitted.

(See letter of April the 29th, 1941, from the Secretary of the Defence Council, to the Secretary, with attached agenda and draft telegram.

15. After some discussion, it was agreed that the draft telegram submitted, be despatched, subject to the approval of the Minister of National Defence for Air.

Newfoundland
Appointment of Canadian Agent

16. The Prime Minister said that the Minister of National Revenue had reported that Major Hugh Allan Lumsden, who had accompanied him on his mission to St. John's, would, in his view, be a suitable Canadian representative in Newfoundland.

As Secretary of State for External Affairs, Mr. King would be prepared to recommend Major Lumsden's appointment as Agent for Canada, but before doing so would be glad to have members of the Committee give consideration to his qualifications.

Building of destroyers in Canada

17. The Minister of National Defence for Naval Services requested the Committee to reconsider the matter of destroyer construction in Canada, in the light of the recent decision to embark upon a large merchant shipbuilding programme.

It should be borne in mind that merchant vessels were of no use, under present conditions, without escort craft. It would be a mistake to concentrate solely upon cargo ships.

18. The Prime Minister said that he had been concerned lest a programme for destroyer construction interfere with the best use of Canadian facilities, in the building of other classes of ships, particularly in view of the shortage of skilled labour. It might be preferable to defer plans for destroyer construction.

19. Mr. Macdonald spoke of the difficulties which were being encountered in the British Isles. The

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production of destroyers was slower than had been hoped. The concentration of enemy action upon ports and shipbuilding centres was bound to have serious results. In the circumstances, it would be unwise to drop the destroyer project.

20. The Minister of Munitions and Supply referred to the heavy and constant pressure upon facilities for ship repairs. It would be possible, however, to lay down a destroyer in Halifax, which might be completed within, perhaps, three years, rather than two and a half, without serious interference with the all-important repair work. Certainly we should, if possible, develop destroyer technique.

21. The Committee, after further discussion, expressed agreement with continuance of plans for destroyer construction, along the lines suggested by Mr. Howe.

Welfare of merchant seamen - Establishment of manning pool.

22. The Minister of National Defence for Naval Services reported that careful consideration had been given by his department and the Department of Transport to the questions of accommodation at Halifax, for merchant seamen, pending their being taken on as crews for available ships, the provision of compensation during waiting periods and eventually the training of new men for new ships. These matters were of great importance and urgency, in order to maintain the constant supply of personnel to man essential shipping. The general lines of a plan to establish a manning pool which would include all allied seamen, had been worked out. Expenditure on the project might amount to $250,000 this year, and a formal submission to Council, in this respect, would shortly be presented.

23. After some discussion, the Committee approved, in principle, the Minister's recommendation for the establishment at Halifax of a manning pool for merchant seamen; it being understood that a detailed recommendation would subsequently be submitted.

Department of National Defence for Naval Services - change of name

24. The Minister of National Defence for Naval Services raised the question of a possible change of name of his department, from National Defence "for Naval Services" to National Defence "for the Navy". It was thought that such a change might be made in the interests of accuracy and uniformity.

25. It was agreed to defer this matter, for the present.

Honours and decorations

26. The Minister of National Defence for Naval Services reported that word had been received of the

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intention to recommend, for inclusion in The King's Birthday Honours, two Canadians serving with the Royal Navy.

The Chiefs of Staff Committee had prepared a long report on the whole subject of awards, decorations and medals, for members of the Canadian Armed Services, and direction was required as to what answer should be given to recommendations for such awards.

(See memorandum of May the 2nd, 1941, from the Chiefs of Staff Committee, to the Ministers).

27. The Secretary reported that the Minister of National Defence for Air had raised a similar question with regard to the Air Force, involving recommendations for awards for personnel serving overseas, and for those serving in Canada. Mr. Power recommended that the whole question be submitted to a Select Committee of the House of Commons.

(See memorandum of April the 23rd, 1941, from the Chief of the Air Staff to the Minister, and attached documents.

28. The Minister of National Defence observed that the Army was also involved, and reminded the Committee of the recommendations which had been made for inclusion of Canadians in the New Year's Honours List.

29. After further discussion, it was agreed that the report and recommendations of the Chiefs of Staff Committee be referred to[x] the Department of External Affairs, for examination and further report.

Housing in vicinity of Service establishments

30. The Secretary reported that representations had been received by the Prime Minister with regard to the lack of housing accommodation at Lethbridge, Claresholm and Macleod, Alberta, resulting from the establishment, at these points, of air training schools. It was recommended in a letter from the Macleod Board of Trade that the authority of Wartime Housing Limited be extended in order to enable it to deal with communities where housing shortages resulted from the establishment of military posts, as well as of war industries. Copies of this communication had been sent to the Minister of Munitions and Supply, and to the Minister of Finance.

(See letter of April the 10th, 1941, from the Macleod Board of Trade, to the Prime Minister).

31. The Minister of Munitions and Supply stated that he was strongly opposed to the suggestion that the jurisdiction of Wartime Housing Limited be extended. The corporation was not equipped to deal with other than industrial situations and should not be given the added responsibility of estimating the necessity for housing projects, resulting from Service activities. It could, however, carry out any directions

x - John Read, Esq., K.C., of

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which the government might have, in such cases.

32. The Minister of National Defence for Naval Services observed that so far as Service personnel, themselves, were concerned, barracks were provided. Difficulties arose only in respect of their families.

33. After further discussion, the Committee agreed that the government should not approve the proposed extension of the authority of Wartime Housing Limited.

Air Raid precautions in New Brunswick

34. The Minister of National Defence reported that the General Officer Commanding, Military District No. 7 (St. John, N.B.), had recommended that control of air raid precautions in that district be centred in the Department of National Defence, and that the Civilian Volunteer Corps of New Brunswick be officially recognized and used for air raid precaution work.

The Chief of the General Staff, however, recommended strongly against these proposals. In view of the settled government policy that passive air defence was a matter for civilian authority, namely the Department of Pensions and National Health, it was unnecessary, and would be inappropriate for National Defence to assume this responsibility. The General Officer Commanding, Military District No. 7, would be informed accordingly, if the Committee approved.

35. The Committee expressed agreement with Mr. Ralston's decision in this respect.

Canadian firemen for the United Kingdom

36. The Minister of National War Services referred to the most recent proposals of the U. K. government with regard to the recruitment in Canada of trained firemen for fire fighting in Great Britain. The suggestion was that the U. K. government should be responsible for pay (in sterling), at the normal rate for British auxiliary firemen, the cost of maintenance, equipment and accommodation, and transportation within the United Kingdom, and that Canada accept responsibility for any additional pay or allowances which it might be desired to grant, pensions, and the cost of transportation to and from Great Britain.

37. Mr. Gardiner expressed the view that the simplest way to deal with this problem would be to form a special corps under the army, in somewhat the same way as the Forestry Corps had been constituted.

38. The Prime Minister said that, in his opinion, a civilian organization would be much more appropriate, along the lines of that being formed to recruit R.D.F. personnel. In this way, U. S. assistance might be obtained.

In any event, Canada's existing commitments

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constituted a heavy strain upon the supply of skilled man-power, and no further obligation should be undertaken by the government, unless it were clear that it could be effectively handled, without affecting the efficiency of the war effort in other directions.

However, the provision of volunteer firemen might be an undertaking which the municipalities could assume through their central organization, the Canadian Federation of Mayors and Municipalities, whose representatives had expressed their desire to assist in any way possible, and who had complained that they were being ignored by the Department of National War Services.

39. The Minister of Mines and Resources agreed that the municipalities might appropriately undertake this task, and assume any necessary financial burden in respect of pay and pensions and other benefits for volunteers from local fire fighting forces, as if such volunteers were serving at home.

40. After further discussion, it was agreed that the proposal be communicated to the Federation of Mayors and Municipalities with the suggestion that they undertake responsibility therefor, and that the U. K. High Commissioner be so informed.

Office space for Census and National Registration personnel

41. The Minister of National War Services requested direction as to the disposition of Census employees and National Registration personnel, in view of the Committee's recent decision with regard to premises in the National Research Council Annex. No space was available for necessary National Registration staff. Possibly additional construction would be necessary.

(See letter of May the 2nd, 1941, from the Minister of National War Services, to the Secretary).

42. The Committee agreed that in view of the requirements of the Department of National Defence and Census staff, space for National Registration personnel would have to be found elsewhere.

Compulsory military training of Indians

43. The Prime Minister said that his attention had been drawn to the fact that, while certain Indians considered that they were exempt from compulsory military service by treaty with the Crown, members of the tribe of Stoney Indians had received notices to present themselves for examination. The Department of National War Services had sought a ruling from the Department of Justice and had been given the opinion that, as British subjects, Indians were liable for training under the provisions of the National War Services Regulations.

(See memorandum of May the 3rd, 1941, to the Prime Minister, and attached letter from Mr. M. J. Edwards, M.P.)

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44. After some discussion, it was agreed that the question be referred to the Minister of Justice for consideration and report.

Canada - United States - industrial co-operation

45. The Minister of Munitions and Supply reported that arrangements under the Hyde Park Declaration, for the placing of U. S. orders for war materials in Canada, were developing very satisfactorily. Agreement had been reached in respect of a number of classes of articles which Canada would be able to supply. There should be no trouble in obtaining, immediately, orders to an amount of $200,000,000. It was understood, too, that everything to be sent to the United States, from Canada, under these arrangements, would be destined for lease-lend to the United Kingdom.

46. The Prime Minister emphasized the importance of a clear understanding on the last point mentioned by Mr. Howe. A stipulation to that effect had been included in the original draft of the Hyde Park Declaration, but omitted at the President's request. It was, however, understood by Mr. Roosevelt that the intention was that Canadian production for the United States, under these arrangements, would be for British use.

47. The Secretary said that the Prime Minister had received representations from the leather industry, suggesting that Canadian surplus leather production be included among the vital war materials to be exported to the United States under arrangements resulting from the Hyde Park Declaration. Copies of these representations had been sent to the Minister of Munitions and Supply.

48. Mr. Howe said that consideration was being given to the inclusion of Canadian leather

Training of Free French Airmen

49. The Secretary reported that he had spoken to the Minister of National Defence for Air, with regard to a communication received recently from the government of New Zealand, with regard to certain members of the Free French forces from Tahiti, for whom air training facilities in Canada were suggested.

(See telegram No. 1 of April the 19th, 1941, from the Prime Minister of New Zealand, Wellington, to the Secretary of State for External Affairs, Ottawa).

Mr. Power had said that this matter had been taken up with the Air Staff, and that the R.C.A.F. had no facilities for meeting this request. The matter was, however, being further investigated and the suggestion had been made that the U. K. government might consider accepting these men for training at transferred R.A.F. schools.

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Progress of the war

50. The Prime Minister read to the meeting a number of communications from the U. K. government, with regard to the progress of the war and diplomatic developments. Included were references to:

France - In view of the gravity of the situation in the Mediterranean area, it was intended to point out to the Vichy government that "participation" would inevitably result if "collaboration" were extended to include acceptance of further German demands.

Turkey - There was thought to be no chance that Turkey would go to war with Germany.

China - It was feared that the will to resist was weakening.

Iraq - Events leading to the deterioration of the British position were described.

Flying training in Canada - Financial relations with the U. K. and Commonwealth governments

51. The Minister of Finance reported that officials of the departments concerned had examined, carefully, into the whole question of the financial relationship of the Canadian government to the governments of the United Kingdom, Australia and New Zealand, as a result of the obligations undertaken in connection with flying training in Canada, particularly under the Commonwealth Air Training Plan.

As a result of their investigations, an Interdepartmental Committee under the Chairmanship of Mr. W. L. Gordon of the Department of Finance, and including Mr. H. G. Norman, Financial Adviser of the Commonwealth Air Training Plan, had agreed upon certain recommendations for the revision of the financial provisions of the Air Training Agreement, and for the clarification of other financial obligations between the Canadian and U. K. governments.

52. Mr. Ilsley described, briefly, the recommendations which had been made to him, namely:

(1) That the Agreement be revised to provide for contribution by Australia and New Zealand, on a flat sum basis, rather than on the percentage basis now stipulated, which was difficult if not impossible of computation, and that negotiations to that end be initiated forthwith;

(2) that negotiations with the U. K. government be commenced immediately, with a view to establishing the costs of the R.A.F. schools in Canada on a flat rate or per capita basis.

(3) that, with regard to the contribution of the U. K. government to the J.A.T.P.:

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(a) the U. K. government be not asked to contribute to the increased cost due to the acceleration of the Plan;

(b) the principle agreed to by Mr. Ralston, when in England, with regard to U. K. responsibility for aircraft purchased by Canada in lieu of deliveries which the U. K. government were unable to make, be accepted; and,

(c) policy respecting "reserve for overhauls" be revised, with a view to requesting increased contribution by the U. K. government on this score, to meet changed conditions.

(See Extract from the Minutes of the Third Meeting of the Inter-departmental Committee, dated April the 30th, 1941).

53. Mr. Ilsley said that, while he did not wish, at this stage, to have specific authority to commit the government on these questions, he recommended that general authority be given, so that discussions with representatives of the U. K. government and the governments of Australia and New Zealand, could be initiated at once, with a view to revision of the financial provisions of the Air Training Agreement, and the settlement of other financial relations with the U. K. government in respect of flying training in Canada.

54. The Committee approved Mr. Ilsley's recommendation, in this respect, and it was agreed that discussions be initiated accordingly.

Departure of Canadian forces from Iceland

55. The Minister of National Defence reported that the last Canadian troops on garrison duty in Iceland had now departed and had arrived in the United Kingdom. It was proposed to make public a message of congratulation upon the service rendered by Canadian troops on the island, which had been received from the British Officer Commanding, provided that there were no military objection.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

May 9th, 1941.

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Ottawa, May 9th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Friday, May the 9th, at 11 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Permanent Joint Board on Defence - Fifteenth and Sixteenth Recommendations

1. The Secretary reported that he had received from the Private Secretary to the Minister of National Defence for Naval Services a letter stating that the Board's Fifteenth and Sixteenth Recommendations had been reviewed by the Chief of the Naval Staff. In his Minister's absence, Rear-Admiral Nelles had expressed concurrence in the approval of these Recommendations in so far as the Navy were concerned.

(See letter of May the 9th from the Private Secretary to the Minister of National Defence for Naval Services, to the Secretary).

2. Mr. Heeney said that he had also been informed that the Department of Finance concurred in these Recommendations, on the ground that Canada was already committed under Recommendations previously adopted.

3. The Minister of National Defence for Air stated that the Air Staff had not yet completed their estimate of the amounts involved in implementing the Fifteenth Recommendation.

4. The Minister of National Defence reported that the General Staff were not yet ready to report upon these Recommendations.

Teaching of English to French-speaking recruits

5. The Minister of National Defence referred to a proposal that classes in English be conducted for French-speaking recruits. A note, on the subject,

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had been given to the Minister of Justice, and his views would be awaited.

6. The Minister of National Defence for Air said that a similar course had been followed with success by the Air Force.

7. The Committee expressed general approval of the proposal, pending word from Mr. Lapointe, who had not yet entered the meeting.

Publicity regarding Trans-Atlantic flights.

8. The Minister of National Defence for Air mentioned publicity with regard to trans-Atlantic flights of aircraft being delivered to Great Britain. U. K. authorities had requested that no stories of such crossings be given to the press, and the Canadian government had acted accordingly. Recently, however, under a London date line, there had been published an account of the flight of a PBY to England by two Canadians. This release had originated with the Ministry of Aircraft Production, and had been authorized by the U. K. Press Censors. This anomolous situation should be drawn to the attention of the U. K. authorities.

9. It was agreed that a communication should be sent to the U. K. government, requesting an explanation of what had occurred, and clarification of the policy which should, in future, be adopted.

Recruitment of radio mechanics, and others, in the United States - Civilian Technical Corps.

10. The Minister of National Defence for Air reported that his department felt strongly that because of the essentially civilian character of the proposed corps, they should not be associated with it in any way. It was recommended that the Department of Transport undertake the performance of such functions of co-operation with the U. K. authorities as might be agreed upon.

11. Mr. Power observed that the U. K. government now had in mind, for the corps, a much larger personnel than had previously been contemplated. In addition to eight or nine thousand radio mechanics, they would seek to obtain, in the United States, up to March, 1942, some twenty-one thousand men from the engineering and electrical trades.

It was suggested by the United Kingdom that it might be necessary to enact special regulations to provide for corps discipline, etc. Draft regulations had been forwarded for the consideration of the Canadian government.

(See letter of May the 2nd, 1941, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

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12. Mr. Power said that he found it difficult to understand why the enrollment of personnel for the corps could not be completed in the United States, rather than in Canada. Furthermore, there would not appear to be any need for Canada enacting regulations as to discipline, since the corps was to be under U. K. control, and purely civilian in character.

13. The Prime Minister agreed with Mr. Power. It should be clearly understood that, while the Canadian government were willing to co-operate, the U. K. government would have sole responsibility for the establishment and conduct of the corps, which was to be wholly civilian.

14. After further discussion, it was agreed that, in reply to the U. K. government's communication, the Canadian government's relation to the corps should be clearly defined; reference should also be made to the corps' essentially civilian character and to the Canadian government's decision that it would be inappropriate therefore to have the corps associated in any way with the Service Departments.

Joint Air Training Plan -
Bombing and gunnery instruction

15. The Minister of National Defence for Air reported that, while no official request had been received, R.A.F. officers had indicated their desire to double the capacity of bombing and gunnery schools under the Air Training Plan, combining them with air observer schools.

The result of acceding to such a request would be the abandonment of the ten observer schools, in which there was an investment of some $10,000,000. These observer schools were conducted by civilian companies. It would be absurd to adopt such a course at such great loss, now that plans had advanced so far.

16. The Committee agreed that, in the circumstances, consent to such a request should not be given.

Joint Air Training Plan -
increase in number of pilots in training.

17. The Minister of National Defence for Air reported that the U. K. government would likely ask that Canadian schools accept, for training, increased numbers of student pilots. It would be possible for the schools to do so, and it might be advisable. Additional expense would necessarily be involved, in that event.

Compulsory Military Service for Overseas

18. The Prime Minister said that there was danger that increasing pressure from certain quarters for the adoption of conscription for overseas service might reach the proportions of a national issue, upon which the country would be seriously divided. If this happened,

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the effect upon the war effort would inevitably be grave. In these circumstances, the Committee should take a definite stand on the question. It should be made known that the government were absolutely opposed to conscription for overseas service. Otherwise there was danger that Canadians would be divided when unity was most needed, and when the external danger was likely to be the greatest.

19. Mr. King said that it should be made clear that the government had no anxiety as to the capacity of the voluntary system to meet present requirements for overseas service. Any contrary impression should be corrected, and a public statement to that effect would be the best answer to the demand for conscription. If the matter were not dealt with now, it would become much harder to resist the demand later on.

The government had already introduced compulsory military training and compulsory service, where and when required, within Canada. Possibly this policy should now be extended further to provide for selective service for other forms of war activity in Canada.

20. The Minister of National Defence said that he was equally opposed to conscription for overseas service, at present, but felt that it would be a mistake to say now that such a policy would never be necessary under any possible circumstances. The government had consistently adopted the attitude that they would meet new situations as they arose. Personally he would not wish to commit himself, on this subject, for all time.

21. Mr. Ralston said that in any event there was now no need for compulsion, to obtain all the men needed for overseas service. Canada had not yet scratched the surface of her supply of man-power, as was shown by a comparison of numbers of men raised for service abroad during the last war. Only one call had been made so far, and that had been successful.

22. The Minister of Munitions and Supply drew attention to the fact that, as compared with the last war, the labour requirements of war industry were now much greater, and the Minister of National Defence for Air pointed out the much larger proportion of skilled technical personnel required for modern armies.

23. The Minister of National War Services stated that he was also opposed to conscription for service abroad. On the other hand, larger numbers of men, than now contemplated, would be required for the forces before victory could be achieved. It was misleading to suppose otherwise, and to over-emphasize the importance of industrial labour. The younger men should be made available for the Services, and the factories should be operated by men in the upper age groups, and by women. Machines were important, but useless without the men to man them.

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Unless a vigorous national appeal for recruits were conducted, aiming at the enlistment of all able-bodied single men, conscription for overseas would become inevitable. A properly conducted recruiting campaign would yield good results. Many of the foreign-born in Western Canada would enlist if the matter were put before them in the proper light.

24. Mr. King remarked that the whole weight of experience in the war, so far, had made abundantly evident the vital importance of the machines of war. Mere numbers of men had been powerless to prevent successful Nazi invasions of the countries of Europe. It was essential that we concentrate upon the production of the weapons of war, ships, and the obtaining of superiority in the air.

25. The Minister of Justice stated that he, personally, would never accept conscription for overseas service, under any circumstances, not only because of the pledges which he had given publicly, but because the adoption of such a policy would wreck the Canadian war effort, destroy the national unity, and might even mean civil conflict. A clear stand now, by the government, would do much to put a stop to agitation in favour of conscription for service abroad.

The Canadian war effort had so far been effective and would continue to be so, provided the country remained united. The position with regard to conscription in Australia and South Africa, had been made perfectly clear, and should be made equally clear in Canada.

Recruitment for the Army - Policy re industrial workers.

26. The Minister of National Defence for Air was inclined to agree with Mr. Gardiner that war industry should be left to the older men and to women, and that all younger men should be taken into the forces. It was important that the government make it known that they needed the younger men for the Services. The position was not properly understood.

27. The Minister of Munitions and Supply said that he would now be prepared to agree that there should be no exemptions for younger industrial workers. The scarcity of skilled labour was not such an urgent problem as it had been at an earlier stage.

28. The Minister of National Defence stated that in recruiting for the Army, it was proposed to enlist all men who volunteered, regardless of their occupations, but reserving the right to employers of recruits who were employed in war industry, to apply for postponements in respect of key men, until replacements could be made.

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Recruitment for the Army - Recruiting Campaign

29. The Minister of National Defence outlined proposals which had been worked out for the conduct of an army recruiting campaign. It was intended to ask for about 32,000 men, over the next two months. These would comprise re-enforcements for units now overseas, personnel for the 3rd Division, the Army Tank Brigade, the 4th Division, Coast Defence units, and certain other formations. Men were needed mainly for the artillery.

It was estimated that campaign publicity, aimed at the stimulation of public interest, would cost about $278,000. Committees would be organized in each military district. Members of Parliament and Members of the Provincial Legislative Assemblies would be requested by letter to co-operate.

30. The Prime Minister suggested that in opening the campaign Mr. Ralston should correct the impression which seemed to have got abroad, that the government were anxiously concerned at the shortage of men for the forces. This was not the case. It might also be said that plans were being made for the further organization of women in the war effort, so that they might replace men, releasing them for enlistment.

31. Mr. Ralston said that because of the deterioration of events in Europe, recruitment of the 4th Division was being completed earlier than had originally been intended. Recourse to personnel of this division for the Armoured Division had also resulted in increased requirements. The result was that there would be an addition to Army estimates, for this year, of about $10,000,000.

32. Mr. Ralston said that, upon the departure overseas of the 3rd Division, now fixed for July, there would be left in Canada, the 4th Division and a number of battalions which had already been mobilized toward a 5th Division. In the circumstances, it would be advisable to authorize plans to be set on foot for the recruitment of the remainder of a 5th Division. This would involve additional expenditure of some $12,000,000.

33. After further discussion, the Committee approved the plans for an army recruiting campaign outlined by the Minister of National Defence, including the recruitment of the balance of the 4th Division. The Committee also authorized the preparation of plans, for submission at a later date, for the mobilization of a 5th Division.

Public Information

34. The Prime Minister referred to the importance of developing the work of the Public Information Office, so as to provide an up-to-date source of all information upon the various phases of the war effort.

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It should be possible for the Office to have available, as and when required, complete data for the preparation of addresses, literature and the like.

35. The Minister of National War Services referred to the difficulties which the Public Information Office had encountered in the collection of information from the various departments directly concerned with the war effort, each of which had their own public relations section. Limitation to the Government Printing Bureau constituted a serious restriction upon the Office's capacity to produce printed material. Proposals had been prepared for the extension of the Office's functions and additions to its editorial staff.

36. The Minister of National Defence for Air expressed the view that many of the restrictions which were being put upon the release of information relating to the war, should be removed. It should be possible to make public much more complete data as to the growth and employment of the forces and the extent and nature of industrial production.

37. After further discussion, it was agreed that a communication should be sent to the U. K. government, indicating the importance attached by the Canadian government to a substantial extension of publicity with regard to the various phases of the war effort, and expressing the intention, in future, to pursue a more positive policy in this respect.

Organization of women's voluntary services

38. The Prime Minister read a report upon the organization of women's voluntary services, prepared by the Associate Deputy Minister of National War Services, Mr. Justice T. C. Davis. The report dealt with the present situation in Canada regarding the utilization of the services of women, and in brief recommended:

(1) that, if and when industrial training outside industrial establishments was required, it be conducted under the training plan operated by the Department of Labour;

(2) that the Canadian Red Cross Society be encouraged to extend its present activities in the training of women for war work;

(3) that existing uniformed organizations receive no government recognition, but continue to operate on their own, possibly in affiliation with the Red Cross;

(4) that the Army, Navy and Air Force combine to constitute a women's auxiliary force, or, alternatively, that a separate organization be established for each Service;

(5) that any organization of women for service on the land be left to Provincial governments;

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(6) that the activities of women's organizations in Canada be co-ordinated under the Department c_ National War Services.

(See letter of May the 8th, 1941, from the Associate Deputy Minister of National War Services, to the Secretary).

39. The Minister of National Defence for Air, with regard to auxiliary services for the forces, said that he would be prepared to accept female staff required, from a central body organized under the Department of National War Services, provided that it were understood that the Air Force would have complete control of personnel so obtained, including the right to discharge them.

40. The Minister of National Defence said that he would have to refer to his staff before accepting Mr. Power's suggestion, in so far as the Army was concerned.

41. The Committee discussed the proposals at some length, it being decided, however, to defer decision thereon, until the departments affected had an opportunity of giving them proper consideration.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

May 13th, 1941.

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Ottawa, May 13th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Tuesday, May the 13th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Joint Air Training Plan - Supply of aircraft spares.

1. The Prime Minister reported that a reply had been received from the Prime Minister of the United Kingdom, to the telegram sent him on April the 13th drawing attention to urgent requirements of aircraft spares for the Commonwealth Air Training Plan. While expressing appreciation of the detrimental affect on the Plan of equipment shortages, the reply pointed out the inevitable difficulties in meeting demands which had resulted from enemy action in Great Britain. It also summarized the situation with regard to the supply of Ansons, Battles, spare engines, airframe and engine spares.

(See telegram No. 76 of May the 6th, 1941, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs, Ottawa).

2. The Minister of National Defence for Air observed that, in the circumstances, there was nothing further that could be done, so far as U. K. supply was concerned. The U. K. government were doing the best possible, having regard to the conditions in Great Britain. An R.C.A.F. representative had gone to the United Kingdom to discuss the equipment situation.

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Internees -
Permission to remain in Canada.

3. The Prime Minister, in referring to the particular case of an internee from the United Kingdom, on behalf of whose request for permission to remain in Canada upon release by the U. K. authorities, strong representations had been made, expressed his views as to the principles which should govern in considering such requests. Cases should be dealt with sympathetically on their merits and, provided that the bona fides of applicants were established, and reasonable guarantees forthcoming as to maintenance, permission should be granted.

4. After some discussion, it was agreed that applications to remain in Canada, on the part of internees whom the U. K. government were prepared to release, should be investigated individually, with a view to reaching just and humane decisions, and granting admission where good faith could be established and arrangements made as to maintenance.

Progress of the war

5. The Prime Minister read and commented upon a number of communications received from the U. K. government concerning recent diplomatic and military developments. Included were references to:

Japan - it seemed probable that Japan would fight, if the United States became involved in war with Germany.

Spain - recent changes in the Ministry were commented upon.

U.S.S.R. - possible indications of a deterioration in Russo-German relations were discounted by the expression of apprehension lest Stalin's assumption of the Premiership foreshadowed closer collaboration with Germany.

Morocco - Weygand was reported to be permitting equipment to be turned over to German forces.

Western Mediterranean - the failure of an enemy attack on a British convoy, and the bombing of Bengasi were reported.

Air raids - the results of increased scale bombings in Germany and in Great Britain were reported. Larger numbers of enemy night bombers had been destroyed in recent engagements.

British tour of Canadian journalists

6. The Prime Minister reported that word had been received that the British Council preferred, themselves, to indicate the composition of the Canadian party to visit the United Kingdom, rather than to have

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representatives named by the newspaper associations, as had been suggested. The associations might be asked to suggest alterations in the list. Would the Canadian government approve this procedure?

(See telegram No. 823 of May 8th, 1941, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

7. The Secretary said that the Director of Public Information had expressed the view that the Canadian newspapers would strongly resent the selection of the group first suggested by the British Council. In the circumstances, while the government could hardly press their advice further, it should be made clear that they were in no way responsible for the selections.

(See letter of May 9th, 1941, from the Director of Public Information, to the Acting Under-Secretary of State for External Affairs).

8. After some discussion, it was agreed that a telegram be sent to Mr. Massey, stating that, while, in the circumstances, the Canadian government felt that they could hardly take exception to the course proposed, they remained of the opinion that choice of the personnel of the party by the newspapers, themselves, was much to be preferred.

U. K. purchasing programmes in Canada and the United States - financial arrangements.

9. The Prime Minister read the reply which had been received to the communication sent to the U. K. government, following the Committee's discussion of Mr. Ilsley's proposals on March the 27th, 1941, as to financial arrangements with respect to the British purchasing programmes in Canada and the United States.

(See Minutes of the Cabinet War Committee, March 27th, 1941, page 3).

The reply expressed appreciation of the manner in which the government had approached the financial problem, particularly in offering to meet the full deficit of the sterling area. The Canadian proposals with regard to gold and U. S. dollars available to Great Britain, foodstuffs from Canada and exchange guarantee would, however, require further consideration and discussion.

(See telegram No. 79 of May the 10th, from the Secretary of State for Dominion Affairs, London, to the Secretary of State for External Affairs, Ottawa).

Oil storage facilities at Suva, Fiji Islands

10. The Prime Minister reported that the U. K. government had suggested that Canada might contribute to the provision of additional oil storage

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facilities at Suva, in co-operation with the U. K. and New Zealand governments.

11. The Minister of National Defence for Naval Services said that the only R.C.N. unit which made use of this port was an armed merchant cruiser serving as escort for air crew personnel from New Zealand.

12. The proposal was referred to Mr. Macdonald for consideration and report by the Naval staff.

Permanent Joint Board on Defence - Fifteenth and Sixteenth Recommendations

13. The Secretary reported that he had received a letter from the Minister of National Defence, concurring, on behalf of his department, in the Board's Fifteenth and Sixteenth Recommendations.

(See letter of May the 13th, 1941, from the Minister of National Defence, to the Secretary).

14. The Minister of National Defence for Air said that, while the Air Staff had not yet completed their estimate of the costs involved in implementing the Fifteenth Recommendation, concurrence in both Recommendations might be recorded on the part of the Department of National Defence for Air.

15. The Secretary was, accordingly, authorized to inform the Board of the government's approval of the Fifteenth and Sixteenth Recommendations.

Organization of women's voluntary services

16. The Minister of National Defence reported that, after consultation with the officers of his department, he was prepared to agree that the Army obtain such female personnel as would be required, from a pool to be organized under the Department of National War Services. It would not, however, be possible to give any firm undertaking, so far as officers were concerned. Representatives of the Army were meeting with officers of the Department of National War Services, to work out details.

17. The Minister of National Defence for Air said that the Air Force were also willing to agree to such an arrangement for the provision of women auxiliaries.

18. After some discussion, it was decided that the Department of National War Services undertake provision of the requirements in female auxiliary personnel of the Army, Navy and Air Force; in planning the methods by which this was to be accomplished, the Department of National War Services was to proceed, in collaboration with the Defence Departments.

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Training of Free French Airmen

19. The Minister of National Defence for Air stated that the Air Staff reported that sufficient flying training facilities were not available to enable the R.C.A.F. to undertake the training of Free French airmen in Canada. There would, however, be no objection to the suggestion being made that such training be conducted in R.A.F. schools transferred to this country.

20. It was agreed that a communication in this sense be sent to the U. K. government.

Training in Canada of Yugoslav airmen

21. The Minister of National Defence for Air reported that, with regard to the suggestion that Canada afford facilities for the training of Yugoslav airmen, the situation was the same, and that the R.C.A.F. were unable to accede to the request which had been made.

Federal responsibility for Provincial roads

22. The Minister of National Defence for Air explained the necessity which had arisen in the vicinity of certain air training establishments, for authorizing expenditures of government funds upon local roads used for the transport of essential supplies. Such roads were normally provincial or municipal responsibilities but, in order to obtain access to main highways or railways, in certain localities, it had been found necessary to provide for improvement and for snow-clearing in wintertime.

It was recommended that approval be given, in such cases, for the expenditure of amounts required. Several examples of such situations were given.

23. The Minister of National Defence observed that he had generally stood out against any such contributions by the Federal government. These roads were primarily a provincial responsibility and, while the Air Force might have special problems, the expenditure of government funds on such projects had been refused where the Army was involved. The provinces benefited, financially, from the existence of military establishments, and should bear the cost of their own roads.

24. The Minister of National Defence for Naval Services saw no reason why the provinces should take any responsibility in this matter, beyond ordinary provincial requirements. Provincial highways were damaged by military traffic and the provinces obtained no revenue from gasoline tax or licenses in respect of military vehicles.

25. The Minister of Finance referred to the enormous Federal war expenditures in the provinces, and

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the greatly increased revenues which the provincial governments were obtaining because of the location of military establishments.

26. After further discussion, it was agreed, in principle, that the maintenance and improvement of local roads, in the vicinity of Service establishments, were primarily provincial responsibilities, to which the Federal government should not contribute. It was recognized, however, that in cases of absolute necessity, where an outlet to a railway or highway had to be provided, financial assistance, by the Federal government, might have to be authorized.

U. K. Civilian Technical Corps

27. The Secretary remarked that, while the Committee had agreed that the co-operation to be given by Canada with regard to the U. K. Civilian Technical Corps should be through a civilian rather than a Service department, no decision had been reached as to which department should be given this responsibility. The Departments of Transport and National War Services had been suggested.

28. It was agreed that officers of the Departments of Transport and National War Services be directed to confer, on the subject, and submit their recommendation to the Committee.

Experimental gas and chemical warfare area

29. The Minister of National Defence reported that difficulties had been encountered by the Alberta government in negotiating with certain land-owners for the purchase of their property in the area which was to be set aside for purposes of gas and chemical warfare training and experiment. The Alberta government had suggested that the Federal government guarantee any amounts, beyond what had been contemplated, the payment of which might now be found necessary.

30. Mr. Ralston said that he had taken the stand that, under the agreement, Alberta was bound to settle with the proprietors involved, and since the matter was urgent, he proposed to recommend expropriations by the Federal government, if Alberta failed to take immediate steps to procure the land required.

31. The Committee approved of Mr. Ralston's decision in this respect.

Public Relations - Army

32. The Minister of National Defence reported that, following an examination which had been made into publicity in relation to the Army, it was proposed that Mr. Joseph Clark, now in charge of public relations for the Air Force, be given control of public relations for the Army, as well. Mr. Clark had made certain suggestions for the improvement of Army publicity, including the appointment of a public relations officer for each Military District. The implementing of his

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recommendations would involve the expenditure of some $74,000.

33. The Committee, upon Mr. Ralston's recommendation, approved the measures proposed for improvement of Army publicity and the expenditure thereon of the amount indicated.

Public Information

34. The Prime Minister stated that he had decided to review the functioning of the various agencies concerned in the collection and dissemination of public information in connection with the war, including; the Public Information Office, the National Film Board, the Canadian Travel Bureau, those concerned with radio broadcasts and other similar activities. In this connection arrangements had been made for Mr. L. W. Brockington to review the existing situation and report directly to Mr. King, with a view to suggesting means whereby the various media of publicity could best be co-ordinated and rendered more effective. Mr. Heeney and Mr. Turnbull had been asked to co-operate with Mr. Brockington, to this end.

35. Mr. King said that he had already interviewed the Minister and Deputy Minister of Trade and Commerce, the Minister of Mines and Resources, and the National Film Commissioner, with regard to motion picture production. The general lines upon which the Film Board should operate, in future, had been agreed upon. These would involve measures of separate Treasury control for the Board, outside the ordinary framework of the Department of Trade and Commerce.

36. The Committee discussed, at some length, the question of improvement of present public information services, with special attention to the problem of providing sufficient scope to those responsible, while retaining adequate ministerial control in the matter of finance.

Sea Cadets

37. The Minister of National Defence for Naval Services reported that it was intended that the Sea Cadets, formerly under the control of the Minister of National Defence, be transferred to the Department of National Defence for Naval Services.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

May 20th, 1941.

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Ottawa, May 20th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Tuesday, May the 20th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Justice (Mr. Lapointe),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Progress of the war

1. The Prime Minister read, and commented upon, communications received with regard to recent diplomatic and military developments:

France - relations with France were steadily deteriorating with the increased pressure upon Marshal Petain, for further "political and economic" collaboration. The best to be expected was that France would deny "voluntary active military aid" to the enemy. Collaboration was to extend to Africa and Syria. Facilities were already being afforded for the passage of German forces to Iraq.

Japan was unshaken in her determination to stand with the Axis Powers. United States convoys which were attacked by Germany would mean war.

China - the extent of British assistance to China was necessarily limited by the demands of the supreme struggle in the west.

Rudolph Hess had suggested, when interviewed in the United Kingdom that, in order to avoid further widespread destruction, Hitler would be prepared to leave the British Empire alone, if he were given a free hand in Europe. Nothing could prevent a complete German victory if Great Britain would not come to terms.

The U. K. government were seeking to have

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the Hess incident interpreted as a sign of internal weakness and dissension within the Nazi regime.

Turkey was showing signs of softening in the face of German pressure; the U.S.S.R. continued to tend toward co-operation with the Axis.

Middle East - an account was given of Arab reactions to the activities of the pro-German governments of Iraq.

Canadian diplomatic relations with France

2. The Prime Minister read a reply from the U. K. Prime Minister, to an enquiry which had been addressed to him with regard to the continuance of French diplomatic representation in Canada. Mr. Churchill's telegram suggested that it might prove useful, in the future, if, for the present, Canada were to retain a French diplomatic mission. Consideration might be given, however, to removing the Legation's diplomatic cypher and bag privileges. The views of the Canadian government might be helpful to the government of South Africa, who had a similar problem.

(See Cypher telegram No. 82 of May 20th, 1941, from the Secretary of State for Dominion Affairs, London, to The Secretary of State for External Affairs, Ottawa).

3. Mr. King also read a letter from Lt. Col. George P. Vanier, requesting that he be relieved of the title of Canadian Minister to France, in view of the recent grave deterioration in relations with the Vichy government. An explanatory note was enclosed in which Colonel Vanier expressed his appreciation of the fact that considerations of policy might render it impossible to accede immediately to his request.

4. It was agreed, in the circumstances, that the Acting Under-Secretary of State for External Affairs should see Colonel Vanier and explain to him the suggestion which had been made by the U. K. government for the maintenance, at least for the present, of diplomatic relations between France and Canada.

Public Information -
South Africa

5. The Prime Minister reported that word had been received from the Canadian High Commissioner in South Africa that erroneous statements had appeared in a South African newspaper regarding the Canadian war effort, and, in particular, to the attitude of the Province of Quebec.

6. The Acting Under-Secretary of State for External Affairs said that steps had been taken to provide Mr. Laureys with full particulars of the true situation, and enquiry would be made as to the origin of the article to which attention had been drawn.

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Employment of Canadian Tunnelling personnel on special duties.

7. The Minister of National Defence explained the financial arrangements proposed in meeting a request for personnel from the 1st Canadian Tunnelling Company, to assist in the construction of a power development tunnel in connection with additions to the aluminum plant near Fort William, in Scotland. Apart from responsibility for medical attendance, normal pensions and certain transportation costs, other charges were to be met by the company involved.

(See telegram No. 862 of May 13th, 1941, from the High Commissioner for Canada, London, to the Secretary of State for External Affairs, Ottawa).

8. The Committee approved the financial arrangements, in this respect, proposed in Mr. Massey's telegram.

Army Recruiting Campaign

9. The Prime Minister said that it had come to his attention that certain persons associated with the Army recruiting campaign, had let it be known that, in their view, voluntary methods would not be sufficient, and that conscription would have to be introduced. Such talk could not fail to affect, seriously, the results which the appeal was seeking to obtain, and steps should be taken to combat it.

10. The Minister of National Defence observed that, where military officers were involved, it would be appropriate to take steps to prevent such open expressions of view calculated to hinder the recruiting campaign; where civilians were concerned, however, the matter was more delicate.

11. The Minister of Justice expressed the opinion that this was another evidence of the importance of the government making a clear statement of their determination to adhere to the policy of voluntary recruitment. If this were not done, such incidents as that referred to by the Prime Minister would continue to take place, with serious effects upon the unity of the war effort. In view of the deterioration of relations with France, it was all the more important that the position of Quebec should be appreciated.

Employment overseas of Canadian military forces

12. The Minister of National Defence observed that, so far, Canadian troops had not been engaged in active operations. It was unfortunately true that this fact accounted for the degree of apathy evidenced by the public as regards the war effort and prevented enthusiasm being aroused in regard to the recruiting campaign. It would be of great assistance if opportunity were to be offered for Canadians to meet the enemy, even in small scale operations.

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In this connection it had been suggested that the views of Lieutenant-General McNaughton be obtained as to the employment of Canadians in the so-called "Commando" scheme. A draft telegram to General McNaughton was submitted.

13. The Prime Minister said that he could not agree with the views expressed, nor could he justify, merely on grounds of arousing public sentiment, any proposal which might involve the loss of life. The disposition of Canadian forces should be left to the High Command. It had been made clear to the U. K. High Commissioner that the Canadian government were willing that Canadian overseas forces be employed in theatres of operations where, on strategic grounds it was believed that they could render the most effective service.

14. The Minister of National Defence for Air suggested that Canada might offer to send an infantry brigade for service in Egypt. Such a brigade was available in Canada, and could be spared. There was no doubt that unless recruits could be offered the prospect of action overseas, the recruiting campaign would fail. To send a brigade to the Middle East would make some appeal to the public imagination.

15. Mr. Ralston said that there was no doubt that the present inaction was causing a deterioration in the morale of the troops. Some active move should be made in the near future; otherwise the results, in this regard, would be serious. Public opinion, too, was apathetic.

16. The Minister of National War Services agreed that the public were demanding that there should be some action on the part of Canadians. The success of the recruiting campaign depended upon it.

17. Mr. King repeated that the disposition of the forces should be left to the High Command for decision on grounds of strategy. If the Canadian Corps could be better employed elsewhere, there was no reason why they should remain in the United Kingdom. In his own view, however, the Canadians were being kept in Great Britain because that was where they were needed.

Furthermore, to send an infantry brigade from Canada to Egypt would involve an additional military commitment beyond the agreed maximum of the nation's military effort. There would be no objection to communicating to the U. K. government, however, the government's willingness to consider other employment for Canadian overseas formations, for example, in the Middle East, provided the High Command took the view that they would be more effectively used outside the British Isles.

18. The Acting Under-Secretary of State for External Affairs said that Mr. L. B. Pearson, of the Canadian High Commissioner's Office, recently returned from London, felt that the War Office were under the

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impression that the desire of Lieutenant-General McNaughton to maintain the Canadian Corps intact, was a barrier to any suggestion that Canadian personnel be selected for special duty, such as the "Commando" scheme.

19. The Minister of Mines and Resources stated that he would favour offering an infantry brigade for service in Egypt. The Middle East would be the centre of activity this year and a Canadian brigade serving in that area would make a strong public appeal.

20. Mr. Ralston expressed the view that it would help to clarify the situation, and possibly remove any misapprehension which existed as to the Canadian government's attitude, if a communication were sent to the U. K. government stating that the Canadian government would be willing to consider favourably the employment of the 3rd Division elsewhere than in the United Kingdom, if in the opinion of the U. K. government's military advisers, strategic developments made such a change in plan advisable.

Such a communication would, at all events, result in a statement of the U. K. government's own view as to the most effective employment for our military forces.

The meeting adjourned at 2.30 p.m.

A. D. P. Heeney
Secretary,

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May 21, 1941.

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Ottawa, May 21st, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Office on Wednesday, May the 21st, at 11.15 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

U.S. - British Staff Conversations

1. The Prime Minister reported that the U. K. High Commissioner had communicated to him with regard to the joint Report by the U. S. Staff Committee and the U. K. delegation, resulting from the staff conversations which had taken place at Washington during January, February and March. This Report had been considered and generally approved by the Defence Committee of the U. K. War Cabinet, and, subject to the concurrence of the Dominion governments concerned, it was now proposed to so inform the U. S. government.

(See letter of May 19th, 1941, from the U. K. High Commissioner, to the Prime Minister).

2. Mr. King emphasized the extreme secrecy to be maintained on this subject.

Canada had not been formally represented at the conversations, though a representative of the Chiefs of Staff had been associated with the U. K. delegation as an observer. However, many of the matters dealt with in the Report were of great concern to Canada, in view of joint Canadian-U.S. arrangements for hemispheric defence. The Report should be studied carefully from the political as well as the strategic viewpoint, before the government's views were expressed.

3. The Minister of National Defence for Air remarked that, while the functions of the Permanent Joint Board on Defence were not directly related to the subjects dealt with in the Report, the Board were concerned

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with strategic direction and command in joint Canadian - U. S. operations. The Report showed no recognition of the extent of Canadian forces available.

4. The Minister of National Defence submitted and read a report of the Chiefs of Staff Committee, upon their consideration of the Washington Report. The Chiefs of Staff, while approving in general of the "relative provisions" of the agreement proposed in the Report, took exception to the failure to recognize the implications of Canada's responsibility for the strategic direction of military forces, under joint agreements with the United States. They recommended, therefore, that, in place of a mere exchange of liaison officers and representation on a U. K. military mission, a separate Canadian military mission be established in Washington. This would be required to ensure that strategic direction in areas of Canadian responsibility would be adequately co-ordinated with that of the United Kingdom and the United States.

(See memorandum of May 20th, 1941, from the Chiefs of Staff Committee, to the Ministers).

5. After further discussion, it was agreed to inform the U. K. High Commissioner of the government's decision to give further consideration to the Washington Report before replying to the request for concurrence in its proposals.

Compulsory Military Training Programme - priority in calling out men

6. The Minister of National Defence reported that, because of the numbers of postponements which had been granted, principally to farm and industrial workers, it would be necessary to call up more men to meet quota requirements of the training programme. For this purpose it was proposed to call men liable to thirty day training, to whom postponements had been granted, and those in the younger age groups who had already been trained for thirty days.

In calling these additional men, it was proposed that applications for postponements would be considered on behalf of key men in essential war industries, cases of extreme hardship on dependents, exceptional cases in seasonal occupations, and civilians employed at elementary flying schools.

7. The Minister of Munitions and Supply observed that it must now be recognized that certain classes of skilled workers should not be compelled to undergo military training. Such classes, most urgently needed, included ship repair workers, radio personnel, and chemists, whose occupations should avail as prima facie evidence in favour of postponements.

8. The Minister of National War Services explained the procedure under which opportunity was given to make application for postponements in favour of key men.

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This was provided for under the Regulations, but, where the individual, himself, wished to enlist, he was able to do so.

9. The Minister of National Defence for Naval Services expressed the view that men in key occupations should not be permitted to volunteer where their services were urgently required in industrial undertakings.

10. The Minister of National Defence for Air remarked that he remained strongly opposed to exemptions of any kind as inconsistent with a successful voluntary system. In his view the Services should be free to enlist any man who offered to volunteer.

Army Recruiting Campaign

11. The Minister of Mines and Resources enquired whether volunteers for overseas, and trainees under the compulsory training programme were trained together, also whether the attempt was being made to create, in joint training establishments, an environment which would encourage trainees to volunteer for service overseas. In his view, the right atmosphere would do much to increase the number of volunteers.

12. The Minister of National Defence replied that both classes of recruits were trained together and that there was every reason to hope that adequate volunteers to meet overseas requirements would be forthcoming.

13. Mr. Ralston, in reply to an enquiry by the Minister of Justice as to the possibility of enlisting short-term offenders in penal institutions, remarked that there were difficulties involved, but that it might be feasible to make a careful selection in individual cases. Artisans from this source might be made available to war industries.

Visit of U. K. Military Attache at Tokio

14. The Minister of National Defence referred to authority which had previously been obtained for the visit to Canada of Lieutenant-Colonel G. T. Wards, the British Assistant Military Attache at Tokio. Lt. Col. Wards was not now available and it was proposed that, in his place, Brigadier B. R. Mullaly, who would shortly relinquish the post of U. K. Military Attache in Japan, be invited to Canada. The cost involved to the Canadian government had previously been estimated at $1,085.00.

15. The Committee approved Mr. Ralston's suggestion in this respect.

Employment overseas of Canadian military forces

16. The Minister of National Defence submitted a revised telegram to the U. K. government which had been prepared in the light of the Committee's discussion at yesterday's meeting, of the possibility of the

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employment of Canadian Army formations elsewhere than in the United Kingdom.

(See draft telegram from the Minister of National Defence to the Secretary of State for War).

17. Mr. Ralston said that it had been thought preferable not to make specific reference to the 3rd Division but rather to couch the telegram in general terms, leaving it to the U. K. government to make such suggestions as they might wish. The telegram might be sent from Prime Minister to Prime Minister, rather than from himself to the U. K. Secretary of State for War.

18. After further discussion, it was agreed that a telegram be sent to the U. K. Prime Minister along the lines proposed by Mr. Ralston, reference to be made therein, at the Prime Minister's suggestion, to his personal conversation, on the subject, with Mr. Malcolm MacDonald.

Oil storage facilities at Suva, Fiji Islands

19. The Minister of National Defence for Naval Services reported that the Naval Staff had reviewed the proposal that Canada contribute to the provision of additional oil storage facilities at Suva, and had now reported that it was not at all probable that Canadian units would require to make increasing use of such facilities. In the circumstances, it was not considered that the Canadian government should be called upon to contribute toward the cost of such a project.

20. The Committee agreed that a reply to this effect should be sent to the U. K. government.

Building of destroyers in Canada

21. The Minister of National Defence for Naval Services recommended that authority be given for the laying down of two destroyers in Canada. The need for this class of vessel was urgent, and in view of the heavy strain on the ship-building industry in the United Kingdom, it was essential to make a start on construction in this country. It had become evident that, under present conditions, U. K. yards could not be relied upon to meet Canadian requirements.

(A submission to Council, in this respect, had been submitted by the Minister to Treasury Board, estimating expenditure for 1941-42 at $2,160,000, and total cost to 1945 at $12,960,000.)

22. Mr. Macdonald said that the loss reported yesterday of eight cargo vessels, in convoy, at a point further west than such sinkings had previously occurred, gave point to his recommendation. The need in the Western Atlantic was further illustrated by recent enquiries from the Admiralty concerning the basing of a destroyer flotilla on St. John's, and also with regard to Canadian resources in corvettes.

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23. The Minister of Munitions and Supply agreed that it was important for Canada to make a start on destroyer construction. Despite the heavy demands upon Canadian yards for essential ship repairs and the consequently inevitable interruptions in a building programme of the kind, it would be possible to lay down one destroyer now, a second at a later date, and construction could proceed as opportunity offered. Progress would be slow, but worthwhile, and the project would constitute a supplement to repair work and a means of acquiring destroyer technique for Canadian yards.

24. After further discussion, the Committee approved, in principle, the construction of two destroyers in Canada, as recommended by Mr. Macdonald.

Transport overseas of Service personnel

25. The Secretary reported that at the Committee's direction, following the meeting of May the 6th, the Chiefs of Staff had reviewed, in the light of present conditions, the policy with regard to the transport overseas of Service personnel, with a view to seeing what additional precautions, if any, could be adopted. The report of the Chiefs of Staff, on this subject, had now been received. It was to the effect that the Chiefs of Staff found themselves unable to visualize any additional precautions in the present circumstances.

(See memorandum of May 14th, 1941, from the Chiefs of Staff, to the Ministers).

26. The Committee took no action with regard to the Chiefs of Staff report, in this respect, but decided to defer the matter for further consideration at a later meeting.

Gasoline Supply

27. The Minister of Munitions and Supply referred to a communication which had been received from the U. K. High Commissioner, asking that urgent consideration be given, by Canadian authorities, to the reduction of Canadian consumption of petroleum products, and the release of tankers for U. K. service. The tanker position was becoming increasingly difficult, and essential supplies and stocks in Great Britain could not be maintained at the necessary level, unless additional vessels were provided.

(See letter of May 16th, 1941, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

28. Mr. Howe stated that the Oil Controller had given consideration to the problem and, as an immediate measure, he reported the release of three large tankers could be obtained by the construction of a pipe line from Portland to Montreal. Canadian and American interests would be prepared to construct

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such a line, with steel to be provided from U. S. sources. The cost would be approximately $7,000,000, which would be borne by the companies interested, and financed in the United States. The project would have the additional advantage of releasing some $1,600,000 U.S. dollars, inasmuch as tanker rates were paid in U.S. funds. Legislation would be required to incorporate a company in Canada, and empower it to expropriate the necessary property. It was recommended that this proposal be approved in principle.

29. After further discussion, the Committee approved, in principle, Mr. Howe's recommendation for the construction of an oil pipe line from Portland to Montreal; the necessary legislation for the incorporation of a Canadian company, with powers to expropriate, to be effected by Order in Council under the War Measures Act.

Export of power to the United States - Aluminum Company contract

30. The Minister of Munitions and Supply reported that, in connection with a proposed contract between the Aluminum Company of Canada Limited and Metal Reserves Corporation, of the United States, involving new power development in the Lake St. John region, the supply and export of aluminum from Canada to the United States, and the continuance of the production of aluminum at Massena, N.Y., the U.S. Federal Loan Agency were requiring an undertaking with respect to the export of power. The substantial advance payment to be made by Metals Reserve Corporation to the Aluminum Company of Canada, was to be used for the expansion of electric power facilities, and was to be conditional upon the supply of power required for the plant at Massena where aluminum was also being produced for war purposes. The U.S. Federal Loan Agency were prepared to accept an undertaking by the Power Controller, assuring continuance of power deliveries during the period of the contract. It was recommended that the Power Controller be authorized to give the undertaking requested.

31. After some discussion, it was agreed that the Power Controller be authorized to give the undertaking with respect to the export of power requested by Metals Reserve Corporation.

U. K. Civilian Technical Corps

32. The Minister of National Defence for Air reported that plans had now been made by the U. K. government, for the early enrolment of a number of candidates for the Civilian Technical Corps. For this purpose a transit centre in Canada would require to be established as early as June the 10th. U. K. representatives wished to confer with the Canadian civilian department which was to co-operate with them in the establishment of enrolment and transit centres. As yet no decision had been made as to whether this department would be National War Services, or Transport.

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33. The Secretary reported that officers of the two departments mentioned were conferring, and would shortly be in a position to report their recommendations to the Committee.

34. It was agreed, in view of the urgency, that co-operation with the U. K. authorities should be effected through the Department of National War Services, and that the Associate Deputy Ministers of that department be directed to confer immediately with the U. K. representatives, to work out details in connection with enrolment and transit centres.

Accommodation for National Registration Staff

35. The Minister of National War Services reported that accommodation was urgently required for the National Registration staff. No suitable space was available, and the only solution for the problem was to erect another storey on the building originally erected at the Bureau of Statistics.

In the circumstances, it was recommended that a third storey be added to the present building, at once, and that to avoid delay, the Department of Public Works be directed to waive the calling for tenders and give the contract to the contractor who built the original building, with suitable adjustments in price. The Minister of Trade and Commerce concurred in this recommendation.

(See letter of May 21st, 1941, from the Minister of National War Services and the Minister of Trade and Commerce, to the Secretary).

36. The Committee approved Mr. Gardiner's recommendation in this respect.

Joint Air Training Plan -
Increased Relief Field facilities for S.F.T.S.

37. The Minister of National Defence for Air reported that further facilities were needed at relief fields of Service Flying Training schools, in order to meet the largely increased requirements for night flying. Formerly all advanced Flying Schools had two relief fields. This requirement had been modified in many cases to one only, permitting the diversion of a second to meet other needs, such as those of transferred R.A.F. schools. This diversion had resulted in economies.

Night flying requirements of the Plan per pilot had now been raised from 3½ hours to 10 hours, with the result that the need for alighting facilities had been materially increased and additional equipment was required to convert sixteen relief aerodromes for this purpose. The approximate cost involved was $90,000 per school, or $1,440,000 in all. This would require to be added to the Departmental estimates for 1941 to 1942.

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38. The Committee approved, in principle, the addition, for the purpose indicated, of $1,440,000 to the estimates of the Department of National Defence for Air.

Railway Transportation for Service Personnel

39. The Minister of National Defence reported that he had conferred with representatives of the railway companies with a view to seeing what could be done to provide railway transportation in Canada at reduced rates for members of the forces. After a careful canvass of the situation, the railway companies had offered to provide transportation at one-third less than the present cost, for one leave per man per year, provided that the government would contribute a similar amount. This proposal would result in each man having one leave a year at one-third the present cost. A rough approximation of the cost to the government was $1,200,000 a year. Approval was recommended.

40. After some discussion, the Committee approved an arrangement with the railway companies along the lines described by Mr. Ralston.

The meeting adjourned at 1 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, May 27th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Tuesday, May the 27th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Progress of the war.

1. The Prime Minister read, and commented upon, a number of communications regarding recent military and diplomatic developments. These included references to:

France - there was little hope of French resistance to German demands; it was feared that the policy of collaboration would mean virtual domination by the enemy, of Syria and North Africa.

The war at sea - recent losses to shipping in the Atlantic had been heavy, as had casualties to naval units in operations off the coast of Crete. After her destruction of H.M.S. Hood, the battleship Bismarck had finally been sunk by co-operation between air and naval units.

Middle East - heavy fighting continued in Crete, without decisive result.

Turkey continued to yield to Axis pressure.

Ethiopia - further successes against the Italians were recorded.

Relations with Free French Movement

2. The Prime Minister read a communication from the Canadian High Commissioner in London, reporting the substance of conversations between the British Ambassador at Washington and the U. S. Secretary of State. It had been suggested that the position of General deGaulle would be strengthened by some evidence of support from the United States. There was little

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likelihood, however, of such being given until the position in North Africa had become clearer.

3. The Minister of Justice took occasion to explain arrangements which had been made for private and informal contact between Canadian officials and adherents in Canada of the Free French Movement, who were unable to make use of normal diplomatic channels. It had been arranged that a certain Colonel Martin-Preval, presently employed in the Department of Munitions and Supply, should act as intermediary for this purpose.

4. The Minister of Munitions and Supply said that he had given his consent to Colonel Martin-Preval acting in this capacity, whether or not his duties in the Department were affected, and direction to that effect had been given to his Deputy Minister.

5. The Prime Minister observed that the relations of the U. K. and U. S. governments toward the Free French Movement had not, as yet, been clearly defined, and the position as regards the government at Vichy remained delicate. So far as Canada was concerned, it would be well to await further clarification before making any changes in the existing situation.

St. Pierre and Miquelon

6. The Prime Minister reported that, so far, Canada had confined any action in respect of the islands to the sending there of an R.C.M. Police officer, to observe and report. This had been done with the co-operation and consent of the French Minister, and the Governor. Also the United States had a Consul there, whose reports were available to the government. To date there had been no dangerous development in the islands, and the possibility of their actual use by the enemy was remote.

The government of Newfoundland were interested in the status of the islands and had expressed their desire for prior consultation before any action were taken by the Canadian or U. S. governments. While the President of the United States, on grounds of general policy, had been opposed to seizure of the islands, he had expressed himself as feeling that they should eventually be brought within the Canadian orbit, along with Newfoundland.

7. Mr. King read a letter from the Minister of National Defence, forwarding an offer from J. O. Callede of Winnipeg, to organize, in Canada, a Free French force, to seize St. Pierre and Miquelon. This offer had been submitted by Mr. Ralston to the General Staff for comment, Major-General Crerar had been inclined to favour action along the lines proposed.

For several reasons, however, the proposal was quite unsound. In present circumstances, seizure of the islands by Canada would constitute an act of aggression. It would conflict with settled American

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policy in respect of European possessions in this hemisphere. The situation at present would not justify such action on the part of Canada.

8. After further discussion, it was agreed that the action proposed would be inappropriate and should not be permitted.

Functions of service advisers of the government.

9. The Prime Minister observed that the comments of the Chief of the General Staff upon the proposed seizure of St. Pierre and Miquelon illustrated the importance of reserving strictly to the government, decisions upon questions involving political considerations. The Committee should be scrupulous in exercising their own judgment in arriving at such decisions, and directions as to policy should be given accordingly, to be carried out by the Services. Recommendations from the Chiefs of Staff should be scrutinized carefully from this point of view.

10. The Minister of National Defence for Air pointed out that the Minister of National Defence had himself requested the comments of the Chief of the General Staff upon the proposal to seize St. Pierre and Miquelon, and that, in providing them, Major-General Crerar had recognized that the matter was a political one.

11. Mr. King emphasized the importance of seeing that decisions of the Committee, in regard to defence policy, were complied with and strictly carried out. For example, the Committee had taken the view that adequate provision for coast defence was a primary Canadian responsibility. The Chiefs of Staff, however, had continued to emphasize measures for the employment of Canadian forces in Europe. Recent events, such as the naval action off Greenland and the expressed intention of the U. K. government to convert St. John's, Newfoundland, into an advance base for a destroyer force, showed that the Committee's views, in this respect, had been sound, and that full regard should be had to the requirements of Canadian defences in this hemisphere.

Establishment of naval base at St. John's, Newfoundland.

12. The Minister of National Defence for Naval Services reported that the British Admiralty now wished, as a matter of the greatest urgency, to make use of St. John's as an advance base for convoys operating in the North Atlantic. The force contemplated would consist of destroyers, corvettes, sloops and cutters. Details of the proposal had been communicated to the government through the U. K. High Commissioner in Ottawa.

Consideration had been given to this problem by the Naval Staff, and it was suggested that it would be appropriate to make use of Canadian destroyers for this purpose. Canada could provide immediately for the forces necessary, with the possible exception of a

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few corvettes and certain auxiliary units which could be supplied by the Royal Navy.

While additional expense would be involved, to provide necessary buildings and facilities, it was recommended that Canada assume responsibility for the new base, the forces thereat to be commanded by Commodore Murray.

13. The Prime Minister expressed a favourable view of Mr. Macdonald's recommendation and observed that the action proposed would be in accordance with established principles of Empire defence.

14. Mr. King read two communications, on this subject, from the U. K. government, setting out the main requirements for establishment and operation of the base, and requesting word as to whether the project was acceptable to the government. The Newfoundland government had already indicated their acceptance.

(See letters of May 24th and May 26th, 1941, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

15. After further discussion, it was agreed that Canada should undertake responsibility for the establishment and operation of convoy escort forces at St. John's, Newfoundland, and that a communication should be sent to the U. K. High Commissioner, informing him of the government's decision to employ Canadian destroyers for this purpose.

Naval position - extension of Canadian repair facilities.

16. The Minister of National Defence for Naval Services said that the Committee should be aware of the very critical situation which had resulted from the losses recently incurred by the Royal Navy. The Chief of the Naval Staff estimated that 25% to 33% of British battleships had been sunk or were out of commission as a result of enemy action, in addition to the heavy losses in lighter units. In view of convoy needs, this decrease of strength was very serious, especially in view of the substantial reduction in dockage facilities in Great Britain which had resulted from air raids. The problem of repairs was assuming ever increasing urgency, and, in the circumstances, consideration should be given to the building, at Halifax, of a large graving dock sufficient to accommodate large battleships.

17. The Minister of Munitions and Supply remarked that such an undertaking would require at least two years to complete. The strain upon available capacity was very great, particularly upon resources of skilled labour. No doubt a large dock should be acquired eventually, but it was difficult to judge when capacity should be diverted for this purpose. Plans, however, were in course of preparation.

18. The Prime Minister remarked upon the dangerous concentration of nearly all naval facilities

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at Halifax, which formed a vital part of the life line to the United Kingdom.

19. After further discussion, it was agreed that while plans were proceeding, decision with regard to the construction of a large graving dock should be deferred for the immediate present.

Permanent Joint Board on Defence - Disposition and employment of Canadian forces - strategic direction.

20. The Prime Minister read a letter from the Chairman of the Canadian section of the Board, requesting the government's views as to arrangements with the United States for the disposition and employment of Canadian forces in Canada and Newfoundland, in the circumstances contemplated in Plan 1 of the Board.

Colonel Biggar sought to ascertain whether, in such circumstances, there would be objection, on the part of the government, to:

(1) the exercise by the United States of an unlimited or even a limited authority, or to

(2) a formula capable of two interpretations as to the extent of the authority to be given.

(See letter of May the 26th, 1941, from the Chairman of the Canadian Section of the Permanent Joint Board on Defence, to the Prime Minister).

21. The Minister of National Defence for Air reported that the Chiefs of Staff were generally of the opinion that under Plan 1 strategic direction might be granted to the United States, though this authority might be exercised through some medium other than the Chief of Staff of the U. S. Army.

22. Mr. Power said that the problem had been the subject of careful consideration by the members of the Canadian section of the Board, whose views had been communicated to him. The Air Force member, Air Commodore Cuffe, suggested the establishment of a "Supreme War Council" for the control of what might be called "grand strategy", leaving "major strategy" to a high command at Washington and "minor strategy" to the local commander in the field. The Army member, Brigadier Pope, favoured granting to the United States "strategic direction" of joint forces subject to prior consultation with the Canadian staff, and subject always to political direction by the two governments, in the realm of high policy. He also favoured the exchange of military missions between Washington and Ottawa.

The Chairman of the Canadian Section had proposed that authority for the disposition and employment of Canadian forces by the U. S. High Command should be subject to a specific understanding that the concession of such authority should not derogate from the responsibility of the Canadian Chiefs of Staff to the government of Canada, and that orders for the carrying out of

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directions of the U. S. High Command should be issued by the Canadian Chiefs of Staff.

23. The Prime Minister observed that the same principles which governed the disposition of Canadian military forces in the United Kingdom, should govern in the circumstances contemplated. The government could not and should not avoid final responsibility. With regard to Canadian overseas forces it was understood that the government would be consulted before major decisions were made and acted upon. This would also be true where the United States was involved.

24. Mr. Power said that he would favour the establishment in Washington of a permanent Canadian military mission, to provide close contact between the United States and Canadian staffs. It was also important that any measure of authority given to the United States over Canadian forces should be limited strictly to operational units.

25. After further discussion, it was agreed that the Secretary be directed to communicate the following answers to Colonel Biggar's requests for direction:

On the part of the Canadian government -

(1) there would be objection to the exercise by the United States of unlimited authority over the disposition and employment of Canadian forces, in the circumstances contemplated; there would be no objection, however, to the exercise by the United States of limited authority, that is an authority subject to the determination of war policy by the governments of the two countries;

(2) there would be objection to agreeing to a formula capable of the two interpretations to which his letter referred.

(See letter of May 27th, 1941, from the Secretary to the Chairman, Canadian Section, Permanent Joint Board on Defence).

Publicity in Canada for R.C.A.F. activities overseas

26. The Minister of National Defence for Air reported that further consideration had been given to means of improving publicity in Canada for the R.C.A.F. overseas. It was felt, despite recommendations to the contrary, that it was important that a separate press officer should be appointed, who could devote his whole time to the work.

27. Mr. Power's recommendation for the appointment of an R.C.A.F. press officer in London, was approved.

Income Tax R.C.A.F. and R.A.F.

28. The Minister of National Defence for Air drew attention to the position with regard to income tax of Canadian members of the R.C.A.F. and R.A.F.

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serving in the United Kingdom. Canadians in the R.A.F. at present, had deductions made from their pay, to meet U. K. income tax, while those serving in the R.C.A.F. were in a more favourable position in this respect. Mention was made of the position of British members of the R.A.F. in Canada, as regards income tax liability.

29. After some discussion, it was agreed that negotiations be instituted with the U. K. government, with a view to making a reciprocal arrangement with respect to income tax liability of R.C.A.F. and R.A.F. personnel.

Transport overseas of Service personnel

30. The Minister of National Defence for Air referred to the necessity of providing for the transport to the United Kingdom of increasing numbers of air crew graduating from the Commonwealth Air Training Plan. As yet no decision had been reached upon the recommendation of the Chiefs of Staff Committee that the policy, in this respect, be relaxed to permit of the embarkation in suitable vessels of numbers of men not to exceed 50% of any vessel's actual life saving capacity.

It had now been proposed to make use, to a maximum total of 600, of armed merchant cruisers which accompanied convoys out of Halifax. In the urgent circumstances, it was recommended that this suggestion be adopted.

31. The Minister of National Defence for Naval Services observed that to permit up to 600 to travel on merchant cruisers would constitute a further concentration of personnel on one vessel than had been proposed in the Chiefs of Staff last recommendation.

32. It was agreed to defer decision on this matter pending further clarification of the policy to be adopted by the United States with regard to patrols or convoys.

Labour policy in regard to war industry

33. The Minister of Munitions and Supply said that he would like to have the Committee consider, at an early date, with the Minister of Labour, the policy to be followed with regard to labour in war industries. An amendment to the Conciliation Act would prevent advantage being taken of the situation by unscrupulous organizers.

34. It was agreed that Mr. Howe should confer, on the subject, with Mr. McLarty, and subsequently the matter would be considered by the Committee.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, May 30th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber, on Friday, May the 30th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Minister of Labour (Mr. McLarty) was also present.

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Labour policy in war industries

1. The Minister of Labour, who had attended the meeting at the invitation of the Committee, submitted a formal recommendation to Council for the increase of minimum wage rates in respect of contracts for the manufacture of war supplies.

It was represented in the recommendation that, because of the increase in cost of living, the minimum wage rates prescribed by existing schedules could no longer be regarded as fair and reasonable, that a number of serious industrial disputes had arisen over wage rates, and that industrial unrest would be allayed and disputes averted if more reasonable levels were to obtain.

2. Mr. McLarty said that the recommendation had been discussed with the Minister of Munitions and Supply who was in general agreement with its provisions. It was felt that by enacting these increased minimum wages difficulties which would interfere with munitions production could be avoided.

The proposed schedules should be amended so as to apply only to employees over eighteen years of age.

3. The Minister of Munitions and Supply remarked that while he had some concern as to the effect of the new rates upon costs in war contracts, particularly in respect of certain contracts for the

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U. K. government, and would have preferred to have time for further detailed examination of the results of putting them into effect, he was prepared to concur in Mr. McLarty's recommendation.

4. After further discussion, a draft Order in Council, based upon the Minister of Labour's recommendation, was passed, it being agreed that a careful public statement should be made with regard to its provisions; Provincial governments not already consulted should be advised and reference made to concurrence on the part of the Provinces; reference should also be made to the limitation of the Order's provisions to Federal government projects.

(See P.C. 3884 of May 30th, 1941).

5. The Minister of National Defence enquired whether there were any labour regulations which interfered with the maximum work being done in plants engaged in the production of munitions and supplies. It was of the utmost importance that such plants be operated at full capacity so as to provide for urgently needed equipment for the forces. Every delay should be eliminated and everything done to make possible a full working week. Wherever possible war industries should operate on three shifts.

6. Mr. Howe stated that most war plants were now working on three shifts. The policy of his department was to work all machines all the time. However, this was not always possible. For example, a factory producing 25 pounder guns could only work two shifts because of insufficient labour supply; shell production was held up by difficulties with regard to hours of labour in the construction of a fuse filling plant.

Payment for overtime presented no real difficulties. Departmental policy involved a working week of 48 hours. This should be made standard for the duration of the war, instead of the 44 hours provided by the Fair Wages and Hours of Labour Act.

7. Mr. McLarty said that from the point of view of labour, there was no objection to working three shifts and there were no regulations which prevented this being done, or by agreement working beyond 44 hours. Generally, throughout Canada, there had been no difficulty in obtaining agreement of employees in the construction industry to work 48 hours.

As to the fuse plant referred to, this was an exception and it was proposed to make it a special case, by excepting it from the provisions of the Fair Wages and Hours of Labour Act, so as to meet shell production requirements as quickly as possible. In this connection a formal recommendation to Council was submitted.

8. The Prime Minister expressed the view that while the extension of hours of labour might be

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accomplished with the co-operation of labour, it would be impossible to attain the desired end by coercion. You could not compel men to work, and any attempt to do so would create a grave situation. The proper course was to proceed by agreement between employers and employed. There could be no objection to providing by Order in Council for exceptional cases if prior agreement were to be obtained.

9. The Minister of Justice enquired whether it would not be possible to make some general provision for the extension of hours of labour, rather than dealing with the special case referred to in Mr. McLarty's recommendation; the Minister of National Defence for Air agreed. It would be preferable to amend the Act to provide that by agreement the 44 hour week be extended in all war industries.

10. Mr. Howe expressed concern at the extent of the penetration of the C.I.O. into Canadian industries and the serious effects which, it was feared, such activities would have upon the whole supply programme. The present Industrial Disputes Investigation Act was capable of abuse and was being used by unscrupulous organizers to undermine Canadian productive capacity. This Statute should be amended along with the Fair Wages and Hours of Labour Act.

11. The Minister of Mines and Resources said that representations had been made to him for the amendment of the Immigration Act so as to make possible the exclusion from Canada of labour agitators from the United States. At present the Statute gave no discretion in the case of representatives of labour organizations, and the infiltration into Canadian industries of Communist and Nazi elements was causing grave concern.

12. Mr. Lapointe observed that neither the exclusion of such subversive elements nor amendments to the Statutes referred to could be undertaken successfully without the support of the substantial and moderate elements in organized labour. To embark upon such a course, without such support, would be a serious mistake.

13. The Minister of National Defence for Naval Services expressed the view that, if labour would not clean its own house, other action would have to be taken. Extremist elements in labour organizations, such as those of the miners in Cape Breton, who had deliberately effected a reduction of 50% in coal production, were responsible for a loss of capacity in Canadian war industries of perhaps as much as 25%. This situation could not be permitted in time of war.

14. Mr. McLarty remarked that, while there were undoubtedly subversive elements who constituted a serious problem, his department had no evidence of any large numbers of agitators coming into this country from the United States.

The Department of Labour could not, in any event,

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constitute themselves a police force. Manufacturers themselves had a duty to refute the propaganda emanating from such sources.

15. Mr. Howe suggested that the wage "ceiling" provided by P.C. 7440 should be given publicity; if need be, the cost of living bonus provided in the same Order could, at the same time, be made compulsory.

The labour situation, as a result of C.I.O. activities, was the most pressing of all war problems at present, and, unless dealt with at once, would threaten the efficiency of the whole of Canada's war production. The government should consider the problem carefully, decide upon their policy, and announce it before Parliament adjourned.

16. Mr. King expressed agreement as to the importance and urgency of the questions under consideration. If the problems were not dealt with in a proper manner, which would enlist the co-operation of organized labour, the result would divide the country and gravely impair the efficiency of the war effort.

While subversive elements existed, it should be remembered that the vast majority of employees were working faithfully and well, and the greatest care should be taken lest, in the desire to deal with agitators, action be taken which would result in setting employers and employees against each other.

17. After further discussion, it was agreed that a meeting of the full Cabinet be held at 6 p.m. today, to discuss further the question of labour policy in general, and in particular the Fair Wages and Hours of Labour Act and the Industrial Disputes Investigation Act; meantime the Prime Minister would confer with the Minister and Deputy Minister of Labour.

18. It was also agreed that representatives of the Departments of Labour and External Affairs, the R.C.M. Police and the Immigration Branch should confer regarding the exclusion from Canada of persons intending to engage in subversive activities.

Army Recruiting Campaign

19. The Minister of National Defence submitted a report upon the progress of the army recruiting campaign. Of a total objective for the first two months of 32,434 men, 4,643, or 14.31% of the total had enlisted, in all districts, by May the 28th. While these figures were not high, yesterday's totals had improved considerably.

On the other hand, reports from certain localities indicated that the conscription issue was being raised by certain elements and was having a harmful effect upon recruiting. Officers of his department were doing their utmost, however, to carry out the government policy.

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20. The Minister of Justice urged that everything possible be done to give prominent position to French Canadian officers in the forces and particularly in the conduct of the recruiting campaign. It was essential that this be done if the appeal were to be successful in the Province of Quebec.

Major General LaFleche had made a deep impression upon French Canadians in connection with the war and his services in the appeal for recruits would be of great value. It would be of great advantage to give him an important part in the campaign.

21. Mr. Ralston said that the policy of the Department of National Defence and his consistent attitude as Minister had been to give full representation to French speaking Canadians in army appointments. Cables had been exchanged, on this subject, with the General Officer Commanding the Canadian Corps, and every effort had been made to impress upon departmental officers the necessity and propriety of this policy.

Suggestions as to the names of qualified French Canadian officers, whose services could be utilized, would be welcomed.

The meeting adjourned at 2 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, June 3rd, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Tuesday, June the 3rd, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Leader of the Government in the Senate (Senator Dandurand),
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

U.S. - British Staff Conversations
Direction and control of Canadian - U.S. forces

1. The Minister of National Defence reported that word had been received from Brigadier Pope as to the progress of discussions now taking place between Service members of the Permanent Joint Board on Defence, with regard to strategic direction and operational control of military forces in the circumstances contemplated in the Board's basic Plan 2.

2. The Prime Minister referred to the relation to this question of the provisions of the Washington Report upon recent U.S. - British Staff conversations. Canadian concurrence in this Report had been requested by the United Kingdom.

The Report, however, did not take sufficient account of the special position of Canada vis-a-vis the United States. Arrangements for military control should be worked out on a basis of co-operation similar to that which had obtained between Canada and the United Kingdom. Canadians would not be satisfied to surrender to the United States an unlimited measure of control in Canada or even in Newfoundland which was a primary Canadian interest.

3. The Minister of National Defence for Air observed that the Washington Report provided for Canada's assumption of responsibility for strategic direction of military forces as defined in U.S. - Canada joint agreements

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and suggested that co-operation between U.S. and Dominion forces be effected by an exchange of liaison officers. The Chiefs of Staff rightly felt that an exchange of liaison officers would not provide adequate representation, so far as Canada was concerned. They recommended that a Canadian military mission be established in Washington.

In discussions between members of the Permanent Joint Board regarding strategic direction and operational control, Canadian members were contending for a co-operative arrangement under Plan 2, and the division of strategic direction under Plan 1. The U.S. position was complicated by a desire to retain strategic direction vis-a-vis the South American Republics and to create no precedent which would embarrass them in subsequent discussions.

4. The Secretary observed that, following the Committee's discussion of the Washington Report, on May the 21st, the U.K. High Commissioner had been informed of the government's desire to give its provisions further consideration before replying to the request for concurrence.

5. Mr. King subsequently submitted and read a draft reply which had been prepared in the Department of External Affairs to the U. K. government's request for concurrence in the Report. This draft, after expressing general agreement, noted the special interests of Canada in view of Canadian-U.S. joint plans for defence, and expressed the government's view that a separate Canadian military mission in the United States would be necessary to ensure that strategic direction in areas of Canadian responsibility were adequately co-ordinated with that of the other two powers.

(See draft letter to Mr. MacDonald, dated June the 3rd, 1941).

6. After further discussion, it was agreed that the Acting Under-Secretary of State for External Affairs revise the draft reply in such a way as to emphasize the need of a separate Canadian military mission in Washington in view of the special relations existing between Canada and the United States.

Progress of the war

7. The Prime Minister read an appreciation of the military situation received from the U. K. government. Reference was made to the danger of early action by the enemy in Syria and against Cyprus, the possibility of an offensive in the Western Mediterranean, and the steps being taken to re-enforce British mechanized troops and air power in Egypt. It was felt that invasion of the United Kingdom was not imminent, and that it was not likely that Japan would intervene at an early date. Emphasis was given to the continued weakness of British forces in regard to equipment.

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Canadian military policy

8. The Minister of National Defence proposed, and it was agreed, that the Chiefs of Staff be requested to attend the next meeting, for consideration of future Canadian military policy in the light of an appreciation of the situation prepared by the Chiefs of Staff, and recently circulated to members of the Committee.

(See "Appreciation - The Nature of the Canadian Military Effort - Midsummer 1941 to Spring 1942", May 28th, 1941.)

Arrangements for delivery of U.S. aircraft

9. The Prime Minister read a telegram from the U.K. Prime Minister, describing a proposal of the President of the United States for committing to the U.S. Army and Navy responsibility for delivery of American combat aircraft to the point of their ultimate take-off from North America. Mr. Churchill had immediately accepted the proposal in principle and requested Canadian co-operation in putting suitable arrangements into effect in Canada and Newfoundland.

(See telegram No.92 of June 2nd, 1940 from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs).

10. The Minister of National Defence for Air said that he would favour acceptance of Mr.Roosevelt's proposal. Detailed arrangements would require study by the Air Staff with the R.A.F.

11. The Minister of Munitions and Supply observed that the existing plane ferrying organization, Atfero, had recently been more successful in arranging substantial plane deliveries. The present proposal, however, would permit the release of large numbers of continental ferry pilots for Atlantic service.

12. After further discussion, it was agreed that a reply be sent to the U.K. government, agreeing in principle to the President's proposal, and expressing Canada's willingness to co-operate fully in making suitable arrangements accordingly.

Far East - British policy with regard to the Netherlands East Indies

13. The Prime Minister reported that, subject to the concurrence of the Dominions, the U.K. government proposed to make a declaration to the effect that an attack from outside upon any part of the line running from Malaya to New Zealand through the Netherlands East Indies would be regarded as an attack upon the whole line and would be dealt with accordingly. It was felt that such a declaration would be of value at this time as a deterrent to Japan and an encouragement to countries threatened by Japan.

It was suggested that if the Dominion governments agreed they give some kind of public endorsement of the proposed declaration.

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(See telegram M. 93 of May 22nd, 1941, from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs).

14. Mr. King observed that Canada was not so intimately concerned in the situation described in the U.K. government's telegram as were the governments of Australia and New Zealand, whose vital interests were affected. There would, however, be no objection on the part of Canada to the proposed declaration.

15. It was agreed that a reply should be sent to the U.K. government's communication, along the lines suggested by the Prime Minister.

Defence of Greenland

16. The Prime Minister reported that because of the concern felt over the vulnerability of Greenland, particularly in view of recent enemy activity in that area, it had been decided to instruct the Canadian Minister in Washington to suggest to the U.S. government that immediate consideration be given to the strengthening of the defences of the cryolite mine. It was to be indicated that the government would be willing to despatch immediately a Canadian force to Ivigtut.

(See telegram No. 204 of May 27th, 1941, from the Secretary of State for External Affairs to the Canadian Minister in the United States).

17. Mr. King said that the Canadian Legation had not yet received a reply, in writing, from the U.S. State Department. However, Mr. Berle, Assistant Under-Secretary of State had intimated, verbally, that full information would be furnished about U.S. dispositions and plans for the defence of Greenland, that steps taken and planned were considered to provide reasonable protection, and that German attack on Greenland would mean war with the United States and that this alone was a very strong deterrent. Mr. Berle had also said that there was no desire on the part of the U.S. government for the despatch of Canadian forces to Greenland.[x]

(See telegram No. 211 of May 29th, 1941, from the Canadian Minister in the United States, to the Secretary of State for External Affairs).

Air raid precautions in Canada.

18. The Prime Minister said that he had received a letter from Mr. Gordon Graydon, M.P., expressing concern as to the adequacy of protection in Canada from possible air raids, and urging nation-wide co-ordination and direction with respect to civilian protective activities.

19. The Minister of National Defence for Air observed that the Minister of Pensions and National Health had been charged with the responsibility for air raid precautions and that measures were being taken in the various provinces of Canada. Anti-sabotage protection was primarily the responsibility of the police.

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x - (In this connection it was agreed that upon receiving the written reply, a communication should be sent to the U.S. government noting their assumption of full responsibility for the defence of Greenland).

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20. The Minister of National Defence said by a recent Order in Council his department had transferred to the Department of Pensions and National Health certain responsibilities in connection with blackouts and similar precautions in the event of air raids.

(See Order in Council, P.C. 3962 of June 2nd, 1941).

As to home security generally, and particularly protection against sabotage, the government had some responsibility, and there was still apprehension in that regard on the part of the public.

21. The Minister of National Defence for Naval Services said that, to date, the government had relied upon the R.C.M. Police and civilian guards for protection against sabotage. Air raid precautions had been organized in Halifax, probably the most vulnerable area, though no attempt had been made to provide shelters.

22. After further discussion, it was agreed that the Minister of Pensions and National Health be invited to attend the next meeting of the Committee for further consideration of matters relating to air raid precautions; meantime the Prime Minister would see Mr. Graydon and arrange for him to interview Mr. Mackenzie, at a later date.

U. K. Civilian Technical Corps

23. The Secretary referred to a communication received from the U.K. government as to proposed arrangements for the launching of the scheme for recruitment of the Civilian Technical Corps. These included a public statement by the U.K. Prime Minister, radio broadcasts by members of the U.K. government, and publicity from the British Embassy in Washington.

(See letter of May 31st, 1941, from Mr. W. C. Hankinson to the Acting Under-Secretary of State for External Affairs).

24. The Minister of National Defence for Air stated that he had spoken to the U.K. High Commissioner, on this subject, and pointed out that, so far as Canada was concerned, all the recruits asked for had already been obtained. Canadian training capacity was now fully employed and Canada should not be included in the proposed publicity regarding the Corps.

Incidentally, arrangements for a Corps reception centre in Canada had been completed, with the co-operation of the Department of National War Services, to the satisfaction of the U.K. authorities.

Wartime Hospital accommodation

25. The Secretary reported that, following the Committee's reference on April the 23rd, the special Committee of Service Medical Officers had reported upon the proposals submitted by the Canadian Hospital Council with regard to wartime hospital accommodation. After consultation with the President of the Council, the Service

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Committee agreed with the general principle of utilizing civilian hospital facilities where conditions warranted. They were of the opinion, however, that each case where additional hospital accommodation was required, should be judged on its merits, having regard to costs of construction and operation, location, time involved, and types of cases to be treated.

(See memorandum of May 8th, 1941, from the Director General of Medical Services, and others, to the Minister of National Defence).

26. The Committee approved the recommendation, in this respect, contained in the report of the special Service Committee.

27. The Secretary also reported that Treasury Board submitted to the Committee, for consideration in principle, the following specific recommendations of the Minister of Pensions and National Health:

(1) for the provision of additional accommodation for nurses at Westminster Hospital, London.

(2) for the erection at St. Anne's Hospital, Ste. Anne de Bellevue, Quebec, of -

(a) three houses to accommodate senior staff, and
(b) a recreation building.

(3) for the construction of a wing containing 100 beds at the Immigration Hospital, Park Savard, City of Quebec.

28. The above recommendations were referred to the Minister of National Defence for consideration and report at the Committee's next meeting.

Demolition squad for service in the United Kingdom

29. The Minister of National Defence reported that officers of his department had given consideration to a proposal sent to him, informally, by the U.K. High Commissioner, for the organization in Canada of a special demolition squad for service in the United Kingdom.

It was recommended that this proposal be not authorized.

30. The Committee approved Mr. Ralston's recommendation in this respect.

Army Recruiting Campaign

31. The Minister of National Defence reported that recruits obtained to date numbered 6,506. This represented approximately 20% of the total required. The Committee's view was requested as to some announcement of the results of the campaign prior to the adjournment of Parliament.

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32. After some discussion it was agreed that Ministers and Members of Parliament should be urged to take an active part in support of the recruiting campaign, in co-operation with their district committees. It was also agreed that the Minister of National Defence make a general statement of results to date, before Parliament rose.

Composition of next troop convoy

33. The Minister of National Defence reported upon the proposed composition of the next troop convoy to Great Britain. Approximately 10,000 men were expected to sail about the middle of June. The principal elements to be included were the Army Tank Brigade, 3rd Division engineers, forestry units, Corps and Army troops, and re-enforcements.

A request had been received from the U.K. government to save space in this convoy for civilian personnel anticipated from the United States. Every effort would be made, however, to prevent having to hold at the seaboard troops who had been warned for embarkation.

Defence of Newfoundland - Mounting of U.S. guns

34. The Minister of National Defence reported that it had been agreed to mount, at St. John's, Newfoundland, certain 8" guns recently obtained from the United States.

Construction of accommodation in the United Kingdom by Canadian units.

35. The Minister of National Defence reported that it had been necessary to employ Canadian units for construction of certain accommodation in the United Kingdom where other labour was not available. In such cases Canada would be reimbursed to the extent of the labour costs and camps so built would, on completion, be treated as British. This, in the circumstances, was regarded as an acceptable arrangement.

36. The Committee approved the financial arrangements described by Mr. Ralston.

Air defence of shipping

37. The Minister of National Defence for Air referred to a communication received recently from the U.K. government describing plans for the protection of shipping against air attack, by the fitting of selected vessels with rocket catapults and especially adapted Hurricanes. The proposal involved the establishment in Canada of a pool for these special aircraft and arrangements for their testing and servicing, storage and maintenance.

(See letter of May 28th, 1941, from Mr. W. C. Hankinson, to the Acting Under-Secretary of State for External Affairs).

38. Mr. Power reminded the Committee that this proposal had been put forward secretly and informally on

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a previous occasion and that approval had been expressed of his recommendation to offer to provide full co-operation on the part of the R.C.A.F.

39. The Committee confirmed approval of Canadian co-operation for the purposes mentioned.

Atlantic Coast Defence - increased docking facilities.

40. The Minister of National Defence for Naval Services submitted for consideration in principle a formal recommendation to Council for the early provision of additional docking facilities, in the way of marine railway construction, at Halifax, Sydney, Shelburne, Pictou and Gaspe.

41. Mr. Macdonald explained that these additional facilities were urgently required to provide for necessary ship repairs and maintenance. U. S. facilities were now fully engaged and it was of the utmost importance to proceed, at once, with the measures recommended. A total cost of about $1,838,760 would be involved.

42. The Minister of Munitions and Supply expressed complete agreement with Mr. Macdonald's view of the urgency of providing these facilities.

43. The Committee approved in principle the recommendation submitted, in this respect, by Mr. Macdonald.

Improvement of ship channel, Seymour Narrows, B.C.

44. The Minister of National Defence for Naval Services reported that the Chiefs of Staff had submitted a report prepared by the Base Planning Committee of the Naval Service regarding the desirability of removing a rock known as Ripple Rock from the ship channel in Seymour Narrows, B.C. The rock was regarded as a danger to navigation, and the Chiefs of Staff Committee considered that its removal was important.

(See report of May 14th, 1941, from the Chiefs of Staff to the Ministers, and attached memorandum).

45. Mr. Macdonald said that he was not convinced of the immediate necessity of this project; the Committee, therefore, decided to defer action.

Relations with France - interception of vessels

46. The Minister of National Defence for Naval Services reported that some time ago the Admiralty had issued instructions to all fleet units for the interception of French fishing vessels. Word had been received some days ago that three French schooners had left Bayonne to fish off Newfoundland, and that one of these ships, equipped with wireless, was in German pay to report upon British ship movements. Consequently similar instructions, with the concurrence of the Prime Minister, had now been issued to ships of

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the Royal Canadian Navy.

47. The Committee approved action taken in this respect.

Instructions for Naval units in the event of war with France

48. The Minister of National Defence for Naval Services described the precautionary arrangements which had been made by the Admiralty for the conduct of ships of the Royal Navy in the event of war with France. In his view similar instructions should be given to units of the Royal Canadian Navy, in view of the recent deterioration in relations between Great Britain and the Vichy government.

49. The Prime Minister agreed with Mr. Macdonald. There appeared to be no doubt now that the French government were co-operating fully with the enemy and it was appropriate, in the circumstances, that precautionary measures should be taken.

50. The Committee approved Mr. Macdonald's recommendation in this respect.

Interception of Nazi leader on board SS. "President Jackson".

51. The Minister of National Defence for Naval Services reported that information had been received from U. S. authorities as to the intention of the Nazi leader, Bayer, from Costa Rica, to sail from San Francisco on board the SS. "President Jackson". There would be no objection to the vessel being stopped outside the neutrality zone and Bayer being removed.

52. The Committee agreed that the action suggested should be taken, provided a suitable naval unit were available for the purpose.

The meeting adjourned at 2.25 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, June 5th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Thursday, June the 5th, at twelve o'clock noon.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Minister of Pensions and National Health (Mr. Mackenzie) was also present.

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Air raid precautions in Canada.

1. The Prime Minister said that the Minister of Pensions and National Health, as the Minister responsible, had been invited to be present for further consideration of measures of protection in the event of air raids in Canada. This matter had been brought to the Committee's attention at the last meeting.

2. The Minister of Pensions and National Health reported that he had recently sent to members of the Cabinet a description of the present establishment and equipment for A.R.P. work in Canada.

(See memorandum of May 1st, 1941, from the Deputy Minister to the Minister of Pensions and National Health).

3. Mr. Mackenzie said that A.R.P. services had been organized in areas which had been declared vulnerable by the Department of National Defence. These now included coastal centres of population and a number of inland points in five provinces. The number of volunteers accepted, and their training, had been based upon experience in the United Kingdom. Generally speaking, the organization throughout Canada was in good shape, but two matters required early

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attention and were urgently recommended. These were:

(a) authority for the provision of further important equipment for A.R.P. workers;

(In this respect a formal submission had been prepared and was presently before Treasury Board) and,

(b) authority for the provision of compensation for serious prolonged disabilities suffered by A.R.P. workers in the performance of their duties,

(In this respect, too, a submission, based upon the recommendations of an Interdepartmental Committee had been prepared and was presently before Treasury Board).

4. The Minister of National Defence for Air observed that measures should be adopted which would serve to reassure the public against fear of possible air raids. Would the present organization, supplemented by the measures to which Mr. Mackenzie had referred, achieve this object? It would be helpful to appoint some well-known person as national head of the A.R.P. organization.

5. The Minister of National Defence and the Minister of Mines and Resources pointed out the difficulties involved in agreeing to pay compensation to A.R.P. workers, who were not subject to previous medical examination. The extent and nature of the claims which might result should be carefully considered.

6. Mr. Mackenzie said that he was satisfied that the scale and conditions of compensation, for which authority was asked, would not involve any large financial obligations on the part of the government. On the other hand, provision for compensation would have a considerable moral effect in strengthening the A.R.P. organization.

Consideration might be given to the extension of areas declared vulnerable by National Defence.

A prominent person as national head of A.R.P. work would be helpful.

7. After further discussion, the Committee approved, in principle, the provision of further equipment to A.R.P. workers as recommended by the Minister, and the authorization of compensation to personnel for serious prolonged disabilities during the performance of A.R.P. duties.

Wartime hospital accommodation

8. The Secretary reported that he had received from the Minister of National Defence a letter stating that, upon enquiry, Mr. Ralston had found that the R.C.A.M.C., had no accommodation at any of the three places in respect of which authority for additional accommodation had been recommended by the Minister of

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Pensions and National Health. Formal submissions for these purposes had been submitted at the Committee's last meeting. They related to:

(1) Provision of additional accommodation for nurses at Westminister Hospital, London;

(2) Erection of the following at St. Anne's Hospital, Ste. Anne de Bellevue, Quebec -

(a) Three houses to accommodate senior staff;

(b) A recreation building;

(3) Construction of a wing containing 100 beds at the Immigration Hospital, Park Savard, City of Quebec.

9. The Committee, thereupon, approved in principle the Minister's recommendations for accommodation as above described, and the Secretary was directed to inform Treasury Board accordingly.

At this point Mr. Mackenzie left the meeting.

Use of R.C.A.F. planes
in connection with forest fires.

10. The Minister of National Defence for Air reported that he had received urgent requests from the Provinces of Quebec and New Brunswick for the loan from the R.C.A.F. of transportation aircraft to assist in combating forest fires.

A limited number of aircraft could be spared, provided the government were of the opinion that the emergency was sufficiently serious to warrant their loan for this purpose.

11. The Committee agreed that, because of the extent of the emergency, such R.C.A.F. planes as could be spared should be made available to the Provinces of Quebec and New Brunswick.

Military Policy 1941-42 -
Army, Navy and Air Force

12. The Minister of National Defence said that the Chiefs of Staff had been invited to attend today's meeting, and were available as soon as they were required. The purpose in having them present was to enable the Committee to review with them the nature of the Canadian military effort and to make sure that, from the points of view of the three Service heads, all possible steps were being taken to meet the present urgent situation.

The Chief of the General Staff, in the written Appreciation submitted recently by the Chiefs of Staff Committee, had included a recommendation for authority to mobilize a 5th division, so that, upon the departure overseas of the 3rd Division and the Armoured Division,

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two full divisions would be available in Canada.

13. The Prime Minister expressed the view that it would be a mistake to authorize the mobilization of further army divisions if the result would be to compel conscription for overseas service and a strain upon the national economy which could not be borne. The paramount importance of contributions to air and sea power and the requirements of war industry should receive first attention.

14. The Minister of National Defence for Air observed that available Canadian man-power was much greater than had at first been thought. Three infantry divisions, the Army Tank Brigade and the Armoured Division overseas this year, the 4th Division possibly next year, and two divisions for service in North America would constitute a suitable programme for the Canadian Army. It should be remembered that the Air Force now contained the equivalent of some four divisions, and the Navy of perhaps one and a half divisions. At the same time the total enlisted men in all three services was below that at the similar period in the last war.

15. The Minister of Mines and Resources expressed concern lest the government drift into the attitude of thinking too much in terms of men rather than equipment. The reason for German successes had been superior equipment used by skilled men.

16. The Minister of Justice observed that France had fallen despite her huge army. Large numbers of inadequately equipped men must not be sent against machines merely to satisfy public clamor.

17. Mr. Ralston said that he entirely agreed as to the absolute necessity of adequate arms and equipment. It must be borne in mind, however, that skilled men were required to operate modern machines of war, and that it took time to train them.

At this point there entered the meeting -

The Chief of the Naval Staff (Admiral Nelles),
The Chief of the General Staff (Major-General Crerar),
The Chief of the Air Staff (Air Vice Marshal Breadner).

18. Mr. King said that the Chiefs of Staff had been invited to attend the meeting so that they might have an opportunity of expanding further their written Appreciation of the present military situation, and, if they wished, making further recommendations. The government were anxious to know whether, in the present urgent circumstances, their military advisers felt that they could recommend additional measures to increase the effectiveness of the Canadian military effort.

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19. The Chief of the Naval Staff stated that, from the Naval point of view, everything possible was being done and Canada was going "flat out" in shipbuilding, training and the production of equipment.

Progress in regard to the construction of bases on the Atlantic Coast, however, was not satisfactory. This work was of urgent importance, but the Department of Public Works had been very slow in the preparation of the necessary plans. The lack of plans was holding up essential work for increased facilities at Sydney, and more particularly at Shelburne.

Steps should also be taken to proceed, as quickly as possible, with the construction of a graving dock at Halifax, and the completion of the floating dry dock at that port should be pushed forward with the greatest possible speed.

20. Mr. King undertook to speak immediately to the Minister of Public Works with a view to speeding the completion of plans for the construction of the Naval bases referred to by Rear-Admiral Nelles, and the Secretary was directed to take the matter up, at once, with the Deputy Minister of Public Works.

21. Rear-Admiral Nelles, in answer to an enquiry by the Prime Minister, said that the Navy were not altogether happy about the defence of Greenland. They had as yet received no detailed information as to measures which the United States were taking.

As to the proposed convoy escort base at St. John's, Newfoundland, the Admiralty now planned a substantial increase in the force to be based there. The base would be an R.C.N. undertaking, and Commodore Murray would be in command. Of the thirty destroyers perhaps eight would be Canadian and Canada would probably supply all of the intended twenty-four corvettes.

22. The Chief of the General Staff, speaking for the Army, stated that coast defence measures were proceeding pretty well according to schedule and there would be no delay in manning defence works as they were completed. In this connection it was recommended that authority be given for the employment of an additional Canadian infantry battalion in Newfoundland.

23. Mr. Ralston described the present disposition of Canadian troops in Newfoundland. There was one Canadian battalion at St. John's, and another responsible for the defence of Botwood and Newfoundland Airport, and its approaches. It was important to provide what the United States regarded as adequate military protection for air personnel at the Airport.

24. Major-General Crerar said that the protection of the Airport had been the subject of joint reconnaissance by Canadian and U.S. officers. Both had come to the conclusion that further troops were required, and it was feared that if Canada were not prepared to provide

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them, the United States would send forces of their own. This would be unfortunate in view of Canadian policy with regard to the island's defence. Air personnel at the Airport would be approximately 3,400 U.S. Air Corps, 500 R.C.A.F., 600 civilian ferry service personnel, as well as construction personnel.

If the recommendation to despatch an additional Canadian infantry unit were approved, it was proposed to use an already mobilized battalion without, for the present, mobilizing another unit to replace it.

25. Mr. King agreed that all steps necessary should be taken to keep Newfoundland within the Canadian orbit. In the circumstances described, a further Canadian infantry battalion for the protection of the Airport should be provided.

26. The Committee, thereupon, approved the employment of a further Canadian infantry battalion in Newfoundland, as recommended.

27. Major-General Crerar, speaking of staff plans for 1941-42, explained that the reconstitution of the 4th Division had already been authorized and orders for the mobilization of the necessary units had been issued. This had been necessary in order to have a complete division to replace the 3rd Division upon its departure overseas.

It was recommended that authority be now given to mobilize a 5th division, although definite action to this end might safely be delayed for the time being, and possibly until the units required to complete the 4th Division had been recruited to war establishment. The mobilization of a 5th division was recommended in order that there might be available in Canada two complete divisions, the force necessary to meet Canadian commitments under joint U.S.-Canada defence plans. Eight infantry battalions for a 5th division were already available. Additional personnel required would amount to something under 8,000 men. Authority for mobilization of the remainder was requested now, because of the inevitable period which must elapse before the necessary cadres of officers and N.C.O.s, could be organized and mobilization completed.

28. Major-General Crerar stated that the rate of development of army plans was primarily dependent upon the rate of production of equipment. In answer to an enquiry by the Prime Minister, in this respect, he reported that present estimates indicated, by January 1942, Canada should be producing every five or six weeks, the major items of equipment for a division. Estimates of "wastage" varied for different types of material and were entirely theoretical. At present they were based upon about one-half pre-war figures.

29. The Minister of National Defence for Naval Services expressed the opinion that too much emphasis was placed upon infantry divisions. He had not heard nor seen from any source anything in the nature of a

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request from the United Kingdom for more soldiers. Indeed all reports from observers of conditions in Great Britain indicated that the crying needs were for ships and planes.

30. Mr. Ralston pointed out that he had himself reported, upon his return from England, the U.K. government's needs for more men, and their urgent expressed desire for the Canadian Armoured Division, the 3rd Division and the Army Tank Brigade.

31. Mr. Power suggested that the following was a summary of the Army's needs in man-power, under existing plans, and those recommended by the General Staff:

(1) 32,000 men for whom the appeal was being made in the present recruiting campaign;

(2) 6,000 a month thereafter to meet estimated re-enforcement requirements; and

(3) some 8,000 to complete the 5th Division by the summer of 1942.

32. Major-General Crerar agreed that this summarized the needs under existing plans and recommendations. These requirements would not constitute an unreasonable demand upon Canadian man-power, for, in the age group 19 to 45, it was estimated that there were 1,000 men in Canada for every one now in the services. Allowing 30% from this figure for medically unfit, substantial resources remained.

Apart from the recommendation in respect of the Newfoundland garrison, and as regards the 5th Division, there were no further recommendations which the General Staff wished to put forward at present.

33. After further discussion, it was agreed that, for the present, authorization for the mobilization of the 5th Division be deferred.

34. The Chief of the Air Staff stated that he had no additions to recommend to plans already authorized. These were capable of adaptation to requirements on this continent in the event of interruption in overseas communications.

The Commonwealth Air Training Plan was being pressed forward energetically. Air bases on the eastern and western coasts were also being developed from which R.C.A.F. units could operate.

35. Mr. Power remarked that the government were concerned as to the possibility of raids upon Halifax, or possibly Arvida. So far, efforts to obtain suitable fighter aircraft had been unsuccessful. The government wished to be certain that everything possible was being done now to obtain fighter protection at the earliest date.

36. Air Vice Marshal Breadner said that the situation regarding the supply of fighters was continually

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changing. Airacobras were the type which the Air Force wanted and these had been ordered from the United States. It now seemed likely that deliveries could be obtained before very long. Meantime, it should be remembered that the provision of a pool of specially adapted Hurricane catapult fighters on the East Coast, for shipping protection, would incidentally provide some fighter protection there. The Air Staff felt satisfied that everything was being done to obtain suitable fighter protection as soon as possible.

U.S. - British Staff conversations

37. The Prime Minister referred to the discussion at recent meetings of the Report of U.S. - British Staff conversations in Washington, and read a further letter from the U. K. High Commissioner which stated that the U. K. government had already established the nucleus of a Military Mission in Washington, named the personnel of the Mission and, went on to say that, on the assumption that the Canadian government concurred generally in the recommendations of the Washington Report and would wish to be represented on the U. K. Mission by their Service Attaches, the U. K. government proposed to issue instructions accordingly.

(See letter of June 4th, 1941, from the U. K. High Commissioner to the Prime Minister).

38. Mr. King said that the Committee had come to the conclusion that, in view of the special relations existing between Canada and the United States, Canada should be represented in Washington by a separate military mission. In this connection he read a revision of the draft letter to Mr. MacDonald, which had been submitted at the previous meeting.

39. The Chiefs of Staff expressed agreement with the observations contained in the draft letter submitted, and confirmed the view previously expressed in their recommendation, of May the 20th, to the Defence Ministers, that a Canadian Military Mission would be required in the circumstances.

40. The Acting Under-Secretary of State for External Affairs pointed out that, if a Canadian Military Mission were to be sent to Washington, arrangements for their reception would have to be made in advance, and presumably for the United States to send a similar mission to Canada. Furthermore, consideration should be given to including in the communication to the U. K. High Commissioner, some general statement as to the position of Canada in relation to the Washington discussions, at which Canada had not been directly represented, and the provisions of the Report, in the preparation of which Canada had not taken part. This might be done in one communication, or alternatively, in reply to Mr. MacDonald's letter of June the 4th.

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41. Mr. King observed that, as matters stood, Canada was not a party to the conclusions of the Washington Report, and was not constitutionally bound by its provisions. On the other hand Canada was intimately concerned in the arrangements made for co-operation between the United Kingdom and the United States. These arrangements need not conflict with those already in operation between Canada and the United Kingdom and Canada and the United States, but the Canadian position should be clearly stated and understood.

42. The Committee discussed at some length the nature of the reply to be sent to the request of the U. K. government for concurrence in the provisions of the Washington Report.

It was agreed to include the observations with regard to provisions of the Report contained in the draft submitted, to express the intention to appoint a Canadian Military Mission to Washington, and to point out that, while the Canadian government realized the fundamental importance of arrangements for U.K.-U.S. co-operation and welcomed the proposals of the Report to that end, there were a number of points in the Report which might require modification in order to fit into antecedent Canada-U.K., and Canada-U.S. arrangements.

(See letter of June 6th, 1941, from the Prime Minister to the High Commissioner for the United Kingdom, and attached "Comments on the Report".)

Conduct of the war

43. The Minister of National Defence for Naval Services expressed concern as to the higher conduct of the war, particularly in recent encounters with the enemy in the Middle East. The loss of Crete within twelve days had been a severe shock, the public having been given to understand that full defence preparations had been made and that the island was impregnable. The Chiefs of Staff in their recent Appreciation had referred to the British conception of 1941 as a year of "attrition". This view, in the face of the serious reverses of recent months, did not appear to be a sound one.

44. The Chief of the Air Staff expressed the view that responsibility for British defeats was to be found in the period long before the war. The British Staff had never spoken of Crete as impregnable.

45. The Chief of the General Staff remarked that the odds on all occasions had been very heavily against the British, both in men and equipment.

46. Mr. King remarked that it would be difficult for us to determine what could have been done better under existing conditions.

The meeting adjourned at 2.20 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, June 10th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Prime Minister's Office, Room 401, House of Commons, on Tuesday, June the 10th, at 12.30 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National War Services (Mr. Gardiner),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Minister of Labour (Mr. McLarty) was also present.

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Reinstatement in civil employment of former members of the forces.

1. The Minister of National Defence expressed the opinion that, before the House rose, a statement should be made of the government's intention, at a later date, to introduce legislation regarding the reinstatement in civil life of men volunteering for active service. Such a statement would be helpful in relation to the recruiting campaign.

If the Committee agreed, the statement should be made by the Minister of Labour who had been asked to attend the meeting for consideration of a draft text.

2. The Minister of Labour read a draft statement which had been prepared, indicating that, after the adjournment, a Bill would be introduced by the government to provide for the reinstatement in their civil employment of persons enlisting in the forces. The general lines of the proposed legislation were described as those approved by the Committee on Demobilization and Re-establishment, and the Government Advisory Committee.

3. After some discussion, from which it appeared that the Committee favoured such a statement on general lines and the inclusion therein of reference to existing U. K. legislation, certain revisions were suggested and Mr. McLarty was asked to prepare a revised draft, in the light of the discussion.

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Proposed joint declaration by Allied countries

4. The Prime Minister referred to correspondence which had passed between the U.K. and Dominion governments last November, regarding a proposal to convene in London a meeting of representatives of Allied governments for the purpose of a joint public declaration of common determination to carry on the war until victory had been achieved.

The U. K. government now felt that, in view of the German peace propaganda offensive, the time was opportune to hold such a meeting for the adoption of the resolution, the terms of which had previously been agreed upon. It was therefore proposed to call a meeting in London on June the 12th, and it was hoped that the Dominion governments would agree and that they would appoint representatives.

(See telegram D. 335 from the Secretary of State for Dominion Affairs to the Secretary of State for External Affairs).

5. The Committee approved the proposals of the U.K. government, in this respect, and agreed that the Canadian High Commissioner in the United Kingdom should represent Canada.

Relations with France

6. The Prime Minister observed that, following correspondence with the U. K. government and the government of South Africa, it had been decided that, for the present, diplomatic relations between France and Canada should be maintained. South Africa had decided upon a similar course.

In view of the further deterioration in Anglo-French relations, however, consideration had been given to the withdrawal from the French Minister of normal cypher and bag facilities. Word had now been received from the U. K. government that, in their view, if these facilities were denied the French Minister, it was improbable that the Vichy government would withdraw their Legation, or that Mr. Dupuy's position would be affected.

(See telegram No. 95 from the Secretary of State for Dominion Affairs, to the Secretary of State for External Affairs).

7. Mr. King pointed out that, while Mr. Dupuy was accorded no cypher or bag facilities by Vichy, he had opportunities for personal contact not available to the French Minister to Canada. On the other hand, Mr. Ristelhueber, if denied these facilities, would still be able to pass on secret information to his government through the United States. In the circumstances, it would be well to defer any action, in this respect, until opportunity had been given to communicate with the South African government

8. The Committee approved the course suggested by the Prime Minister.

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9. Mr. King read reports received from the U. K. government regarding the extent of recent French concessions to Germany. It was indicated that the Vichy government had agreed to accede to the German demands for bases, and that General Weygand had yielded to the pressure put upon him by Marshal Petain. The co-operation of the United States for the protection of Free French colonies had been urged by the United Kingdom.

Transport overseas of Service personnel

10. The Secretary stated that, as yet, the Committee had made no decision upon the most recent recommendation of the Chiefs of Staff Committee with regard to the transport overseas of Service personnel. This recommendation was contained in a report submitted to the Committee on May the 21st, in response to a direction that the policy in that regard be reconsidered, with a view to seeing what additional precautions, if any, could be adopted.

The Chiefs of Staff had reported that they were unable to visualize any additional precautions, in the present circumstances, and they had reiterated their recommendation that authority be given to embark in suitable vessels such numbers of men as would not exceed, together with passengers and crew, 50% of the actual life saving capacity. At present, under the policy authorized by the Committee on November the 29th, 1940, ships of fourteen knots or better were permitted to carry, without escort, Service personnel up to a maximum of 200, all ranks.

11. The Minister of National Defence remarked that the adoption of the rule recommended by the Chiefs of Staff would, in effect, provide a greater margin of safety than that now in effect. For example, the numbers on board the "Nerissa", though fewer than 200, had, in fact, amounted to more than 50% of the ship's life saving capacity. The Defence Council felt strongly that the 50% rule should be adopted, because of the urgent need of sending Service personnel to Great Britain, and the insufficiency of available escort vessels. In present circumstances, it was not possible to guarantee complete protection, but the policy proposed was an appropriate one in the opinion of those best qualified to advise.

12. The Prime Minister said that it was difficult for the Committee to decide upon the adoption of specific measures to be taken for the protection of men proceeding overseas. The government recognized the need to continue to send forces to Great Britain and had decided so to do. Available and appropriate measures of protection were, however, technical matters of which the Committee had not the necessary special knowledge and were, consequently, not in a position to judge. It would be preferable to direct the Chiefs of Staff to deal with each case separately and to have them provide the greatest measure of protection available in the circumstances.

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13. Mr. Ralston expressed the view that the responsibility should be taken by the government. It was not possible to provide sure protection in any event, and the policy recommended by the Chiefs of Staff should be adopted.

14. The Minister of Justice agreed with the Prime Minister. Specific measures were of a technical nature upon which the government were not competent to give an informed opinion. The details of such measures should be left to the competent officers.

15. The Minister of National Defence for Naval Services stated that decision as to what ships should be escorted lay with the Admiralty. In fact, escorts would not be provided for vessels of over fourteen knots which were considered to be sufficiently fast to travel alone. The ideal protection would be fast transports with escorts, but, in the present situation, such a standard was impossible of attainment. Alternative methods were therefore adopted, namely, transport in fast vessels without escort, or in slower escorted convoys. While neither of these methods was perfect, both provided about the same measure of safety, in the opinion of Naval officers.

16. The Minister of Munitions and Supply expressed the view that the Committee should accept the advice of the Chiefs of Staff. For his part, unescorted fast liners were preferable to transport in slow escorted convoys.

17. Mr. Heeney said that he understood that a decision on this question was urgently required, particularly in view of the need to embark graduates of the Air Training Plan.

18. After further discussion, it was agreed that the conditions for the transport overseas of Service personnel should, in each case, be determined by the Chiefs of Staff, with a view to reducing the risk involved as much as possible in existing circumstances, and that, in no instance, should the numbers of Service personnel carried in an unescorted vessel exceed, together with passengers and crew, 50% of the actual life saving capacity of that vessel.

It was also agreed that in view of this decision authority, previously given by the Committee, for the embarkation of Service personnel upon unescorted fast liners, to a maximum of 200, be withdrawn.

Establishment of Naval Base at St.John's, Newfoundland

19. The Minister of National Defence for Naval Services reported that a preliminary investigation of probable requirements for the development of St. John's as a convoy escort base, on the increased scale now proposed by the British Admiralty, indicated that an expenditure of not less than $10,000,000 would be involved. Necessary developments included the provision of adequate wharfage, various buildings,

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including accommodation for personnel, store-houses, the expropriation of property, and the organization of running repair facilities.

The force now contemplated for the St. John's base would, at first, consist of 30 destroyers, 24 corvettes and 9 sloops, besides depot ships, store ships and oilers. Of these, 10 destroyers and 19 corvettes would be Canadian.

The result of setting up the new base would be that, in future, half of the convoying would be done from this side of the Atlantic. The government had already signified their willingness to undertake responsibility for the establishment and operation of forces from this base, on the smaller scale previously contemplated, and it was thought that, in the circumstances, Canada should undertake financial responsibility for the constitution of the necessary base facilities. The project had been carefully considered by the Naval Council and was recommended to the Committee.

(See formal submission of June the 10th, 1941, by the Minister of National Defence for Naval Services).

20. The Minister of Finance enquired why it was suggested that Canada should accept financial responsibility for the large expenditures involved in the establishment of a base in territory which was under the control of the U. K. government. While it might well be that Canada would have to provide the necessary Canadian dollars, it would be a mistake not to keep the final responsibility where it properly belonged, namely upon the United Kingdom. If Canada were to accept the duty of operating a naval base from Newfoundland, the U. K. government should accept the financial obligation involved in establishing the required facilities on their own territory.

21. The Prime Minister said that, in his opinion, it would be a mistake for Canada to undertake the large financial responsibility involved in the construction of a base in territory over which the Canadian government had no control. The position of the United States was quite different in that they had leased the areas upon which their facilities were being developed. It would not be possible to justify the expenditure of Canadian funds upon the construction of costly establishments outside Canada in areas where the Canadian government had no control. This would be a wrong principle.

Furthermore, the estimated cost of the present project would increase the total of Canadian war expenditures beyond the total agreed upon as the maximum capacity of the country. It was, as well, quite out of proportion to consider that Canada could undertake "the responsibility for fighting half the battle of the Atlantic". While it was appropriate that Canadian men and vessels should be engaged in operations of the kind suggested in the Western Atlantic, the undertaking of large financial responsibility for the establishment of a naval base in Newfoundland was quite another matter.

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22. Mr. Macdonald said that the U. K. government had made no suggestion that Canada undertake financial responsibility for the establishment of the base. We had, however, offered to operate the base as a Canadian undertaking, and, since it would be in an area of primary Canadian interest, it would be appropriate for Canada to assume the financial burden, as well. Expenditures had been authorized for other construction outside of Canada, for example, at the Newfoundland Airport, and the project recommended would also be within what was recognized as the Canadian orbit.

23. The Minister of National Defence observed that the government had already undertaken financial responsibility for construction outside of Canada on areas under Canadian control, for example, for gun mountings in Newfoundland. Irrespective of the merits of the present proposal it was not possible to establish, on a territorial basis, any general principle against such expenditures.

24. The Minister of National War Services expressed the view that the protection of the North Atlantic route, by which Canadian products were transported to the British Isles, was a primary Canadian interest. The additional strength which the establishment of a naval base at St. John's would give to Canadian defence was an additional reason why Canada should assist in this undertaking. There was no objection in principle to accepting the recommendation under consideration.

25. After further discussion, it was agreed that a communication be sent to the U. K. government indicating the nature of the facilities at St. John's which the Naval Service considered appropriate to the establishment of the proposed base, and enquiring the views of the U. K. government as to financial arrangements for the expenditures involved.

Command of the 4th Canadian Division

26. The Minister of National Defence recommended and the Committee approved the appointment of Brigadier Page to command the 4th Canadian Division.

The meeting adjourned at 2.15 p.m.

A. D. P. Heeney
Secretary.

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Ottawa, June 17th, 1941.

CABINET WAR COMMITTEE

A meeting of the full Cabinet was held in the Privy Council Chamber on June the 17th, at 3 p.m. The following members of the War Committee were present -

The Minister of Justice (Mr. Lapointe), who presided,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley),
The Minister of Munitions and Supply (Mr. Howe).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

There were also present -

The Deputy Minister of National Defence for Naval Services (Lt.Col. K. S. Maclachlan),
The Chief of the Naval Staff (Rear-Admiral P. S. Nelles),
The Engineer-in-Chief, Department of National Defence for Naval Services (Engineer Captain G. L. Stephens).

Establishment of Naval base at St. John's, Newfoundland

1. The Minister of National Defence had requested the Deputy Minister of National Defence for Naval Services, the Chief of the Naval Staff and Engineer Captain Stephens to attend the meeting in order that they might explain to the Cabinet what was involved in the establishment at St. John's, Newfoundland, of a convoy escort base, and the reason why immediate action in this respect was regarded as necessary.

2. Engineer Captain Stephens described to the meeting preliminary plans which had been made involving the acquisition of property, the construction of buildings and the provision of necessary base facilities.

3. The Committee discussed at some length the question of the means to be adopted for the acquisition of the necessary property in Newfoundland, either by purchase or by expropriation for the Canadian government or for the United Kingdom government.

4. Mr. Ralston suggested that the Minister of National Revenue be requested to go to Newfoundland immediately to ascertain how the property needed for shore facilities could best be acquired, and to effect its acquisition either through the agency of the Newfoundland government, or by purchase. As to whether

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the property should be acquired for Canada or for the United Kingdom, or possibly jointly by the two governments, this question might remain in abeyance pending agreement between the Canadian and U. K. governments. Meantime the U. K. High Commissioner might be informed of the proposed procedure and asked whether he thought there would be any objection thereto.

5. The Minister of Finance expressed himself as strongly opposed to the acquisition by Canada of the property required. This was a responsibility of the U. K. government - not of the Canadian government. They should take whatever steps were necessary to obtain the property for themselves, even though we might have to find the necessary Canadian dollars. Canada had no control in Newfoundland, and her acquisition of property there would be attended inevitably by serious difficulties which would be intensified after the war. Furthermore, the U. K. government were in a much better position to acquire the property on favourable terms.

The U. K. government should acquire the base for themselves and we should agree to operate it.

6. The Secretary drew the attention of the meeting to the Prime Minister's view as expressed during the discussion of this question at the meeting of June the 10th. On that occasion Mr. King had said that it would not be possible to justify the expenditure of Canadian funds for the construction of an extensive establishment outside of Canada, where the Canadian government had no control.

(See Minutes of June 10th, 1941, page 5, pagaraph 21).

7. After further discussion, it was decided to defer decision, it being understood that meantime the Acting Under-Secretary of State for External Affairs would communicate further with the U. K. High Commissioner, or his Deputy, with a view to obtaining, as quickly as possible, an indication of the U. K. government's views with regard to the acquisition of land at St. John's and the financial arrangements for expenditures involved in the establishment of a base.

A. D. P. Heeney

A. D. P. Heeney
Secretary.

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Ottawa, June 20th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Friday, June the 20th at 11.30 a.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of Finance (Mr. Ilsley).

The Minister of National Revenue (Mr. Gibson) was also present.

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Convoy escort force at St. John's, Newfoundland.

1. The Minister of National Defence reported that the Admiralty had now decided that a substantial portion of the Newfoundland convoy escort force would operate from Halifax. This would reduce somewhat the necessary shore establishment in Newfoundland.

In the Prime Minister's absence, the question of the St.John's base had been considered by the Cabinet on June the 17th, in consultation with the Naval Staff. It was now important that an early decision should be taken and that steps be taken, with the least possible delay, to acquire the necessary property and begin construction. Speed was essential, regardless of what arrangements might eventually be made with regard to the division of financial responsibility.

2. Mr. Ralston pointed out that Canada had agreed to undertake responsibility for the establishment and operation of the Newfoundland escort force on the smaller scale first contemplated. Since then the intended scale of operations had been increased, The undertaking, however, was of vital concern to Canada and provided an opportunity for the Canadian Navy to play an important and responsible role in the Western Atlantic.

Expenditures for land and buildings had to be made, whether by the U. K. or Canadian government, by Canada, or by both governments jointly. In the circumstances, it would save time if the Minister of National Revenue proceeded immediately to St. John's, in order to explore with the Newfoundland government means of acquiring the necessary property. It was not necessary to await a reply from the U. K. government.

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3. The Prime Minister stated that he was fully conscious of the importance of the early establishment of the Newfoundland base and appreciated the natural desire of the Naval Staff to have the Canadian Navy undertake a major role in the operations of the Newfoundland force. Nevertheless, the suggestion that Canada accept sole financial responsibility for the acquisition of property in Newfoundland and the construction there of large shore establishments, should be carefully considered in relation to present commitments in other departments of the war effort. It was natural that the Defence Departments should each seek to emphasize the importance of the Canadian contribution in their own sphere. It was the duty of the civil authority, however, to take a general view of the situation and to prevent overreaching in any particular department which would endanger the war effort as a whole and prevent the country from making its most effective maximum contribution. Earlier commitments in respect of the Army and Air Force had been increased far beyond what had been contemplated. Increasingly heavy commitments had been accepted in respect of munitions and supplies. These considerations should constantly be kept in mind by the government lest the cumulative effect of rapidly expanding programmes be to impose a financial burden beyond the country's capacity and to cause a breakdown of the national war effort.

4. Mr. King reviewed the course of events leading up to the latest proposals with regard to the Newfoundland base. When the first suggestion had been put forward, the Committee had agreed that, in the circumstances, Canadian naval vessels should be concentrated on this side of the Atlantic as a most appropriate sphere of service. Subsequently, when the original plans had been largely increased, the Naval Staff had submitted a recommendation that Canada undertake the construction of a large naval base in Newfoundland, and accept responsibility for fighting half the battle of the Atlantic. This proposal had been lacking in a sense of proportion and the recommendation had not been accepted by the Committee.

There had been no commitment on Canada's part to accept responsibility for the acquisition of property in Newfoundland and for the construction of the shore facilities now contemplated.

5. Mr. Ralston drew attention to the drastic changes which had taken place in the general war situation since earlier programmes had been settled for the Army, Navy and Air Force. Canada must now do her utmost to hold her first line of defence which was overseas. So far as the Army was concerned there had been no overreaching in the drawing up or development of their plans. Resources in manpower and finance were available in Canada to meet the requirements of Service programmes. The Defence Departments had sought to take a general rather than a separate Service view of military requirements and this had been constantly emphasized by the Minister. There had been no criticism of the programmes of the Defence Departments

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on other than financial grounds. The Newfoundland base was to be established in a sphere of primary Canadian interest and it would be most appropriate for Canada to accept responsibility therefor.

6. The Acting Under-Secretary of State for External Affairs reviewed the correspondence with the U. K. government. The first proposal, put forward through the High Commissioner's Office on May the 24th, had been considered by the Committee on May the 27th. As a result of that meeting, the U. K. government had been informed of the government's view that Canada should undertake responsibility for the establishment and operation of convoy escort forces to be based on St. John's, and that it was thought appropriate that Canadian vessels should be used for this purpose. On June the 3rd word had been received that the Admiralty had decided that the St. John's force should be virtually doubled in size and shore establishments increased correspondingly and the U. K. government had enquired whether these proposals were acceptable to the Canadian government. At no time, however, had it been suggested by the United Kingdom that Canada should undertake the financial responsibility involved.

Following the Committee's consideration of the increased proposals on June the 10th, a communication had been sent to the U. K. High Commissioner enquiring the U. K. government's views as to financial arrangements. On June the 18th no reply having been received, the Deputy High Commissioner had been requested to send an immediate telegram to his government requesting their views on the specific questions of methods of acquiring the property, title thereto and financial arrangements.

No word had yet been received from the U. K. government in answer to these enquiries.

7. The Minister of Finance expressed the view that the U. K. government should themselves acquire the property, take title thereto and bear the cost. This course would be preferable even though Canada had to provide the necessary Canadian funds, and in spite of the argument that, in such event, the Canadian government should acquire ownership.

8. Mr. King remarked that he had consistently supported Canada's maximum contribution in the naval sphere and the importance of Canadian contributions to hemisphere defence. Nevertheless, in considering Canadian commitments in Newfoundland the possibility of a post-war U. S. government wishing to strengthen the American position on the island, without full regard to Canadian interests, should be borne in mind. It was conceivable that after the war the United States might make demands in regard to Newfoundland in return for materials lease-lent to the United Kingdom. In these circumstances, it might be preferable to have the St. John's base acquired and built by the U. K. government, rather than by Canada.

9. The Minister of Mines and Resources expressed the view that, if Canada were to undertake the expend-

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itures involved, there should be well established conditions providing for Canadian control after the war. If Canada bore the cost, she should be in a position to derive the post-war benefit.

10. Mr. Ralston stated that irrespective of what financial arrangements would ultimately be made, the important consideration was to initiate, at once, proceedings for acquiring the necessary land and preparing for the construction of the shore establishment. Mr. Gibson, who was familiar with the Newfoundland situation, should go to Newfoundland, at once, to confer with the Newfoundland government regarding the immediate acquisition of property. The question of financial responsibility could be settled later.

The meeting adjourned at 1 p.m.

The meeting resumed at 2.15 p.m.; the Minister of National Defence for Naval Services (Mr. Macdonald) being present.

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11. The Prime Minister summarized, for the benefit of Mr. Macdonald, the Committee's discussions during the morning session. Broadly, there had been two points of view with regard to the establishment of the Newfoundland base - the one that the U.K. government should acquire the necessary property and assume full responsibility for the cost of shore facilities, the other that Canada should provide the money and take title. It had also been suggested that Mr. Gibson proceed immediately to Newfoundland for exploratory discussions with the Commission of Government.

12. The Minister of National Defence for Naval Services explained to the Committee the Admiralty's latest proposals for dividing the convoy escort force between St. John's and Halifax. The Naval Staff, at his request, had prepared estimates of the reduced minimum requirements for Newfoundland.

13. The Committee discussed the questions of title and financial responsibility at some length, it being finally agreed that a communication be immediately directed to the U.K. government, to the following effect:

(1) that no reply had as yet been received to the Canadian government's enquiry as to the U.K. government's views regarding financial arrangements for the enlarged shore establishment for the convoy escort force to be based on Newfoundland;

(2) that, because of the urgent importance attached to the provision, at the earliest possible moment, of the necessary shore facilities, the Canadian government had thought it advisable to have the Minister of National Revenue, who was familiar with the Newfoundland situation, proceed

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at once to St. John's for the purpose of exploring there, with the Commission of Government the method by which the necessary property could best be acquired;

(3) that it was assumed that expropriation proceedings on the part of the Newfoundland government would be required, irrespective of what arrangements were made as to the eventual title and financial responsibility; in this connection it would be helpful if the U.K. government were to communicate immediately with the Commission of Government, with a view to their initiating the appropriate proceedings;

(4) that, with regard to ownership and financial arrangements, it was felt that, because of the special relationship of the U.K. government to Newfoundland, title would most appropriately vest in the United Kingdom and that responsibility for the cost of the property and the necessary construction would be borne by the U.K. government, under such terms and conditions as might be agreed between the governments;

(5) that, if the U.K. government desired Canada to undertake the financial responsibility involved, it was felt that title should vest in the Canadian government.

Canada-U.S. economic co-operation - Joint Economic Committees

14. The Prime Minister submitted a draft Order-in-Council providing for the appointment of the members of the Canadian Committee to meet with a committee appointed by the U.S. government for the purpose of joint enquiry into measures of further economic co-operation between Canada and the United States. The Canadian Joint Economic Committee was to consist of Mr. R.A.C. Henry, Mr. W.A. Mackintosh, Mr. J.G. Bouchard, Mr. D.A. Skelton, and Mr. H.L. Keenleyside and Mr. H.F. Angus.

15. The draft Order-in-Council submitted by the Prime Minister was considered and approved.

(See P.C. 4500, dated June the 20th, 1941).

Relations with Yugoslavia

16. The Acting Under-Secretary of State for External Affairs reported that, in connection with the establishment in London of a Yugoslav government, enquiries had been received as to whether Canada would agree, in principle, to admit a group of Yugoslav politicians whose loyalty was unquestioned, and also whether the government would be agreeable to receiving a Yugoslav Minister to Canada. The latter request should be considered in relation to similar requests for the reception of Ministers by other Allied governments in exile, such as Norway and Poland.

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17. The Minister of Justice expressed himself as favourable to receiving Ministers from Allied countries, even in cases where it was not possible for Canada to reciprocate.

18. The Prime Minister observed that it would not be possible to appoint separate Canadian Ministers to all Allied governments who might wish to have Ministers received by Canada. There would be no objection, however, to agreeing to their diplomatic representation in Canada during the war period.

19. After further discussion, it was agreed that there would be no objection, in principle, to the reception by Canada of diplomatic representation from Norway, Poland, Yugoslavia and other Allied governments in exile, on the understanding that the matter of permanent exchange of diplomatic missions be deferred for consideration after the war.

Victory Loan 1941 -
flight of Torch to the United Kingdom

20. At the request of the Minister of National Defence, the Committee considered and agreed to a suggestion that the Minister of Pensions and National Health accompany the Torch of Victory on the flight to Great Britain; no final decision was taken regarding a proposal that the three junior officers representing the Services, who accompanied the Torch across Canada, proceed overseas on the same flight.

Canadian firemen for the United Kingdom

21. The Prime Minister read a report prepared for the Minister of National War Services by the Associate Deputy Minister (Mr. Justice Davis) regarding the organization of Canadian firemen for service in Great Britain. The report, which had been supported by Mr. Gardiner, recommended that a battalion of fire fighters of at least 1,000 men be formed under the Department of National Defence or under the Department of National War Services, to assist the fire fighting forces in the United Kingdom; that plans for this organization be drawn up in consultation with the national fire fighters' organization and the Federation of Mayors and Municipalities, and that a well-known Fire Chief be put in charge, who would bear the same relative position as that of the Commanding Officer of the Forestry unit under the National Defence Department.

(See letter of June 5th, 1941, from the Minister of National War Services, to the Secretary, and attached memorandum).

22. The Secretary observed that in previous discussions the Committee's attention had been drawn to the administrative problem involved in organizing fire fighters into a separate service under a civilian department. For this reason, organization of a fire fighting unit under the Department of National Defence had been proposed as providing a means of avoiding duplication in regard to pay, allowances, pensions and the like.

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23. The Acting Under-Secretary of State for External Affairs drew attention to the fact that, subsequent to the request for Canadian assistance, the U.K. government had provided for the nationalizing of their own local fire fighting forces. Henceforward fire fighting services in Great Britain would be grouped on a regimental basis, large mobile reserves being maintained which could be drawn into action wherever concentrated assistance was needed.

24. After further discussion, it was agreed that, if a Canadian organization were to be constituted it would be preferable that it should be done under the Department of National Defence; decision as to action in this respect was deferred pending consideration of the proposal by the Minister of National Defence with officers of his department.

Recruiting of Allied forces in Canada

25. The Acting Under-Secretary of State for External Affairs reported that, so far, the recruiting of Allied military units in Canada had been confined to nationals of the countries concerned. It had been suggested, however, that this policy might be modified to permit certain Canadian nationals and other British subjects to volunteer for these units where they were ineligible or unacceptable for service in the Canadian armed forces. It was not likely that such a change in policy would involve large numbers. A supplementary question concerned the possible creation within the Canadian Army itself of "national" units.

The Department of External Affairs had had a considerable correspondence on this subject and representatives of the Allied countries concerned were pressing for a modification of government policy.

(See memorandum of May 29th, 1941, from the Department of External Affairs, to the Prime Minister).

26. The Minister of National Defence said that he would like to have further enquiries made as to alleged discouragement to "new Canadians" who sought to join the Canadian armed forces. It was possible that investigation of foreign-born recruits by the R.C.M. Police may have had some such effect.

27. The Prime Minister remarked that everything possible should be done to encourage those who were willing to serve. Sympathetic consideration should be given to assisting the organization of the various national legions in Canada.

28. After further discussion, it was agreed that the question of recruitment of Allied forces in Canada be referred to the Minister of National Defence for consideration with officers of his department.

Distinguishing buttons for rejected volunteers

29. The Prime Minister raised the question of the desirability of providing, under suitable conditions, some distinguishing button for men who had volunteered

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for service with the armed forces and who had been rejected for physical or other reasons. There was a good deal to be said in favour of such action.

30. The Minister of National Defence stated that he would like to have an opportunity of having this problem further investigated. There were a number of difficulties involved in the proper regulation of such a scheme.

31. The proposal was, thereupon, referred to the Minister of National Defence for consideration and report.

Military nurses for South Africa

32. The Prime Minister reported that the government of South Africa had enquired whether Canada would allow nurses to be recruited here for duty in South Africa, where 8,000 military beds were to be provided for military casualities from the Middle East. A serious shortage of nurses existed in the Union and the opportunity of obtaining additional trained nurses from Canada would be welcomed. Transportation, pay and allowances would be provided.

33. The request of the government of South Africa, in this respect, was referred to the Minister of National Defence for consideration with the Director General of Medical Services.

Army recruiting campaign - progress report

34. The Minister of National Defence reported that, with about two-thirds of the time elapsed for the recruiting campaign, a total of only some 47% of the total had been obtained. Local committees were doing their best and every effort was being made to encourage employers to make possible the replacement of their younger workers who were eligible for enlistment. A letter had been written to each department, in this respect. The Chairman of the Civil Service Commission approved of this procedure and a submission to Council, in this respect, would shortly be submitted.

35. The Minister of National Defence for Naval Services suggested that consideration be given to permitting leaves to soldiers to allow them to revisit their home localities in the interests of recruiting.

Exports of wheat to Japan

36. The Acting Under-Secretary of State for External Affairs requested that consideration be given to present policy in respect of exports of wheat to Japan. Two questions were involved:

(a) wheat which had been sold prior to the passing of the Order-in-Council imposing export licenses was in such quantity that shipments would continue until October unless government policy, in this respect, were altered;

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(b) up to the present, shipment to Japanese dominated Shanghai of wheat and flour were being permitted in limited quantities and direction was required as to whether this policy should be continued.

37. After some discussion, it was agreed to defer any modification of existing policy, until after the Prime Minister's return from his projected visit to the Pacific Coast.

Compulsory training of Indians

38. The Secretary reported that the Deputy Minister of Justice, in answer to the Committee's enquiry, had expressed the opinion that Indians fell within the scope of the National War Services Regulations 1940 (Recruits), and were, consequently, liable to compulsory military service.

Mr. Edwards had pointed out that, during the last war, an Order in Council had been made (P.C. 111 of January 17th, 1918) exempting Indians from military service.

The question was therefore one of government policy.

(See letter of May 16th, 1941, from the Deputy Minister of Justice, to the Secretary).

39. After some discussion, it was agreed that no action be taken to alter the law in this respect, and that Indians remain subject to the provisions of the National War Services Regulations with respect to compulsory military training.

Compulsory military service - farmers' sons.

40. The Secretary reported that the Prime Minister had received from the Premier of Quebec, a copy of a letter addressed by Mr. Godbout to the Minister of National Defence drawing attention to the scarcity of agricultural labour in that Province as a result of the calling up of farmers' sons for military training. It was suggested by Mr. Godbout that military training for farmers' sons be done during the winter months in order to maintain full agricultural production.

(See letter of May 28th, 1941, from the Premier of Quebec to the Prime Minister).

41. The Minister of National Defence reported that this matter had received careful consideration. A recommendation to Council, in this connection, would shortly be submitted.

Canadian sterling balances

42. The Minister of Finance reported that, according to present estimates, the U.K. government's deficit with Canada for the current fiscal year would be in the neighbourhood of 900 million dollars, and

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that it did not seem probable that this annual deficit would decrease as the war continued. The problem of the policy to be adopted in dealing with these large sterling balances was a difficult one and had been the subject of consideration by officers of the Finance Department. One aspect of the problem was causing particular concern, namely, the situation in respect of U. K. contracts, resulting from demands for higher prices by the producers of agricultural products. Recently the government had been compelled, in order to meet commitments under the contract with the U. K. government, to bonus bacon prices because of the rise in U. S. prices.

It was suggested that informal discussions might be instituted with the U. K. government with a view to seeing whether it would be possible to have the U. K. government pay higher prices for our agricultural products in return for our undertaking of further direct financial burdens payable in sterling. For example, we might offer to pay the costs in sterling in connection with the twenty-five squadrons to be manned by Canadians from the Air Training Plan, in return for undertakings by the U. K. government in respect of purchases of food stuffs from Canada at higher prices. Thus our large sterling balances of doubtful eventual value might be turned to advantage in assisting our domestic policies with respect to agriculture. If some such means were not adopted it was feared that the pressure for bonuses from agricultural interests would continue to grow, with serious results.

(See Secret memorandum of June 18th, 1941, "Proposal for reducing Canada's accumulation of sterling balances".)

43. The Acting Under-Secretary of State for External Affairs observed that the effect of the lease-lend law had been to remove the dollar sign from U. S. bacon prices, with the result that Canada had been compelled to subsidize prices in order to prevent a diversion to the United States which would make it impossible to fulfil commitments under the U. K. contract.

44. The Secretary remarked that the subject of the control of agricultural prices and the machinery therefor, had recently been the subject of discussion between the Prime Minister and the Minister of Agriculture. Mr. King, in that connection, had suggested to Mr. Gardiner that it would be helpful at this stage to review, in the light of experience, the whole economic situation in relation to the national war effort, with a view to ensuring the maximum degree of co-ordination and efficiency in all governmental activities in the economic sphere. It might be that the proposals described by Mr. Ilsley for the reduction of sterling balances and the relationship between agricultural and financial policies might be the subject of simultaneous consideration.

45. Upon the Prime Minister's recommendation, it was agreed that the Economic Advisory Committee be

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be directed to make a general review of existing machinery for the carrying out of the government's economic policy, in relation to the national war effort, with a view to making recommendations as to any revision of functions or re-allocation of responsibilities which would ensure the maximum degree of co-ordination and efficiency in all governmental activities in the economic sphere.

It was also agreed that the Economic Advisory Committee be directed to give particular attention to the relation between agricultural and financial policies and to examine, in that connection, the proposals submitted by the Minister of Finance for the reduction of Canada's accumulated sterling balances.

Repatriation of Canadian securities held in the United Kingdom

46. The Minister of Finance reported that at present there remained in the United Kingdom Canadian securities to the value of some 300 odd million dollars. It was recommended by the government's financial advisers that, of these, the remaining direct obligations of the Dominion government, some 157 million dollars, be repatriated.

It was pointed out that this operation would involve some risk of criticism if, as was thought possible, the United States were to announce that they would not expect, at this stage, anything in return for materials provided to Great Britain under lease-lend.

47. After some discussion, the repatriation of the Dominion's remaining direct obligations in the United Kingdom, as recommended, was approved.

Progress of the war

48. The Prime Minister read a number of communications regarding diplomatic and military developments. These included reference to -

Syria - The U. S. Consul at Beirut had been approached by French authorities with the request that his good offices be employed to ascertain the terms upon which Great Britain would agree to a cessation of hostilities. The British reply had been communicated to the U. S. government.

France - It was understood that General Weygand's consent to the policy of further collaboration had been limited strictly to Syria.

The meeting adjourned at 5 p.m.

A. D. P. Heeney
Secretary.

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Minutes of the

War Committee of the Cabinet

June 24th, 1941.

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Ottawa, June 24th, 1941.

CABINET WAR COMMITTEE

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Tuesday, June the 24th, at 3 p.m.

There were present the following members:

The Prime Minister,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of Justice (Mr. Lapointe),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Munitions and Supply (Mr. Howe),
The Minister of National Defence for Naval Services (Mr. Macdonald).

The Acting Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary (Mr. Heeney).

Proposed Imperial War Conference

1. The Prime Minister reported that, in reply to the suggestion that a meeting of Prime Ministers be held in London during the summer, he had pointed out fully in personal communications to Mr. Churchill, the reasons why it would not be possible for him to attend such a meeting. The circumstances were such that, in the interests of the national war effort, it would be unwise to have the Prime Minister leave Canada at this time. The Prime Minister of South Africa had made a similar decision, and Mr. Churchill had now communicated the text of a statement which he proposed to make today, in the British House of Commons, indicating that a meeting in the near future would not be possible.

2. Mr. King stated that, already, the decision which he had felt compelled to make, in regard to the proposed conference, had been justified by events. Germany's declaration of war against Russia had raised fresh questions in religious and industrial circles in Canada, as to the assistance Russia was to receive from the Commonwealth, and Mr. King had immediately been able to issue a statement of government policy which it was hoped would prove helpful. His proposed visit to the Pacific Coast and Western Canada, in the immediate future, was of urgent importance, particularly because of the situation in relation to Japan. In all the circumstances, any possible advantages which might accrue from a meeting in London could not outweigh the importance of the Prime Minister's continued presence in Canada.

3. The Committee expressed agreement with the Prime Minister's decision in this respect.

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German invasion of the U.S.S.R.

4. The Prime Minister reported that, upon receiving word of the outbreak of war between Germany and Russia, he had thought it advisable to prepare and issue a public statement as to Canada's relation to the new conflict. This had been done before a request of the Prime Minister of the United Kingdom suggesting a public statement, in support of Mr. Churchill's own announcement, had been received. Mr. King's statement had, in fact, been similar in effect to that of Mr. Churchill. There had not been time to call the Committee together on this matter.

(See newspaper clipping, Ottawa Morning Citizen, June 23rd, 1941).

5. The Prime Minister's action, in this respect, was confirmed by the Committee.

Committee on Reconstruction

6. The Prime Minister read a letter which he had received from the Principal of McGill University as Chairman of the government "Committee on Reconstruction". The letter suggested that Mr. James be authorized to discuss, personally, in London and in Washington, the work being done upon reconstruction problems in the United Kingdom and in the United States. The letter also suggested the creation of a Canada - U.S. joint committee on the economic aspects of the war effort, and that a representative of the Committee on Reconstruction should sit thereon, to co-ordinate the reconstruction programme with the work of such joint committee.

(See letter of June the 20th, 1941, from the Principal of McGill University, to the Prime Minister).

7. After some discussion, the Committee agreed that, in view of the intention of Mr. Mackenzie, Chairman of the Cabinet Committee on Demobilization and Re-establishment, to visit the United Kingdom, in the immediate future, when he would have an opportunity of consulting there with those concerned with problems of reconstruction, it would be inappropriate to authorize Mr. James to go to London at this time; there would, however, be no objection to Mr. James' visiting Washington to confer privately with individuals there who were exploring similar problems.

Canadian firemen for the United Kingdom

8. The Minister of National Defence reported that officers of his department had given consideration to the practicability of organizing, under the Department of National Defence, a Canadian fire fighting unit for service in the United Kingdom. A report from the Adjutant General indicating that such a proposal was regarded as quite practicable, suggested organization in a unit which, with administrative headquarters, would have a total personnel of 1,258, all ranks. It was felt that trained fire fighting personnel for such a unit could be

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obtained without difficulty, that they would need to receive only basic army training and that they could be made available within two months. The approximate cost of this project for the remainder of the present fiscal year was estimated at $2,673,250.

The government might agree to undertake organization of such a unit on the same financial basis as obtained with the Forestry Corps.

9. After some discussion, it was agreed that a communication be sent to the U. K. government offering to organize, under the Department of National Defence, a Canadian fire fighting unit for service in the United Kingdom, on the same financial basis as had been agreed to with respect to Canadian Forestry units.

Canadian nurses for South Africa

10. The Minister of National Defence reported that the Director General of Medical Services felt that there would be no difficulty in recruiting one or two hundred nurses for service in South Africa. There was, at present, a long waiting list for service in the R.C.A.M.C. South African rates of pay were less than Canadian standards and nurses asked to volunteer for this service should be informed of the difference. It was recommended that permission be given to recruit Canadian nurses for this service.

(See memorandum of June 24th, 1941, from the Director General of Medical Services, to the Adjutant General).

11. The Committee approved an affirmative reply being sent to the request of the government of South Africa, in this respect.

Recruitment of Allied forces in Canada

12. The Minister of National Defence stated that, at the moment, it was not necessary for the Committee to concern themselves further with this matter. Investigation by his officers had shown that there had, in fact, been discrimination, and aliens and naturalized Canadians of foreign origin had, in many cases, been refused enlistment in Canadian units.

Organization of Canadian women for war service

13. The Secretary reported that as a result of a meeting of representatives of the Departments of External Affairs, National War Services, National Defence and National Defence for Air, a proposed statement of policy with regard to the organization of Canadian women for war service had been agreed upon and was submitted for approval.

The proposed statement described in outline the policy to be adopted in recruiting women to serve as full-time auxiliaries in the armed forces. The Department of National War Services, at the request of

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the Service Departments, would provide volunteers in accordance with necessary standards. The personnel of existing women's organizations would be utilized, though they would not constitute the sole recruiting field.

(See proposed statement of policy - for discussion).

14. The Minister of National Defence for Air observed that, with organization being undertaken in the manner indicated in the proposed statement, the Canadian objection to members of the W.A.A.F. serving at R.A.F. schools in Canada could be withdrawn.

15. After some discussion, it was agreed that the proposed statement submitted represented, in substance, approved government policy with regard to the organization of Canadian women for war service.

It was also agreed that, before the statement were made public, it should be revised in certain particulars, so as to make reference to previous public statements on the subject, on behalf of the government, and to delete certain passages which were regarded as unnecessary.

(See revised statement of policy, in this respect, dated June 27th, 1941).

Overseas war service of Canadian women - Women's Transport Service

16. The Minister of National Defence asked direction regarding a request from the Women's Transport Service (F.A.N.Y.), that facilities be granted by the Canadian government for exit permits to suitable recruits from Canada wishing to proceed to Great Britain to joint the Service as drivers.

This unit was a quasi-official organization providing drivers for the British Army and for voluntary war organizations. A similar request of the Women's Mechanized Transport Corps (M.T.C.) had been approved. The M.T.C. were permitted to recruit members in Canada for service in the United Kingdom, on condition that recruits were investigated and medically examined in Canada, so as to avoid rejection upon arrival overseas, that recruiting and administration in this country was done by a representative of the Corps and that there was no official participation by the Canadian government.

It was recommended that the F.A.N.Y. should be accorded the same treatment as the M.T.C.

17. The Acting Under-Secretary of State for External Affairs drew attention to the distinction to be drawn between permission to Canadian women to go overseas as volunteers in U. K. organizations and those wishing to go individually or in Canadian units or

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formations. In the former case the government had no responsibility, beyond laying down certain safeguarding conditions with regard to recruiting, while, if requests in the latter category were to be granted, the government could not escape a large measure of responsibility.

It was therefore recommended that private formations of Canadian women, including the Red Cross Transport Service, should continue to be refused permission to go to England.

18. After further discussion, it was agreed that, subject to the same conditions as obtained with regard to the Women's Mechanized Transport Corps, the Women's Transport Service be permitted to recruit members in Canada for service in the United Kingdom, and, that facilities be granted for the issue of exit permits to recruits for this Service.

It was also agreed that private formations of Canadian women, including the Red Cross Transport Service should continue to be refused permission to go overseas.

(See memorandum of June 24th, 1941, for Mr. Robertson).

Army Recruiting Campaign

19. The Minister of National Defence reported that, to June the 23rd, with some three weeks to go, 53% of the quota of recruits had been obtained in all Military Districts. Recruiting in Quebec had much improved and a complete report, encouraging in its conclusions, had been made in regard to the position of that province. Military District No. 5 had obtained 59%, though Military District No. 4 had only obtained 27% of their respective quotas. In British Columbia (M.D. 11) only 32% had been obtained so far and the G.O.C. had written a full report indicating the reasons which were thought to have been responsible. On the whole, there was no need to be discouraged as to the campaign's ultimate outcome.

R.C.A.F. personnel overseas - identification and conditions of service

20. The Minister of National Defence for Air stated that he had been increasingly concerned with the problem of the status of members of the R.C.A.F. who were serving overseas with U. K. forces. At present there were well over 5,000 young Canadians in this position in Great Britain, who were a moral, if not a legal, responsibility of the Canadian government. Before the end of the year their numbers would increase to a total strength in excess of that of a division of infantry. Canadian airmen overseas were in three categories, namely, personnel of the three original R.C.A.F. squadrons, graduates of the Commonwealth Air Training Plan and radio technicians. Of these, only the first class were subject to Canadian control. The creation of twenty-five Canadian squadrons, which had been agreed to, would, under present arrangements, take

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care of perhaps one-quarter of the air crew graduating from the Plan, but the remainder would be subject to complete control by the R.A.F. and removed altogether from Canadian care and supervision.

This situation was far from satisfactory, for the government could not divest themselves of the duty which they owed to the Canadian people of keeping in the closest possible touch with all Canadians serving overseas, and exercising as much supervision as possible with respect to their care, comfort, protection and identification.

To remedy this situation, in so far as circumstances permitted, and to prevent the multiplication of unfortunate incidents in which Canadian Headquarters have had no information regarding casualities among Canadian personnel, it was proposed to strengthen the R.C.A.F. Headquarters in London, particularly in records offices, and to seek to obtain a general clarification of the situation with U. K. authorities.

R.C.A.F. publicity overseas

21. Mr. Power said that another question which required consultation with the U.K. government was publicity regarding R.C.A.F. personnel overseas. At present announcements such as the formation of a new Canadian bomber squadron came from London, and the Canadian government were not at liberty to give publicity to such facts as the existence now of eleven Canadian squadrons in Great Britain, including the original three.

J.A.T.P. - extension of agreement

22. Mr. Power reminded the meeting that there was also the problem of the continuation of the Commonwealth Air Training Plan beyond April 1943, concerning which discussions should be initiated at once with the U.K. government, in order that aircraft and other essentials might be provided well in advance.

(See personal letter of June 23rd from the Minister of National Defence for Air, to the Prime Minister).

Visit of Air Minister to the United Kingdom

23. Mr. Power recommended, in the circumstances, that he be authorized to proceed to the United Kingdom in the immediate future, in order that he might, personally have full and frank discussions of the problems he had mentioned.

24. After some discussion of the questions raised by Mr. Power, the Committee approved of his proceeding overseas as soon as possible, for personal discussion of these questions with the U. K. authorities.

Canadian ground crews for R.C.A.F. squadrons overseas

25. The Minister of National Defence for Air stated that it was proposed to provide gradually, as they

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became available, Canadian ground personnel for Canadian squadrons overseas. It would be possible, without requiring their substitution by U. K. ground personnel, to provide some 200 Canadians a month for this purpose, and perhaps a total of 1,500 by January the 1st of next year. It was strongly recommended that this proposal be approved in principle as an important assistance to the morale of the squadrons formed from Canadian air crews graduating from the Joint Air Training Plan.

26. The Committee approved, in principle, Mr. Power's recommendation in this respect.

Convoy escort base at St. John's, Newfoundland

27. The Minister of National Defence for Naval Services stated that no reply had as yet been received to the communications sent to the U. K. government regarding the immediate undertaking of steps to acquire property and build shore establishments at St. John's. The urgency was such that it would be advisable to proceed, nevertheless, to the acquisition of property, leaving financial arrangements for subsequent discussion. Repair and fuel facilities in Newfoundland would be an important saving for escort vessels, making it unnecessary for them to proceed the further distance to Halifax, for these purposes. There were thirty-five enemy submarines now reported in the Atlantic.

28. The Prime Minister mentioned that so far as the United States' interest was concerned, Mr. A. A. Berle, Assistant Under-Secretary of State, had remarked to him in conversation recently, that the United States would welcome Canada taking a more direct responsibility for Newfoundland. This was an important consideration.

29. After further discussion, it was agreed that, if the Ministers of National Defence came to the conclusion that, from the strategic point of view, the urgency was such that action to acquire the necessary property and begin construction of required shore facilities for the establishment of the convoy escort base at St. John's could no longer be delayed, the Committee authorize the immediate undertaking of such steps, on the understanding that the questions of eventual title to the property and responsibility for its cost and that of the necessary construction would remain open for decision by the governments concerned, in accordance with the letter of June the 22nd from the Acting Under-Secretary of State for External Affairs to the High Commissioner for the United Kingdom.

It was also agreed that the Minister of National Revenue, now in Newfoundland, be advised accordingly.

Victory Loan 1941 - flight of Victory Torch to Great Britain

30. It was decided not to proceed with the proposal that junior officers of the three Services accompany the Torch flight to Great Britain. It was

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also decided that Mr. Mackenzie should deliver the Torch to Mr. Churchill.

Compulsory Military Training Programme - priority in calling out men

31. The Minister of National Defence mentioned the proposals which he had reported to the Committee on May the 21st for the calling up of additional men for compulsory military training. In consultation with the Minister of National War Services, it had now been decided to recommend that simultaneous authority be given to the Department of National Defence and the Department of National War Services, respectively, to call up those who had already undergone thirty day training, and were consequently members of the reserve, and those who had been subject to thirty day training but whose service had been postponed. It had not yet been decided what numbers would be called, but it was thought that it would be helpful to recruiting if authority could be given to summon both the categories mentioned.

32. The Committee approved Mr. Ralston's recommendation in this respect.

The meeting adjourned at 6 p.m.

A. D. P. Heeney
Secretary.

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April 3/41	Letter, April 1/41, from Minister of National War Services to Secretary Cabinet War Committee re financial assistance to publications.
	Letter, March 31/41, from Minister of National War Services to Secretary Cabinet War Committee re conscientious objectors.
	Letter, Feb. 15/41, from Minister of National War Services to Secretary CWC re foreign broadcasts.
	Letter, March 15/41 from Minister of National War Services to Secretary CWC re information for editors.
	Telegram No. 466, March 17/41, from High Commissioner London to External re press tours.
	Memorandum, March 14/41, from Deputy Minister of National War Services re Women's Voluntary Services.
April 9/41	Draft joint submission by Ministers of Transport and Munitions and Supply re lighterage, Halifax.
	Memorandum, April 7/41, from A/V/M Steadman to Minister re Joint Air Training Plan.
	Memorandum, April 3/41, from Chiefs of Staff Committee to Minister re Defence of Canada.
	Telegram, April 10/41, from EA to Dominions Office re Defence of Canada.
	Report, April 3/41, from Deputy Minister of Pensions and National Health and Director-General Medical Services to Messrs. Ralston and Mackenzie re hospital accommodation.
	Memorandum, April 3/41, from Chiefs of Staff Committee to Minister re R.A.F. training.
	Letter, April 8/41, from U.K. High Commissioner re R.A.F. training.
	Letter, April 8/41, from U.K. High Commissioner to P.M. re Newfoundland.
	Telegram, April 8/41, from Mr. Gibson to Mr. Power re Newfoundland.

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April 23/41	Memoranda, April 19 and 23/41 from A/USSEA to P.M. re exports to Japan.
	Letter, April 19/41, from Polish Consul General to External re evacuation from Portugal.
	Letter, April 18/41, from Canadian Secretary, P.J.B.D. to Secretary, CWC re Atlantic coast defence.
	Memorandum, April 22/41, from Chiefs of Staff Committee to Ministers re command relations.
	Letter, April 2/41, from President, Canadian Hospital Council to P.M. re hospital accommodation.
	Letter, April 19/41, from Mr. W.C. Hankinson to EA re employment of women at R.A.F. schools.
	Telegram No. 60, April 13/52, from EA to DO re Joint Air Training Plan.
April 25/41	Letter, April 19/41, from Mr. W.C. Hankinson re R.A.F. training, to EA
	Joint memorandum, A/V/M McKean and A/C Edwards, April 24/41, re R.A.F. training.
	Letter, April 17/41, from Commissioner for Public Utilities, St. John's, Newfoundland, to Minister of National Revenue, re establishment of air base at Torbay.
April 30/41	Letter, April 28/41, from U.K. High Commissioner to P.M. re R.A.F. training.
	Draft letter ~~from~~ to Mr. King ~~to~~ from U.K. High Commissioner re R.A.F. training.
	Letter, April 29/41, from Assistant Deputy Minister of National War Services to Secretary CWC re organization of Women's Voluntary Services.
May 1/41	Telegram No. D244 and D245 from DO to EA, April 29/41, re Canada-Japanese relations.
May 5/41	Memorandum, May 5/41, from Canadian Manufacturers Association to P.M. re labour conditions.
May 6/41	P.J.B.D. Journal, April 16 and 17/41.
	Letter, May 3/41, from U.S. Chairman to Canadian Chairman, P.J.B.D.
	Letter, April 29/41 from Secretary Defence Council to Secretary CWC re Newfoundland.

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May 6/41 (cont'd)	Memorandum, May 2/41, from Chiefs of Staff Committee to Ministers re honours and decorations.
	Letter, April 10/41, from McLeod Board of Trade to PM re housing near service establishments.
	Letter, May 2/41, from Minister of National War Services to Secretary, CWC re office space for census and national registration staffs.
	Memorandum, May 3/41, to PM re training of Indians.
	Telegram No. 1, April 19/41, from PM of New Zealand to EA re training of French airmen.
May 9/41	Letter, May 9/41, from Private Secretary to Minister of National Defence (Naval Services) to Secretary, CWC, re PJBD Recommendations.
	Letter, May 2/41, from Mr. W. C. Hankinson to EA re recruitment of radio mechanics.
	Letter, May 8/41, from Assistant Deputy Minister of War Services to Secretary, CWC re organization of Women's Voluntary Services.
May 13/41	Telegram No. 76, May 6/41, from DO to EA re Joint Air Training Plan.
	Telegram No. 79, May 10/41, from DO to EA re U.K. purchasing programme.
	Letter, May 13/41, from Minister of National Defence to Secretary, CWC re PJBD.
May 20/41	Telegram No. 862, May 13/41, from HC London to EA re Canadian tunnelling personnel.
May 21/41	Letter, May 19/41, from U.K. High Commissioner to P.M. re U.S.-Br. staff conversations.
	Memorandum, May 20/41, from Chiefs of Staff Committee to Ministers on the same subject.
	Draft telegram from Minister of National Defence to Secretary for War re employment overseas of Canadian forces.
	Memorandum, May 14/41, from Chiefs of Staff to Ministers re transport overseas of servicemen.

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May 21/41 (cont'd)	Letter, May 16/41, from Mr. W.C. Hankinson to EA re gasoline supply.
	Letter, May 21/41, from Ministers of NationalWar Services and Trade and Commerce to Secretary, CWC re accommodation for national registration staff.
May 27/41	Letters of May 24 and 26/41 from Mr. W.C. Hankinson re naval base at St. John's.
	Letter, May 27/41, from Canadian Secretary to Canadian Chairman, PJBD, re employment of Canadian forces.
June 3/41	Draft letter to U.K. High Commissioner June 3/41 re U.S.-Br. staff conversations.
	"Appreciation; the nature of the Canadian military effort, mid-summer 1941 - summer 1942", May 28/41 from Chiefs of Staff.
	Telegram No. 92, June 2/41, from Do to EA re delivery of U.S. aircraft.
	Telegram No. M 93, May 22/41, from DO to EA re U.K. policy in Netherlands East Indies.
	Telegram No. 204, May 27/41, from EA to Legation, Washington re Greenland.
	Telegram No. 211, May 29/41, from Legation, Washington, to EA re Greenland.
	Letter, May 31/41, from Mr. W. C. Hankinson to EA re U.K. civilian technical corps.
	Memorandum, May 8/41, from Director General Medical Services to Minister of National Defence re hospital accommodation.
	Letter, May 28/41, from W. C. Hankinson to EA re air defence of shipping.
	Report of May 14/41 from Chiefs of Staff Committee to Ministers re improvements at Seymour Narrows.
June 5/41	Memorandum, May 1/41, from Deputy Minister to Minister of Pensions and National Health re air raid precautions.
	Letter, June 4/41, from U.K. High Commissioner to P.M. re U.S.-Br. staff sonversations.

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June 5/41 (cont'd)	Letter, June 6/41, from P.M. to U.K. High Commissioner re U.S.-Br. Staff conversations.
June 10/41	Telegram No. D 335 from DO to EA re joint declaration by Allies.
	Telegram No. 95 from DO to EA re relations with France.
June 20/41	Letter, June 5/41, from Minister of National War Services to Secretary, CWC, Canadian firemen for U.K.
	Memorandum, May 29/41 EA to P.M. re recruiting of allied forces.
	Letter, May 16/41, from DM of Justice to Secretary, CWC re training of Indians.
	Letter, May 28/41, from Premier of Quebec to PM re military service of farmers' sons.
	Memorandum, June 18/41, "Proposal for reducing Canada's accumulation of sterling balances".
June 24/41	Letter, June 20/41, from Principal McGill U to P.M. re committee on reconstruction.
	Memorandum, June 24/41, from Director General Medical Services to Adjutant General re Canadian nurses for South Africa.
	Statement of policy dated June 27/41 re organization of Canadian women.
	Memorandum, June 24/41, from Mr. Robertson concerning the overseas service of Canadian women.
	Letter, June 23/41, from Minister of National Defence for Air to PM re Joint Air Training Plan.

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CABINET WAR COMMITTEE - VOL. V

PAPERS NOT IN PRIVY COUNCIL RECORDS

Date of Meeting	Memorandum
April 9/41	April 3/41, from Chiefs of Staff Committee to Minister re R.A.F. training.
	Telegrams
May 21/41	Draft telegram from Minister of National Defence to Secretary for War re employment overseas of Canadian forces.
June 3/41	No. 204, May 27/41, from EA to Legation, Washington, re Greenland.

NOTE:
Complete set of P.J.B.D. Journals filed in black binders in Room 122.

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Ottawa, June 27th, 1941.

Memorandum for the Prime Minister:

I am attaching Mr. Power's letter of June the 23rd, concerning problems relating to R.C.A.F personnel overseas, also a copy of my acknowledgment on the Prime Minister's behalf of June the 25th, and a draft personal reply for the Prime Minister's signature or revision.

Mr. Power mentioned to me, this morning, the question of a suitable statement being made with regard to his presenne in England. He is considering something indicating, in general terms, the purposes of his visit, and it would be helpful if Mr. King were to indicate his wishes in this regard.

A. D. P. H.

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Personal and
Confidential

Honourable C.G. Power, M.P.,
Minister of National Defence for Air,
Ottawa, Ontario.

While I did not have an opportunity of acknowledging, personally, your letter of June the 23rd, before leaving Ottawa the next night, I was glad that we were able to discuss, at the Cabinet War Committee meeting held on Tuesday afternoon, the principal problems relating to R.C.A.F personnel overseas, to which your letter refers.

As you observe in your letter, from the very beginning, I have, personally, been much concerned with the problem of adequate identification, with Canada, of Canadians graduating from the Commonwealth Air Training Plan, and I have always felt that the people of Canada would naturally wish the government to take every step possible to ensure, a clearly defined Canadian status for their airmen serving overseas.

This and other problems relating to R.C.A.F. personnel in spheres of operations, including that of adequate publicity, can, I agree, be best dealt with by personal discussion with the United Kingdom authorities concerned. For that reason I am readily in accord with the decision taken by the Cabinet War Committee on Tuesday last, that you proceed overseas, as soon

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as can be conveniently arranged in the near future, in order to confer with the Secretary of State for Air and officials of the United Kingdom government.

No doubt you will have left Canada by the time I return to Ottawa. I trust that your mission may prove in every way successful, and send you my most sincere wishes for a safe journey and a happy return.

W. L. Mackenzie King

AH:W

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Personal and
Confidential

Ottawa, June 25th, 1941.

Honourable C.G. Power, M.P.,
Minister of National Defence for Air,
Ottawa.

Dear Mr. Power:

The Prime Minister did not have a chance, before he left Ottawa last night, of acknowledging your personal letter of June the 23rd.

As you know, however, there was an opportunity for you to raise some of the urgent questions, mentioned in your letter, at yesterday's meeting of the Cabinet War Committee. In view of the major importance of these questions, particularly those of identification and conditions of service of Canadian airmen overseas, whether serving with Canadian formations or otherwise, it was agreed that you should proceed overseas as soon as possible to discuss these problems, personally, with the United Kingdom authorities.

Mr. King, as you know, shares your concern as to the status of Canadian graduates from the Commonwealth Air Training Plan and has, from the first, insisted upon the importance of their identification with Canada when leaving this country for spheres of operations. The same principle appears to be involved in connection with R.D.F. personnel enlisted for service in the United Kingdom.

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You will, I feel sure, understand the reasons which prevented the Prime Minister from himself answering your letter, and accept through me, Mr. King's very sincere good wishes for a safe and successful trip.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

AH:W

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Copy

Minister of National Defence for Air

Ottawa,
June 23rd, 1941

Personal
Urgent

My dear Prime Minister:

I should like to draw your urgent attention to certain matters which have been causing me grave concern for some time past, but of which I have made only somewhat casual mention from time to time because I believed it essential that there be a fuller and freer discussion thereof than time would permit of during the Session.

The rapidly increased output of the J.A.T.P., as well as our response to the United Kingdom's request for man power assistance in other lines connected with the Royal Canadian Air Force has brought home to us some of the difficulties regarding Canadian Air Force personnel serving with the United Kingdom forces, which though they were to some extent visualized at the time of the signing of the J.A.T.P. agreement did not assume great significance until we were face to face with the actual facts of the situation.

There are today in Great Britain, and probably spread elsewhere throughout the war zones, well over five thousand of our young Canadian men, members of the R.C.A.F., who are the moral, if not the legal responsibility of the Canadian Government. Within a few weeks the number will be doubled; before the end of the year, we will have overseas, in numbers, a strength greatly in excess of a division of infantry. They come under three categories -

1. Personnel of our three original Canadian squadrons, officers, aircrew, and groundcrews;

The Right Honourable W.L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

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2. Graduates of the J.A.T.P., pilots, gunners, observers;

3. Radio technicians (R.D.F.);

With respect to (1) these are as yet under complete Canadian control, except operationally;

(2) Under the J.A.T.P. agreement these men belong to R.A.F. from the time of embarkation from Canada;

(3) These though enlisted as R.C.A.F., following the J.A.T.P. principle, are dispersed all over the United Kingdom or anywhere else, and are entirely under control of U.K. officers and Units;

At the time of the signing of the Agreement you, more than anyone else, had a full appreciation of the difficulties which this aspect of the scheme would eventually entail. Fortunately, your insistence on a saving clause, whereby some identification of our people became possible has permitted us to keep the status of young Canadians to something other than that of hirelings or mercenaries in the service of another State, which however closely we may be associated with it by ties of blood, interest or sympathy, is not the homeland of these young men, the vast majority of whom are at least third generation Canadians, educated in Canadian schools, colleges, and Universities, with a distinctly Canadian outlook, and if I may say so, the hope of the future Canadian Nation.

We have attempted to alleviate the situation by the creation of twenty-five, nominally at least, Canadian squadrons. This will take care of some, but by no means more than one quarter of our men. I am proposing that these squadrons be made more Canadian by the provision of ground crew, which we will shortly be in a position to furnish. But with respect to the remainder of the Plan graduates and the Radio

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technicians, control officers, etc., these under present arrangements become completely cut off both from our responsibility and our care and supervision.

The character of modern air fighting, the organization of the Royal Air Force, and many other factors make it perhaps inevitable that there should be unified command, and in many instances dispersal of individuals outside of national units in the interest of the common cause, but we cannot use these arguments as an excuse for completely divesting ourselves of the duty which we owe to the Canadian people and to the parents of these boys in keeping in the closest possible touch and exercising the utmost supervision as to their care, comfort, protection and identification, which supervision appears to be impossible under the present system.

The following instances will illustrate:

(a) A gentleman from Montreal - Smith - called to see me a few weeks ago. His boy, a graduate of the J.A.T.P. had gone overseas in February as a Flight Sergeant. In may he received a notification from the R.A.F. that the boy was missing. Then followed a cable from the R.A.F. giving some of the circumstances of the tragedy, then a formal notice, the first to be received from Canadian sources, addressed to the boy's Mother, that the dependents allowance to which she was entitled was now cut off. In other words, Canada's only interest in a Canadian boy was to save a paltry thirty dollars a month.

(b) I read in a newspaper the other day that young Hart of Montreal, a grandson of J.T. Davis, contractor of Ottawa, at first believed lost, had now been interned in Portugal. I happen to know the family. Fortunately they made no enquiries of me, had they done so, I could give them no information because the Canadian Government had none to give.

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(c) Saturday's press carried a dispatch that a flying boat crashed off the coast of Portugal with six Canadians on board. We don't know who they are, or why they are there. What makes it more tragic is that under set-up our Air Force Headquarters in London know no more than we do.

These instances will multiply a thousand-fold within a short time, and we must immediately take steps to remedy the situation insofar as circumstances permit.

This I propose to do by greatly strengthening the R.C.A.F. Headquarters in London, by augmenting the personnel even at the risk of somewhat expensive duplication, particularly in records offices; and by a general clarification of the situation with the United Kingdom Authorities.

There are other questions, some of perhaps minor, others of major importance, which must be discussed in conference, such as assessment of pensions; publicity for the work of R.C.A.F. personnel; information as to formation of Canadian Units (Saturday's dispatches stated that B.B.C. had announced the formation of a new Canadian Bomber Squadron and even indicated that its base was in East Anglia. It is hush, hush, for Canada to state that any of these new squadrons have been formed. (We now have eight, in addition to the original three.)

There is also the question of the continuation of the Training Plan and the terms and conditions thereof. The Plan expires in April 1943. If it is to be continued and any other course is unbelievable, we must provide aircraft, and other essentials almost immediately.

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I submit that this situation makes it imperative that I proceed overseas almost immediately in order that by a full and frank discussion we may bring about a clear understanding and a possible solution of these problems.

Yours very sincerely,

(Sgd.) Charles G. Power.

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W-30

LBP/AH

June 24th, 1941.

MEMORANDUM FOR MR. ROBERTSON

The question of permission to recruit in Canada by the Women's Transport Service should be decided. The application has been outstanding now since May 14th. They know of the permission granted the M.T.C. The attached memorandum covers the situation adequately. It was done in a great hurry so any fault in style can be explained on that score.

LBP.

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June 24, 1941.
AJP/MC

1. On May 14th a telegram was received from the Canadian High Commissioner in London stating that the Secretary of State for Dominion Affairs had forwarded to him a request from the Women's Transport Service, F.A.N.Y., that facilities be granted by the Canadian Government for the issue of exit permits to suitable recruits from Canada wishing to proceed to Great Britain to join the Service as drivers. It is understood that the recruiting agent in Canada would be the National Commandant of the Canadian Red Cross Transport Service.

A subsequent telegram of June 6th indicated that recruits obtained in Canada would have to pay their own passage to the United Kingdom, and that they would have to maintain themselves overseas until posted to their work and would have to buy their own uniforms.

The Women's Transport Service (F.A.N.Y) is a quasi-official organization which is divided into two sections: One section provides transport drivers for the British Army, who are employed full time and who receive pay, allowances, clothing, billets and rations. The other section does voluntary work for organizations such as the Home Guards, Red Cross and Polish Forces and while serving them receives only travel expenses, billets and rations.

Last January a request was received from the distinctly separate body, the Women's Mechanized Transport Corps to recruit personnel in Canada. The M.T.C. is a non-official organization of transport drivers who serve without pay.

On the understanding that the United Kingdom Government approved of the plan, a telegram was

sent/

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sent to Mr. Massey on April 29, 1941, to indicate that the Mechanized Transport Corps would be permitted to recruit members in Canada for service in the United Kingdom on the condition that recruits would be investigated and medically examined in Canada so as to avoid rejection upon arrival overseas, but that the recruiting and administration in this country would be done by a representative of the Corps and that there would be no official participation by the Canadian Government. This answer was given with the approval of the Prime Minister and Colonel Ralston.

It is now suggested to Council that the Women's Transport Service be given the same recruiting privilege under the same conditions. There is no ground for refusing it the authorization given to the M.T.C.

On a number of occasions informal requests have been received from the Canadian Red Cross Society to allow members of their Transport Service to go to England, either individually or in Canadian units or formations, to do work as drivers. It is felt that a distinction can be drawn between Canadian women going overseas as volunteers in United Kingdom organizations and those going as members of organized Canadian formations. In the former case the Government has no responsibility beyond laying down certain safeguarding conditions under which recruiting would be carried on, while in the latter the Canadian Government cannot escape a large measure of responsibility.

It is therefore recommended to Council that private formations of Canadian women, including the Red Cross Transport Service, should continue to be refused permission to go to England unless there is a serious change of circumstances.

It is believed that this position is particularly justified since

(1) qualified Canadian women will have an opportunity to enrol for service overseas in the Mechanized Transport Corps/

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Corps or the Women's Transport Service (F.A.N.Y.), subject in the latter case to the approval of Council, as recommended above, and since (2) women will soon be able to enlist as auxiliaries in the armed forces for duty in Canada.

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CLERK OF THE PRIVY COUNCIL
JUN 28 1941

Press release - The Honourable J.T. Thorson, Minister of National War Services

27

June ~~26th~~, 1941.

It will be recalled that some weeks ago the Minister of National Defence stated that there were positions in the fighting services which Canadian women could fill and which would be filled under arrangements which the Department of National War Services, in collaboration with the Defence Services, had in hand. The Government has now decided that, in view of the ever increasing demands upon Canada's available man-power by the Armed Forces, war industries, agricultural and other essential occupations and services, including transportation and public utilities, Canadian women should now be organized to fill these positions.

Among other things this will release considerable numbers of men already in the Services for combatant duty elsewhere.

The Government has, therefore, decided to enlist within the next few months, several thousand women volunteers to serve as full time auxiliaries in our Armed Forces for duty in Canada.

From time to time, the Department of National War Services will be asked by the Service Departments to find women volunteers duly qualified in accordance with the standards laid down by the Service Departments. All applications for enlistment will be received by the Department of National War Services in the rank equivalent to that of army private. Promotions to higher equivalent ranks will be made by the Services concerned.

Announcement of required qualifications, conditions of service, discipline and other matters of interest to women volunteers will be made shortly.

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The Department of National War Services will first look for recruits to existing women's organizations. While none of these has been set up with official recognition, the Government appreciates that a number of them have given valuable training to their members. All such organizations will be asked in the near future to register with the Department of National War Services, giving necessary details concerning their membership. Those which give training in accordance with the required standards will be invited to supply the experienced personnel required by the services concerned.

In connection with this new opportunity granted women for war work, it should be pointed out that tens of thousands of women in Canada are already working in armament and munition plants, on the land, in first aid classes and in other ways contributing towards the final victory.

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Communiqué de presse - L'honorable J. T. Thorson,
Ministre des Services nationaux de guerre

On se rappelle qu'il y a quelques semaines, le ministre de la Défense nationale annonçait que certains postes à l'armée pouvaient être tenus par des femmes, et qu'ils le seraient, dès que certaines dispositions à prendre entre le ministère des services nationaux de guerre et les services armés auraient été mises au point.

En face des exigences sans cesse croissantes de la part des services armés, des industries de guerre, de l'agriculture et d'autres occupations et services essentiels, y compris les transports et les services d'intérêt public, il y a aujourd'hui lieu de veiller à l'organisation des femmes en vue de remplir ces postes.

Entre autres avantages, cette organisation aura celui de permettre de libérer d'importants groupes d'hommes pour service actif sur d'autres théâtres d'operations.

En conséquence, le gouvernement vient de prendre la decision d'accepter, au cours des prochains moins, plusieurs milliers d'engagements volontaires de la part de femmes, en qualité d'auxiliaires à emploi continu pour service aux armées, au Canada.

Lorsque le besoin s'en fera sentir, les ministères de la Defense chargeront le ministère des Services nationaux de guerre de leur procurer des volontaires féminins possédant les qualités et la compétence exigées par les services armés. Le ministère des services nationaux de guerre recevra toutes les demandes d'engagements à un rang équivalent à celui de simple soldat. Les services armés se réservent d'accorder les promotions dans les cadres de leurs effectifs.

Les qualites requises, conditions de service, discipline et autres modalités des engagements seront annoncées sous peu.

Le ministère des services nationaux de guerre aura d'abord recours aux bons offices des organisations féminines existantes. Bien qu'aucune de ces organisations n'ait de caractère officiel, le gouvernement reconnaît que plusieurs ont donné une formation efficace à leurs membres. Toutes les organisations de ce genre seront sous peu tenues de s'inscrire au ministère des services nationaux de guerre et de faire connaître tous les détails de leurs effectifs. Celles qui fournissent un entraînement répondant aux exigences établies seront invitées à fournir le personnel expérimenté requis par les services armés.

En marge de cette nouvelle occasion qui s'offre à l'élément féminin de collaborer à l'oeuvre de guerre, il y a lieu de souligner que, déjà, des milliers de femmes canadiennes travaillent dans les usines d'armements et de munitions, sur le sol, comme aide-infirmières et contribuent aussi de multiples autres manières à la victoire finale.

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H.Q.54-27-93-2 (Meds.)

DEPARTMENT OF NATIONAL DEFENCE
- ARMY -

D-19-A

OTTAWA, CANADA, June 24, 1941.

MEMORANDUM

TO - ADJUTANT-GENERAL:

NURSES FOR SOUTH AFRICA

Reference memorandum from the Honourable the Minister, dated June 20, 1941, regarding the marginally noted subject:

1. There should be no difficulty in recruiting one or two hundred nurses in Canada for service in South Africa. There is a long waiting list for service in the R.C.A.M.C. and I feel fully assured that were these nurses given an opportunity to serve in some other part of the Empire, they would respond to the call.

2. At the present time there are 745 nurses on duty in Canada and overseas with the Army and Air Force. During the last war, there were over 1,800 nurses sent overseas or seconded to the British.

3. It might be pointed out that folio 1 of this file outlines the pay of nurses in South Africa. A comparison with the Canadian pay is as follows:-

	South Africa	Canada
Pay per annum ...	$ 1,245.00	$1,683.00
Uniform Allowance ...	90.00	150.00

If nurses are asked to volunteer for South African service, they should be explicitly informed as to the difference in pay.

4. It is considered advisable to encourage recruitment of nurses for South Africa.

(Sgd.) R. M. Gorssline

(R.M.Gorssline)
Brigadier,
D. G. M. S.

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Ottawa, June 25th, 1941.

F. Cyril James, Esq.,
Principal and Vice-Chancellor,
McGill University,
Montreal, P.Q.

Dear Mr. Principal:

The Prime Minister did not have a chance of acknowledging, personally, your letter of June the 20th before he left last night for Western Canada. He did, however, have an opportunity of discussing, at a meeting of the Cabinet War Committee held yesterday afternoon, the suggestions made in your letter with regard to the work of the Committee on Reconstruction.

I believe that Mr. Mackenzie, with whom I communicated after the Cabinet War Committee meeting, has passed on to you the Committee's views with regard to the proposal that you discuss, personally, in London and in Washington, the work which is being done in the United Kingdom and in the United States with regard to reconstruction problems. Briefly, it was the view of the Committee that it would not be necessary for you to go to London at this time because of Mr. Mackenzie's own intention to visit Great Britain in the immediate future, when he will, himself, consult with those concerned there on problems of reconstruction. Mr. Mackenzie will have told you privately of his plans in this connection.

On the other hand, the Committee felt that there would be no objection, if you so desire, to your visiting Washington to confer privately

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with individuals there who are exploring similar problems.

If you will let the Under-Secretary of State for External Affairs know when you expect to be in Washington, he will be glad to inform the Canadian Minister of the purposes of your visit and request his co-operation and assistance.

You will, I feel sure, appreciate the reasons which made it impossible for the Prime Minister to answer your letter personally before leaving Ottawa. It is not anticipated that he will return for some weeks.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

AH:W

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Principal and Vice-Chancellor
F. Cyril James

June 20, 1941.

McGill University

Dear Mr. Prime Minister,

Now that the Session is finished, I should like to place before you two matters which have been extensively discussed by the Committee on Reconstruction, and unanimously approved.

First of all, it is the opinion of the Committee that no satisfactory and comprehensive Reconstruction policy can be developed in Canada without consultation both with the United States and with the Imperial Government in London. Obviously, consultations at this stage would not be authoritative or binding on the respective Governments. They should be carried on by the individuals in each country who are actively exploring the Reconstruction problem and should be of a scientific nature, directed towards the attainment of mutual understanding. If independent studies are allowed to proceed in each of the countries concerned, we feel strongly that an effective programme of Reconstruction at the end of the war will be seriously jeopardized. Each of the Governments will have developed, on the basis of advice from its Committees, certain definite plans, and it will be extremely difficult in the atmosphere of tension which will undoubtedly follow the conclusion of hostilities to coordinate these plans in sufficiently effective fashion to permit the restoration in some measure of a world economy.

Because of our deep feeling on this point, the Committee has unanimously asked me to request of you that the Dominion Government should authorize me to enter into discussions with the appropriate Committees in Washington and London. Moreover, since the former is geographically easier than the latter, the Committee has also asked me to request that I should be allowed to go to London during

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the present summer (the only time at which the affairs of McGill will allow me several weeks' absence), in order to discuss directly with the Honourable Arthur Greenwood, Lord Astor and others, the nature of the work that is being done by the English Committees. Naturally for my own part, I should like to go as soon as possible, in order that there may be a maximum amount of time between my return to Montreal and the opening of the academic year to allow me to prepare the report and discuss with members of my Committee and with the Dominion Government any of the matters arising out of my survey.

In the second place, the Committee naturally realizes that the economic policies followed by the Dominion Government as a part of its war effort will necessarily determine the detailed nature of the Reconstruction problems that will arise after the war. Similarly, in the United States, war policies and Reconstruction problems are intimately related, so that it seems to your Committee highly desirable that there should be created a Joint Committee, composed of representatives from this Dominion and the United States to consider economic aspects of the war effort, and also that a representative of the Committee on Reconstruction should sit continuously on this Joint Committee for the purpose of coordinating the Reconstruction programme with its work as well as for the primary purpose of intensifying the war effort.

Naturally, if you would like me to do so, I shall be very glad indeed to come to Ottawa to discuss these and the other ideas of the Committee with you in person. Meanwhile, I am enclosing a copy of my recent letter to the Honourable Ian Mackenzie, in which I laid before him the recommendations that I have discussed above.

Cordially yours,
(Sgd.) F. Cyril James

The Right Honourable W.L. Mackenzie King,
P.C., LL.D.,
Prime Minister of Canada,
Ottawa.

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MINISTER OF FINANCE
CANADA

Ottawa, June 19, 1941.

A. D. P. Heeney, Esq.,
Clerk of the Privy Council,
Ottawa.

Dear Mr. Heeney,

Please place on the agenda of the next meeting of the War Committee:

Proposal for reducing Canada's accumulation of sterling balances.

Yours very truly,

J. L. Ilsley

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THE PROBLEM OF CANADA'S STERLING BALANCES

This problem concerns the reduction during and the disposition after the war of our sterling balances now accumulating at the rate of 900,000,000 per year.

Attempts at solution might take the form of

(1) Further repatriation of United Kingdom held Canadian securities;

(2) Insistence on full post-war repayment;

(3) Outright cancellation after the war;

(4) Partial and conditional cancellation now.

As to (1)

To push this too far [redacted] might be unwise politically; would certainly become increasingly difficult financially and would in any case leave a huge balance untouched.

As to (2)

This debt will never be paid in full or, possibly, in large part. Any reliance on this now invites disappointment later, and any insistence on it later will create a bitter war-debt controversy. We know what that means.

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As to (3)

This would be unwise and unnecessary. The debts are a valuable bargaining counter.

As to (4)

This is the best course. We will only cancel what we can't get back in any case and the conditions which we lay down for such cancellation would give us certain positive advantages.

These conditions might be

(1) Cancellation would take the form of acceptance by Canada of the full cost of such essential things as the 25 R.C.A.F. squadrons, or R.A.F. training in Canada.

Advantages here are -

(a) Political - through an indirect contribution to the war becoming a direct one.

(b) Administrative - by eliminating divided financial responsibility.

(2) Cancellation under (1) above would be, informally, linked up with a United Kingdom promise to pay higher prices for more Canadian farm produce, such as wheat, bacon, cheese.

Advantages here are -
(a) Increased farm prosperity and higher morale
(a) The removal of the necessity for a direct subsidy in the commodities affected
(c) The reduction of the disparity between United States and Canadian farm prices.

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If conditional and partial cancellation is brought about in this way, inter-governmental war financing should be arranged through a central organisation which would approach these questions from the standpoint, not of bargaining on individual items, but of keeping the United Kingdom deficit down to reasonable proportions.

The advantages of such a course would be both considerable and reciprocal; economic and political.

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SECRET

PROPOSAL FOR REDUCING CANADA'S ACCUMULATION OF STERLING BALANCES

1. On May 8th, 1941, the War Committee of the Cabinet gave general authority to initiate discussions with representatives of the Governments of the United Kingdom, Australia, and New Zealand with a view to revision of the financial provisions of the Air Training Agreement and the settlement of the cost of the R.A.F. Training Schools in Canada.

2. Representations have been made to the Governments of Australia and New Zealand but before proceeding to discuss the matter with the United Kingdom, it seems desirable to reconsider this particular matter in relation to the question of the broad policy which should govern the accumulation of sterling balances by Canada and their eventual settlement.

3. According to present estimates, the United Kingdom deficit with Canada for the current fiscal year will be in the neighborhood of $900,000,000 and it does not seem probable that this annual deficit will get any less as the war goes on. The question is, what will Canada do or be able to do with all the sterling which she is accumulating?

4. There are a number of important factors which must be weighed carefully in deciding what Canada's broad policy should be with respect to her sterling balances. In the first place it seems probable, in view of the amounts involved, that it will not be long before it becomes impracticable to carry any further the repatriation of Canadian Government and other readily marketable securities. The Canadian Government must then decide whether Canada should acquire through repatriation, the various Canadian securities held by residents of the United Kingdom which are not readily marketable, including those of the Canadian Pacific Railway and the other Canadian properties and assets of United Kingdom residents which are usually referred to as "direct investments". If this is

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done it will mean setting up a gigantic investment trust to be operated by the Canadian Government.

5. In this connection consideration should be given to the criticism which might be levelled at Canada if she were to adopt a more rigorous policy in regard to the repatriation of the United Kingdom's holdings of Canadian securities and other assets than the United States has done; since the passing of the Lease-Lend Act Canada has already been subject to some criticism of this kind. And even if the process of repatriating Canadian securities and other assets was carried to its ultimate limit, it seems certain that there will still remain a huge sterling balance to be settled.

6. It seems fair to assume that the present controls over foreign exchange and the free movement of trade will be continued after the war by the majority, if not by all the principal nations, including the United Kingdom. This being the case, it is impossible to say what the eventual value might be of the sterling balances which Canada will accumulate or how such balances can be liquidated. It may prove that this sterling is of no value to Canada whatever and may have to be written off. On the other hand, it would seem unwise for Canada to cancel off, at this stage, all the sterling which she is accumulating as, within limits, such balances may have some bargaining value in times to come.

7. In the meantime the uncertainty regarding the eventual settlement of these sterling balances is apparently causing concern to the United Kingdom authorities with the result that in their negotiations for Canadian food-stuffs, for example, they have been unwilling to pay adequate prices. It will be recalled that in a telegram, (No. 46), to the Secretary of State for Dominion Affairs, dated March 27th, 1941, Canada offered to continue to meet the full amount of the United Kingdom's exchange deficit on the understanding that there would be no diversion of British orders for munitions, agri-

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cultural products or raw materials from Canadian to United States sources where advantage might be taken of the Lease-Lend Act. In replying to this offer on May 10th, the United Kingdom made certain reservations as regards food-stuffs, but stated that in practice the Canadian position will be adequately safe-guarded by instructions which have been given to the United Kingdom Food Mission in Washington to keep in the closest touch with the Canadian Government representatives there. But in their negotiations for such Canadian food-stuffs as bacon, cheese and canned salmon, the United Kingdom representatives have insisted on such close prices that Canadian Governments have found it necessary to bonus the producers of hogs and cheese.

8. Partly as a result of this unsatisfactory situation, Canadian agriculture continues to be depressed at a time when industrial labour is obtaining full employment and high wages. This means that one sector of the community is dissatisfied, and this in turn is dangerous to national unity. The low prices which the United Kingdom has been willing to pay for Canadian food-stuffs, has forced Canadian Governments into unsound experiments with subsidies which, while justified perhaps when required to meet an emergency situation as in the case of the apple growers whose market completely disappeared, create a ridiculous situation when they are used to augment the prices for hogs and cheese for which the demand has greatly increased. In this connection, it is reasonable to expect that the present situation in Canada will be aggravated if prices for agricultural products continue to rise in the United States which may cause a tendency for Canadian products to move southwards.

9. The reluctance of the United Kingdom to increase the amount of her exchange deficit with Canada was also the subject of comment in connection with the proposal to train British pilots in the United States. It will be recalled that Canada took keen exception to an early explanation by the United

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Kingdom that "it has become abundantly clear that the use to be made of the Canadian Government's offer of extended training facilities will tax Canadian capacity to the full". It was felt that this was a reflection upon Canada's ability or willingness to deal with this problem. Later, in a letter to the Prime Minister in which he reviewed the whole matter, the High Commissioner for the United Kingdom referred to the exchange question as follows:

> "The Secretary of State adds, in this connection that the United Kingdom Government are very grateful for the financial offer recently made by the Canadian Government in their telegram No. 46 of the 27th March, but points out that, as you are aware, it imposes on the United Kingdom Government the obligation to scrutinise very carefully any proposal involving an increase in the holdings of sterling by Canada, and a careful scrutiny of the financial position leads to the conclusion that expenditure in Canada beyond that to which the United Kingdom is already committed ought so far as possible to be devoted to the purchase of food and munitions rather than to a still bigger extension of flying training than has already been contemplated."

(In this connection it may be noted that a number of R.A.F. Schools are now operating in Canada and more are expected. Seventeen aerodromes have been built or are now under construction for this purpose and a further sixteen are planned for and will be constructed in due course).

10. In addition to the matters which have been mentioned there are many other instances involving financial arrangements and settlements between the United Kingdom and Canada which are the subject of negotiation and discussion between numerous representatives of the two Governments. In many cases it seems to be a point of honour for these representatives to make as favourable a bargain for their respective Governments as they can. Such a narrow approach is incompatible with the Canadian Government's broad offer to take care of the United Kingdom's deficit and furthermore in many cases it results in bad feeling on both sides.

11. All things considered it would seem unwise to press at this time for the repatriation of the various Canadian securities

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held in the United Kingdom which are not readily marketable. Furthermore, having in mind post-war as well as present difficulties, it would seem desirable to reduce our sterling accumulations from time to time, if and to the extent we are able to do so with some material or political advantage or credit to ourselves.

12. One method of doing this which might result in some political credit if not in any material benefit, would be to transfer a part of our indirect contribution to the war -- represented by the amount of the United Kingdom's deficit which we are financing -- to our direct war costs. For example we might offer to pay for all costs in connection with the twenty-five squadrons which are to be manned with Canadian graduates of the Air Training Plan. It is impossible to say with any degree of accuracy what these costs would be as this would depend very largely on the type of squadrons which are formed. Up to date only six of the proposed twenty-five squadrons have been formed or are in process of formation. These consist of five fighter squadrons - Defiants - and one squadron of Hampden bombers. There is no information at present as to when the remaining squadrons will be formed or what kind of squadrons they will be, but some rough approximation of the amounts involved may be obtained by the following hypothetical computation:

15 Fighter squadrons -

initial equipment @ say $700,000	$ 10,500,000
annual maintenance including pay and allowances @ say $4,000,000	60,000,000

10 Bomber squadrons -

initial equipment @ say $2,500,000	25,000,000
annual maintenance including pay and allowances @ say $10,000,000	100,000,000
	$195,000,000
or say	$200,000,000

Under the present Air Training Plan agreement Canada will only pay the difference between the R.C.A.F. and R.A.F. rates of pay and allowances of the air-crews connected with

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these squadrons. As this is only a small fraction of the total cost, we cannot say with any conviction that we will have an additional twenty-five Canadian squadrons overseas. But if Canada agreed to pay a round sum, say $200,000,000, to cover the cost of the initial equipment, the maintenance charges and the full amount of the pay and allowances of the personnel of these squadrons, we would be in a position to say without qualification that the R.C.A.F. was providing an additional twenty-five squadrons for overseas service.

Notes: (1) There has been no discussion with the Air Staff about the technical difficulties which might be met with if it was decided to implement the above suggestion. It might be that Canada would find difficulty to begin with in providing the necessary senior staff and administrative officers and in providing personnel for the ground-crews. However, it seems probable that these questions will have to be faced sooner or later in any event if Canada wishes to exercise any control or supervision of the twenty-five squadrons whose air-crews will be Canadians.

(2) It would be necessary to limit Canada's commitment to the costs relating to a specific number of squadrons or to a stated sum which could be added to from time to time if it was considered advisable to do so. Actually the initial air-crew personnel for fifteen fighter and ten bomber squadrons would only amount to about 2,000 men not including provision for reinforcements, whereas it is anticipated that the number of Canadians graduating from the Air Training

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Plan will be approximately 16,000 in the present fiscal year, and approximately 18,000 in the year ending March 31, 1943. It is obvious, therefore, that Canada will be supplying the air-crews for a great many additional squadrons before very long.

13. Possibly the same principle might be extended by offering to convert certain existing Canadian army formations into an additional army tank brigade or armoured division, providing the necessary equipment could be supplied by the United Kingdom. A very rough estimate of the cost of such equipment follows:

	Initial Equipment	Annual Wastage
Armoured Tank Brigade	$20,000,000	$10,000,000
Armoured Division	$40,000,000	$20,000,000

14. If the proposal to transfer part of Canada's indirect contribution to her direct war costs, is acceptable to the Canadian Government, it should be made conditional upon an agreement by the United Kingdom to buy from Canada any food-stuffs which the United Kingdom requires and which are produced in Canada. The United Kingdom should also give a broad undertaking to pay higher prices for food products than she has been prepared to pay heretofore, the object being to remove the present necessity for Canadian Governments to pay bonuses to the producers of hogs and cheese and the possibility that this practice may have to be extended to other products. Obviously the additional costs which the United Kingdom might be asked to bear in this connection would be far less than the amount which the Canadian Government would agree to contribute towards the cost of war materials and equipment to be supplied by the United Kingdom.

15. It would be desirable, in future, for all inter-government financial arrangements to be cleared through some control

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channel so as to ensure that these questions will be approached from a broad point of view having in mind the action which the Canadian Government might be prepared to take to keep the amount of the United Kingdom's deficit down to reasonable proportions. This would avoid the friction which might otherwise develop if the settlement of these questions is left to a number of government representatives acting independently of each other.

16. On May 8th, the War Committee of the Cabinet agreed that the United Kingdom should be asked to contribute an additional $29,000,000 towards the cost of the Air Training Plan, being the amount of certain additional reserve equipment that was not taken into account at the time the original estimates were prepared. It is suggested that this decision be reversed if the War Committee approves the proposals outlined above for reducing the amount of the United Kingdom's deficit, provided the United Kingdom is willing to comply with the conditions described above. This decision would have to be contingent also upon the United Kingdom securing the consent of Australia and New Zealand to including the $29,000,000 with the expenditures which are divided between Canada, Australia and New Zealand respectively in the proportions set forth in the Air Training Plan Agreement.

Ottawa, June 18, 1941.

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Ottawa, June 3, 1941.

Honourable Adelard Godbout, M.L.A.,
Premier of Quebec,
Quebec, Que.

My dear Premier:

I thank you for your courtesy in sending me a copy of your letter of May the 30th, addressed to the Honourable J. L. Ralston, Minister of National Defence, concerning the military service of farmers' sons.

The matter is one which is receiving the consideration of the War Committee of the Cabinet at the present time.

I have no doubt that Mr. Ralston will inform you without delay of the decision which is reached as soon as the necessary consideration can be given to all the factors involved.

Yours sincerely,

JWP/TAS

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(COPY)

OFFICE OF THE PRIME MINISTER

Province of Quebec

Quebec, May 28th, 1941.

The Right Honourable W. L. Mackenzie King, P.C.,
Prime Minister of Canada,
Ottawa, Ont.

My dear Mr. King,

I take the liberty of enclosing, herewith, copy of a letter I am addressing to-day to your colleague, Honourable J. L. Ralston, Minister of National Defence, concerning the military service of farmers' sons.

Sincerely yours,

(signed) Adelard Godbout

Adelard Godbout.

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(COPY)

Quebec, May 30th, 1941.

The Honourable Mr. J. L. Ralston,
Minister of National Defence,
Ottawa.

Dear Mr. Ralston,

May I be permitted to draw the attention of the Federal Government to the scarcity of agricultural labour in the Province of Quebec due to the fact that the Federal Government has come to the conclusion lately that the sons of our farmers would be called upon to make their military training, and that it is your intention they remain permanently under arms for the rest of the war. Our farmers complain that they will fail to get the necessary labour to look after their works on the farm.

In order to keep a full production in our war effort and to prevent any desertion on the farm, I would consider absolutely important that measures be taken to assure the necessary labour to the farmers. Under these circumstances, may I suggest that the military training for the farmers' sons be done during the winter months, as I fear that with the situation becoming more serious, many of our farmers will have to give up their profession.

If I am well informed, I believe that in England, as well as in Australia, similar policy has been adopted and that farmers are compelled to stick to their farms.

May I hope that this matter be given a due consideration.

Believe me always, dear Mr. Ralston,

Yours sincerely,

Adelard Godbout.

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FPV/FEH

D.27

Indexed
May 17
Rebuttal from ADPH

CLERK OF THE PRIVY COUNCIL
MAY 17 1941

PLEASE ADDRESS
THE DEPUTY MINISTER OF JUSTICE
OTTAWA

OTTAWA May 16th, 1941.

J.R. 5546-41

Dear Sir:

I am directed to reply to your letter of May 8th, addressed to the Right Honourable the Minister of Justice, with reference to the liability of Indians to compulsory military training. The Indians are British subjects, ordinarily resident in Canada, and as such fall within the scope of the National War Services Regulations, 1940, (Recruits). There is no provision in these regulations which excepts the Indians from this duty which is imposed on every male British subject ordinarily resident in Canada.

I understand that during the last war an Order-in-Council was made, dated 17th January, 1918, (P.C.111) exempting the Indians from compulsory military service.

Yours truly,

W. Stuart Edwards

Deputy Minister of Justice.

A.D.P. Heeney, Esq., K.C.,
Secretary to the Cabinet War Committee,
O T T A W A.

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D-19-A

OFFICE OF THE CLERK OF THE PRIVY COUNCIL

MEMORANDUM

For the Prime Minister:

The attached memorandum re recruitment of Allied Forces in Canada, has been prepared in External Affairs for consideration by the Cabinet War Committee.

A.D.P. H.

June 11th, 1941.

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COPY

Ottawa, May 29th, 1941.

CONFIDENTIAL

MEMORANDUM:

Re Recruitment of Allied Forces in Canada

1. In authorizing the establishment of certain allied military units in Canada, it was officially stated by the Canadian authorities that Canadian nationals and British subjects would not be permitted to enlist in such units. To the present, recruitment has been confined to nationals of the allied countries concerned.

The Department of National Defence, however, has informally suggested that this policy should be modified to permit Canadian nationals and other British subjects to volunteer for these allied units. Two main points were emphasized in this connection:

(1) Ineligibility of many naturalized Canadians for Canadian armed forces:

Under the present system of voluntary enlistment for the C.A.S.F., the determination of an individual's eligibility for enlistment rests with the Officer Commanding. In many cases, and in some sections, foreign-born Canadians are inacceptable to the Canadian military authorities, either for reasons of age, or medical unfitness by Canadian standards, or due to considerations such as the "national character" of the unit concerned, language difficulties, and the like. The effect has been, in many cases, to discourage the applications of naturalized Canadians of foreign extraction for active service with the Canadian forces.

(2) Acceptability of many Canadian nationals and British subjects to allied recruiting authorities:

Such an extension of the base of their recruiting activities to include their former nationals would be welcomed by the foreign Governments concerned, proof of which is evident in:

(a) Previous requests to the Canadian authorities to withhold naturalization facilities. (No

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such undertaking, however, has been given.)

(b) Applications to the Canadian military authorities to transfer certain individuals from a Canadian unit to an allied unit. (In some of these cases, it should be noted, the transfer was requested by the allied authorities without the knowledge of the individual soldier concerned).

2. Several points should be considered in connection with this proposal to permit naturalized Canadians and other British subjects to join those Allied units.

(1) In the first place, while it is not the main point at issue, a word should be said about the present Canadian recruiting practice which tends to place barriers in the way of "new Canadians" seeking to join the Canadian armed forces. Apart from the obvious psychological demerits of such a policy, it is clear that with a growing demand for man power such exclusive units become more difficult to maintain, and a modification of this policy will become necessary in the future. Further, the present compulsory training program makes no such distinction, and it would seem wholly unjustifiable to raise barriers against the free enlistment of Polish-Canadians, Belgian-Canadians, etc., while at the same time demanding that such groups undergo compulsory training for the Canadian armed forces.

(2) The second point concerns the assumption of the Department of National Defence that naturalized Canadians themselves would volunteer for the allied armed forces.

This assumption is not borne out by the following facts at our disposal. A study of our file on the recruitment of Netherlands nationals, for example, indicates that there have been over 25 individual cases of protest against joining this force. Probably a much larger number have failed to bring their cases to the attention of the Canadian authorities, because of lack of knowledge of the proper procedure. Further, R.C.M.P. reports indicate that "a large percentage of Netherlands subjects residing in Canada are opposed to the formation of this military body," and that "the

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majority of Netherlands subjects resident in Canada would prefer to join a Canadian military unit rather than to enlist in the Netherlands legion".

If the inferences are true that the majority of these Netherlands nationals are opposed to serving with the Netherlands unit, and that the same conditions apply in the cases of other foreign units, it is obvious that the objections of naturalized Canadians would be at least equally strong. To permit Canadian nationals to volunteer for such forces would fail, in all probability, to involve any appreciable increase in the size of those forces.

3. The problem, therefore, may be summarized as follows:

(1) Canadian nationals and British subjects by virtue of recent naturalization are frequently unacceptable to the Canadian military authorities.

(2) While the allied military units would welcome the opportunity of enlisting such persons, it is doubtful whether the proposed modification would measurably increase the man power at their disposal.

(3) There is ample evidence to indicate that persons in this category are eager to serve, but that they prefer to serve with the Canadian army, rather than with the units of the countries of which they were formerly nationals. Methods should be found to utilize their offers of service as Canadians, rather than as nationals of the countries of their former allegiance.

4. <u>To be decided</u>:

(1) Should previous arrangements be modified to permit Canadian nationals and British subjects to volunteer for the allied units?

(2) If the answer to (1) is in the negative, what steps should be taken by the Canadian military authorities to utilize more fully the services of "new Canadians" who desire to volunteer with the Canadian armed forces in the present conflict? If it is difficult to utilize the services of foreign-born Canadians who volunteer for the Canadian forces on an individual basis, further consideration might be given to the possibility of

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creating national units composed of e.g. Polish-Canadians, Czechoslovak-Canadians, etc., within the Canadian army itself.

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D-27-8

OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

W

O T T A W A,
June 5th, 1941.

A.D.P. Heeney, Esq.,
Clerk of the Privy Council,
O T T A W A.

Dear Mr. Heeney;

In accordance with my statement to War Committee on Tuesday last, I am enclosing a copy of a report made out by Associate Deputy Minister Davis, on the negotiations between the Department of War Services, British authorities and the President of the Mayors' Association on the possibility of sending Fire Fighters to Britain.

I agree with Mr. Davis in strongly recommending to the Government that 1000 Fire Fighters be sent. I am sure from my conversations with Mr. MacDonald that they are needed in Britain and that such a decision would be strongly supported in Canada.

Yours sincerely,

James G. Gardiner.

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O T T A W A, Canada,
June 4th, 1941.

MEMORANDUM TO

Hon. James G. Gardiner,
Minister of National War Services.

Re: Canadian Firemen
for Britain

I understand that this matter will be the subject of a discussion in Council tomorrow and you have asked me to send you a statement of the facts.

(1) While you were in Great Britain you considered the suggestion that Canadian firemen should be enlisted and sent to Britain to aid the fire fighting forces there. You discussed the problem with the appropriate officers of the British Government.

(2) It was then felt by the British authorities that they had sufficient help to handle the situation themselves.

(3) Since that time the British Government have definitely asked that the services of at least 1000 firemen be secured in Canada and that these men be sent overseas to aid the fire fighting forces of Great Britain.

(4) The fire forces in Great Britain are municipal and are organized, controlled and paid by the different municipal authorities.

(5) I believe that the British Government has created some sort of an auxiliary fire fighting force, organized on a national basis and paid and controlled by the British Government. This auxiliary

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force renders help to the municipal organizations.

(6) I further believe that the British Government is contemplating the nationalization of all fire fighting forces in Britain.

(7) The Government here advised that it would be preferable if the British Government through the High Commissioner would negotiate with the Mayors' Association, through their President Mayor Lewis of Ottawa and that the British Government make its own arrangements with Canadian municipalities for the enlistment of men from the municipal fire fighting forces of Canada.

(8) The British Government advised that the Right Honourable Malcolm MacDonald was fully instructed in the matter and would discuss it here upon his arrival.

(9) Upon his arrival in Canada he discussed the matter with me and I am sure discussed it with External Affairs and I believe that he discussed it with you.

(10) I was told that the Government here would help in every way in arranging direct contact between the British Government, through him, and the municipalities of Canada.

(11) Pursuant to this policy you wrote to Mayor Stanley Lewis, President of the Canadian Federation of Mayors and Municipalities, and Mr. Lewis had a discussion thereafter with Mr. MacDonald and you had a discussion both with Mr. MacDonald and Mr. Lewis.

(12) Mr. Lewis points out the following facts which indicate the practical impossibility of carrying out any plan of municipal organization. He indicates that the following factors make it impossible:

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(12) (cont'd.....)

(a) Provincial legislation, under which Canadian municipalities are set up, is not sufficiently broad to enable the municipality to pay firemen in Britain either part or all of their remuneration. It was proposed that once the men reached Britain they would be paid on the basis of the ordinary fireman there. The standard of salary is higher in Canada than in Britain and the municipality would have to make up the difference between the man's present pay and his pay in Britain.

(b) The standard of pay in Canada varies in each municipality and a most unsatisfactory situation would be created if you tried to throw into one organization men from different municipal police forces, all being paid at different rates.

(c) No practical system of paying pensions to men who were incapacitated or lost their lives in Britain in this service could be worked out, as the men would all remain members of their municipal organizations and the liability would be imposed upon each municipality for its men in this proposed force.

(d) Practically all municipalities have superannuation schemes for firemen and men who were overseas would have to be carried under the schemes and if any appreciable number went, it would have a very serious effect upon such superannuation funds.

(13) I have had the opportunity of a chat with Mr. L. B. Pearson of the staff of Canada House, who has recently returned to Ottawa and is now a member of the staff of the Department of External Affairs. Mr. Pearson tells me that there is no one matter of aid and help to

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Britain which would be more useful to and more appreciated by the British people than the sending of firemen to aid those presently engaged on the fire fighting forces of British cities. He says that he made it a point to make personal contact with some of the members of the fire fighting staffs in London and he found them to be in a state of complete exhaustion and nearly at the end of their tether.

(14) I am personally satisfied that the Canadian public and the British public would wholeheartedly acclaim a public announcement by the Government of Canada that it proposed to enlist 1000 men into a fire fighting battalion, organized along the same lines as the Forestry Battalion, and that they would be sent to Britain as a flying squad to render aid to municipal fire fighting forces in the various cities of Great Britain.

(15) You asked me for my personal opinion and recommendation and without hesitation I would recommend that, either under the Department of Defence or under this Department, we form a battalion of fire fighters of at least 1000 men and that these men be sent to Britain to aid the fire fighting forces of the various municipalities there. If this course were adopted, then the National Fire Fighters Organization in Canada should be called in, as well as the Executive of the Federation of Mayors and Municipalities, and a definite plan of enlistment worked out and the necessary organization set up. I would judge that some well known Fire Chief would have to be selected as the man in charge, bearing the same relative position in this proposed battalion as General White does in the Forestry Battaion. There would have to be officers under him. I expect that this battalion could

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be more effectively organized and set up through the Department of Defence, but if they feel that it is a civilian project, then I know that we would be only too happy in this Department to undertake the project at once.

T. C. Davis,
Associate Deputy Minister

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"R"

7-20

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

No. 95

LONDON, June 8th, 1941.

No. 95. Secret. Much obliged for your telegram of May 30th No. 92. Our view is that if cypher and bag facilities were withdrawn from French Minister, it is improbable that Vichy Government would go so far as to withdraw their Legation in view of importance which they attach to their diplomatic representation in Canada. In any case, it is not inevitable that they would withdraw whole Legation. They might recall Minister and leave a Charge d'Affaires. In any case Dupuy's position as Charge d'Affaires at Vichy would presumably be unaffected.

For these reasons we feel there should be no objection to the Canadian Government maintaining their refusal to continue to accord French Minister cypher and bag facilities. The French Minister could properly be informed that if Vichy Government should decide to withdraw whole Legation, responsibility for such a step would rest on Vichy and not on the Canadian Government.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CYPHER

CIRCULAR D. 335

LONDON, June 7, 1941.

Circular D. 335. Secret. My telegram Circular D. 581 of November 23rd, and connected correspondence.

Arising out of a suggestion made by two Allied Governments, it is now proposed to hold meeting with representatives of Allied Governments on Thursday, June 12th.

2. We feel that moment is opportune for a declaration of Allied solidarity in view of present German peace propaganda offensive. We hope that Dominion Governments will agree, and will arrange for their representatives at meeting.

3. Text of resolution to be adopted would be as previously agreed (see my telegram Circular D. 581 of November 23rd) subject to following modifications:

(a) In preamble, list of Governments would be amended to include Greece, Luxemburg (before Netherlands) and Yugo Slavia (at the end);

(b) Paragraph (2), transfer of words "by Germany and her associates" to follow "submission to domination".

4. Grateful for very early reply.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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MOST SECRET

Ottawa, June 6th, 1941

My dear High Commissioner,

May I refer to your letter of May 19th on United Kingdom - United States Staff conversations recently held in Washington, and also to your letter of June 4th stating that in accordance with the recommendations of those conversations, the nuclei of a United Kingdom Military Mission in Washington and of a United States Military Mission in London have now been established.

The report of the Staff conversations referred to above has been recently brought to the attention of the Canadian Government and the observations made below on that report will, I think, also cover the related question raised in your letter of June 4th.

In the Staff conversations representatives of Canada, Australia, and New Zealand were present at certain meetings in the capacity of observers, but did not take part in the conversations themselves or in

The Rt.Hon.Malcolm MacDonald,
High Commissioner for the United Kingdom,
Earnscliffe,
Ottawa.

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the preparation of the report. In this connection, while the Government appreciated the opportunity of having an observer in Washington during the conversations, it is recognized here that Canada's interest in and relation to the matters discussed(which,in the event,went far beyond the purely technical questions which were understood to be originally scheduled) was of such a character that full representation of this Government would have been more appropriate.

As an indication of the far-reaching nature of the conversations, I need only mention the fact that the "joint letter of committal", which accompanied the report,though it states "that the agreements and recommended engagements imply no political commitment", adds that there will be found in the report "the general strategic principles of a permanent nature which should guide the military collaboration of the United States and the British Commonwealth".

The report itself contains, as you know, specific proposals for an agreement between the United States and the United Kingdom designed to ensure close and efficient cooperation between them in the event of the United States becoming a belligerent in the present war.

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I need hardly point out that the Canadian Government realizes the fundamental importance of such cooperation and warmly welcomes the proposals of the report toward this end.

Canada, also, is anxious to cooperate closely, both with the United Kingdom and the United States. So far as Canada and the United Kingdom are concerned, it has never been found necessary to reduce the basis of our collaboration to contractual terms. Our common interest in the successful prosecution of the war and the mutual recognition of respective responsibilities and capacities has, I think, resulted in the closest, most effective and most friendly cooperation possible.

Since August 1940, and indeed for some months before that, the Canadian authorities have also been working in increasingly close collaboration with the United States Defence Services. This collaboration, which has been developed within the framework of the Ogdensburg Agreement, has resulted in joint arrangements by Canada and the United States for the solution of problems of continental defence through the instrumentality of the Permanent Joint Board on Defence established by the two Governments.

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The Canadian Government, therefore, welcome all the more warmly the fact that in this vitally important matter an agreement similar to that which they have themselves reached with the United States Government, has now been arranged between the Governments of the United Kingdom and the United States.

It is not thought that the above agreement should conflict in any way with those arrangements already made between Canada and the United States and Canada and the United Kingdom, which have been referred to above. There are, however, a number of points in the proposed Agreement which it is thought may require modification to fit antecedent arrangements made between Canada on the one hand and the United Kingdom and the United States on the other.

It is also felt that the recommendation that Canada should be represented on the British Military Mission in Washington by our Service Attaches there, would not be satisfactory, having regard to the importance of present relationships between Canada and the United States.

It is, therefore, the intention of the Canadian Government to initiate discussions immediately with a

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view to the establishment of a Canadian Military Mission in Washington. I feel sure that there will be the closest and friendliest cooperation between the Military Missions of all three countries.

More detailed comments on those parts of the report which concern Canada are set forth in the attached memorandum.

Yours sincerely,

W. L. MACKENZIE KING

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Comments on the Report
on
United States - United Kingdom
Staff Conversations
(A B C 1)

1. Paragraph one of the General Report included the following sentence:

> "Representatives of the Chiefs of Staff of the Dominions of Canada, Australia and New Zealand were associated with the United Kingdom Delegation throughout the course of these conversations, but were not present at joint meetings".

In view of the fundamental and far-reaching nature of the subjects discussed, and their importance to Canada, representation of Canada by an observer only was not wholly satisfactory.

2. The joint letter of committal which accompanied the report, recommends "that action be initiated without delay by the Governments of the United States and the United Kingdom toward the solution of problems arising out of (a) the higher direction of the war, (b) non-military councils and missions, (c) economic warfare". Under (a), for instance, it is stated that provision should be made by the necessary machinery "along the lines of a Supreme War Council" for the coordination of the political and military direction of the war, while coordination of effort is likewise recommended under (b) and (c) to avoid "duplication and wasted effort" and "to ensure the exercise of the maximum economic pressure". These are all matters in which Canada is deeply interested and in respect of which action by

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the Governments of the United States and United Kingdom alone would not be fully effective.

3. It is pointed out that whereas in the drafting of the report the "British Commonwealth of Nations" is associated with "the United States", specific recommendations often refer to cooperation between "the two nations". It is hoped that this inaccuracy in terminology will not later give rise to any confusion. In this connection, the phraseology of the report in its references to non-technical matters is at times somewhat loose and might be misleading.

4. There also appears to be a tendency throughout the report to group Canada, Australia and New Zealand as "Dominions", and to assume that their interest in the recommendations of the report will be the same. Such an assumption is not, of course, valid. Canada's strategic and geographic position as a belligerent in the North Atlantic and the importance and intimacy of her political and industrial contacts with the United States make her relationship to any conversations concerning the North Atlantic area different from that of any other part of the British Commonwealth of Nations. The Canada - United States Joint Defence Board and economic and supply arrangements made between the two countries are a

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recognition of that fact. As a result, certain of the recommendations made might be acceptable to Australia, or New Zealand, but would not meet the requirements or the situation of Canada. The converse would equally be true of certain recommendations which concern the Pacific area.

5. Paragraph 17 of the Main Report, for instance, reads:

> "17. The United States, as may be necessary, will exchange liaison officers with Canada, Australia and New Zealand for effectuating direct co-operation between United States and Dominion Forces."

6. It is obvious that the nature and extent of Canada - United States cooperation would make any such provision inadequate, so far as Canada is concerned, to achieve the end desired. The Report itself seems to recognize this for paragraph 1 of Annex 2 reads -

> "Upon entering the war the United States will assume responsibility for the strategic direction of its own and British Military forces in the following areas;
>
> (a) The Atlantic Ocean Area, together with islands and contiguous continental land areas, north of Latitude 25° South and west of Longitude 30° West, <u>except</u>:
>
> .....
>
> (2) The waters and territories in which Canada assumes responsibility for the strategic direction of Military Forces, as may be defined in United States - Canada joint agreements.

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7. It is also to be noted that the establishment of a United Kingdom - United States Military Mission, as indicated in paragraph 15 of the Main Report, is designed to ensure collaboration in the formulation of military policies and plans for the conduct of the war in areas in which each Power assumes strategical responsibility.

8. In the situation thus visualised it is clear, therefore, that a similar Canadian Military Mission is obviously required to ensure that strategical direction in areas of Canadian responsibility, as defined in the Report, is adequately coordinated with that of the other two Powers. On this point paragraph 5(f) of Annex 1 to the Report reads as follows:

> "The Dominions of Canada, Australia and New Zealand will be represented on the (Military Mission) Staff in Washington by their Service Attaches".

9. In view of the considerations mentioned above, this recommendation is not adequate or satisfactory.

10. Attention is also drawn to paragraph 7 of Annex 4 to the Report, which deals with communications. This paragraph reads:

> "In view of the fact that no United States army forces, either ground or air, are expected to operate in areas where intercommunication with British forces is necessary prior to September 1, 1941, it has not been considered necessary to define at this stage the detailed arrangements which will be necessary".

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11. As United States ground and air forces are already operating in Newfoundland, it would seem that detailed arrangements for inter-communication are now required, notwithstanding the above paragraph.

12. In the letter of transmittal forwarding the report there appears the following paragraph:

> "(c) Allocation of Military Material.
>
> The establishment at the earliest possible moment of a method of procedure which will ensure the allocation of Military material, both prior to and after the entry of the United States into the war, in the manner best suited to meet the demands of the Military situation".

This paragraph, of course, covers a subject of very great concern to Canada.

The air aspect of the above recommendation and the general policy pertaining to the supply and distribution of aircraft was considered to be so important as to deserve consideration by a special subcommittee. Canada is, of course, vitally interested in the questions of supply and distribution of aircraft discussed by this subcommittee, especially in view of her responsibilities in connection with the British Commonwealth Air Training Plan. The establishment of any "method of procedure", as recommended in the paragraph quoted above, without prior consultation with Canada, would be unwise.

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COPY

4th June, 1941.

MOST SECRET
1000A/15

My dear Prime Minister,

With further reference to my letter of the 19th May (1000A/15 I have received a further telegram from the Secretary of State for Dominion Affairs asking me to inform you that in accordance with the recommendations of the Washington staff conversations the United Kingdom Government have now established the nucleus of a military mission in Washington and that the nucleus of a United States military mission is being established in London.

The object of establishing these missions now is to ensure that the necessary machinery of collaboration is ready in case the United States may come into the war and that all details are completed in respect of the broad plans agreed to in Washington.

Admiral Sir Charles Little, Lieutenant General H.B.C. Wemyss and Air Marshal A.T. Harris will take up their appointments as heads of the mission representing the Chiefs of Staff of the United Kingdom about the middle of this month. Meanwhile other officers are representing them and the mission is in operation.

Lord Cranborne states that it is assumed that if the Canadian Government concurs generally in the recommendations made as the result of the conversations at Washington they will wish to be represented on the mission there by their Service Attachés in accordance with Annex I, paragraph 5 (f), of the report of the conversations (A.B.C.1) and that they will issue instructions accordingly.

The Secretary of State adds that neither our mission in Washington nor the United States mission in London can be recognised openly as staff missions until the United States come into the war. Both missions, therefore, are operating under cover, the former as "military advisers to the British Supply Council in North America" and the latter as "the United States special observer group."

Yours sincerely,

(signed) Malcolm MacDonald

The Right Honourable
W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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June 5/41 D-100-C

THE HONOURABLE THE MINISTER

Confirming my conversation recently and your request for a clear statement as to establishment and equipment for A.R.P. work, I beg to advise you as follows:

(1) The A.R.P. services are developed only in those areas declared vulnerable in five provinces.

(2) The Centres and their populations are as follows: See table.

(3) The numbers of volunteers accepted in each centre is based upon the British experiences, reduced to a minimum thought possible to meet Canadian anticipated experience.

(4) Volunteers in Canada are only accepted for 4 services; namely:

(a) Repair gangs for public services - water mains, sewers, gas, electricity, etc. (They also are training to carry out decontamination of poison gas and demolition of dangerous buildings).

Usually for (a) the Municipal services have sufficient personnel to meet the anticipated needs. Therefore, we only have to provide gas resisting equipment (rubber boots, oiled pants, coat, hat, mits and respirators). Should additional volunteers be required and overalls become a necessary issue, they are provided. This has not occurred yet.

(b) First Aid personnel (doctors, nurses, etc.) to man First Aid Stations and stretcher bearer squads.

The number of stations is based on the provision that no casualty shall have to be transported more than a mile. The number of personnel per station is, 2 doctors, 2 trained nurses and 4 volunteer nursing aids and a minimum of 8 stretcher bearers. Equipment provided by Federal services include the following: dressings in three sizes of containers, splints, metal stretchers. Only stretcher bearers, i.e. those whose duties take them outside the First Aid Station, receive overalls and may later be issued with gas protective clothing.

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(c) Auxiliary Fire Services as to number and equipment has been left in each area to the judgment of the Provincial or Local Fire Authority. The British originally decided upon an increase over peacetime provisions of AT LEAST FIVE TIMES THE NUMBER OF PIECES OF EQUIPMENT AND FIVE TIMES THE NUMBER OF PERSONNEL, and in recent months both these categories have been increased many times. NOWHERE IN CANADA HAS A TWENTY-FIVE PER CENT INCREASE IN PERSONNEL BEEN RECOMMENDED SO FAR.

The equipment we provide is overalls, rubber boots and ten stirrup pumps ($6.00 each) to each province for demonstration purposes. We may have to provide respirators for all firemen.

(d) Wardens - This fourth type of personnel in the United Kingdom and in Canada, are required in much the largest number (minimum two to a block). The number varies exceedingly according to housing conditions. An apartment house like the Roxborough, Ottawa, requires two wardens in this building alone. On account of varying conditions, Ottawa district requires the same number of wardens as Greater Vancouver, which has twice the population. The different factors causing the variation are too intricate to set forth, but are based upon the definite requirement that - IT MUST BE POSSIBLE FOR A WARDEN TO KNOW HE HAS NOTIFIED EVERY PERSON IN HIS JURISDICTION WITHIN FIVE MINUTES OF THE RECEIPT OF AN AIR RAID WARNING.

Equipment issued to this group is only - identification badges or arm band.

We have considered requests for the following: steel helmets, uniforms, respirators, but these have not been granted.

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To recapitulate, it should be stated that:-

(a) Your officers have exercised the closest possible scrutiny in choosing articles which would answer the requirements at the lowest cost procurable.

(b) We have endeavoured to keep the equipment for the masses (wardens) down to arm bands and identification badges.

(c) The attached table shows the total equipment on the basis we have been issuing it, up until now, to all of the personnel approved of as being necessary in the different centres, which have so far been declared vulnerable, in the five provinces.

As to future requirements, five items may affect it.

(1) The declaration of additional centres as vulnerable.

(2) The provision of berets, at least for any personnel who may be required in winter to wear steel helmets, is deemed advisable. Berets are the only head apparel over which it is possible to comfortably wear a helmet.

Estimated number for present strength - 29,300.

(3) We have so far not provided any helmets, although they have been provided overseas and this may have to be considered when National Defence is able to provide same on a repayment basis. We have omitted this item up to the present on account of the urgency of National Defence requirements.

Estimated number for present strength - 15,000.

(4) We may have to provide respirators of some kind for a considerable additional number of personnel in the several centres, for instance, firemen, both permanent and auxiliary, who have only received sufficient equipment for training purposes. This applies also to stretcher bearers and repair personnel from the municipal services.

Additional estimated number for present strength - 22,000.

(5) Oiled clothing for resisting mustard gas, etc.,may have to be issued in additional quantities to the same personnel indicated above for increased supply of respirators;that is,those who have to work in mustard gas contaminated areas rescuing victims.

Additional estimated number for present strength- 5,000.

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Finally, it should be appreciated that if we have been warranted in organizing all of this civilian passive protection service against enemy action, which has cost the Federal Government already in the neighborhood of one-quarter of a million dollars, we must recommend for favorable consideration any new requirements which from experience we may find unavoidable. Sir Kingsley Wood is reported only in today's papers as acknowledging they have had to increase tremendously the provisions for civilian passive protection and State reimbursement of physical and property losses and anticipates still further expenditures on account of this programme in the United Kingdom.

It has grown in the United Kingdom far beyond what was anticipated before they were attacked and is daily having to have provided new services not deemed necessary previously and this probably will be our unavoidable experience in Canada.

Supplies as noted in previous paragraphs have been issued to the various Provincial Committees based on the number of centres and population affected in each province. If additional information is required, re detail of supplies issued and value, this is available.

R E Wodehouse
Deputy Minister.

Dept. of Pensions and National Health
MAY 1
Office of the Deputy Minister

P.R.11,972.

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ESTABLISHMENT

Prov.	City	Population	PERSONNEL				
			Municipal Repair Gangs, etc.	First Aid	Auxiliary Fire	Wardens	Provin. Total
N.S.	Halifax	73,599					
	Sydney	48,475					
		122,074	250	400	100	1,500	2,250
N.B.	Saint John	50,200					
	Moncton	22,000					
		72,000	154	587	111	1,712	2,564
Que.	Quebec City	151,432					
	Montreal	847,442					
	Three Rivers	35,450					
	Sherbrooke	32,000					
	Shawinigan Falls	17,600					
	Sorel	11,509					
	Chicoutimi	14,062					
	Lake St. John	9,592					
		1,119,087	750	2,500	1,000	30,000	34,250
Ont.	Toronto	676,605					
	Hamilton	160,000					
	Windsor	120,818					
	Sarnia	19,517					
	Brantford	35,576					
	London	76,424					
	Peterborough	31,124					
	Oshawa	29,890					
	St.Catherines	36,125					
	Niagara Falls	20,102					
	Kitchener - Waterloo	54,038					
	Pt.Arthur - Ft.William	45,086					
	Kingston	27,072					
	Welland	30,917					
	Sault Ste.Marie	23,853					
		1,387,147	1,000	2,500	5,000	10,000	18,500
Fed. Dist.	Ottawa - Hull	173,005	150	450	250	2,200	3,050
B.C.	Vancouver	277,573					
	Victoria	40,210					
	Prince Rupert	6,350					
		324,133	908	2,823	650	5,349	9,730
	TOTAL	3,197,446	3,212	9,260	7,111	50,761	70,344

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EQUIPMENT

Prov.	Dist. Badges	First Aid Supplies	Respirators	Prot. Clothing (Gas)	Fire Aids Hand	Overalls	Total
N.S.	321.29	5461.42	1052.55	660.07	382.86	2020.00	9898.19
N.B.	1131.72	4528.80	1099.84	440.05	462.86	2020.00	9683.27
Que.	2376.00	10373.36	1346.68	1250.47	734.29	6790.00	22870.80
Ont.	559.01	30565.73	5708.97	9296.56	947.55	10000.00	57077.82
Fed. Dist.	345.60	2189.12	2563.47	815.12	102.86	1820.00	7836.17
B.C.	1154.75	8666.21	2697.99	2983.73	765.72	1010.00	17278.40
Reserve	363.33	6403.86	20000.11	1189.56	421.26	5300.00	33678.12
TOTAL	6251.70	68188.50	34469.61	16635.56	3817.40	28960.00	158322.77

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Re-submission July 14th

May 14th

~~N-26~~
N.26

NS. 77-3-3.

THE MINISTERS.

1. The Committee have considered a report prepared by the Base Planning Committee of the Naval Service regarding the desirability of removing a rock, known as Ripple Rock, from the ship channel in Seymour Narrows, B.C.

2. This rock constitutes a danger to navigation, and in view of the fact that Canada is already committed under the Permanent Joint Board Plan to assist the movement by water of United States Forces between the United States and Alaska, the Committee considers that the removal of this rock is an important consideration if such movements are to be made with speed and safety.

3. A copy of the report referred to is attached.

4. Submitted for consideration and approval.

.....Rear-Admiral
Chief of the Naval Staff.

.....Major-General
Chief of the General Staff

.....Air Vice-Marshal
Chief of the Air Staff.

14th May 1941.

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SECRET N.S. 77-3-3

BASE PLANNING COMMITTEE

(Interim Report)

Ripple Rock, Seymour Narrows, B.C.

Geographical

Seymour Narrows, known colloquially as the Inside Passage, joins Queen Charlotte Sound on the north to the Gulf of Georgia on the south, and separates Vancouver Island from the Mainland.

The strong tide streams in Seymour Narrows render navigation tricky; nevertheless, these waters, being sheltered and a more direct route, are used regularly by vessels both northward and southward bound. At the narrowest point in the passage, where the shores close in to approximately 2,400 feet and the tide streams run as high as 12 knots, there exists a very serious danger to navigation in the form of a rock shoal.

Descriptively named Ripple Rock, this shoal rises out of deep water (on both sides) in the form of two pinnacles, the northern peak rising to within 1½ fathoms of the surface, the southern (some 200 yards from the northern) to within 4 fathoms of the surface. Its position is between Vancouver Island on the West and Maud and Quadra Islands on the East, in Lat. 50° 08' N., Long. 125° 21' W.

The existence of this obstruction, together with the abnormal tide streams, renders navigation at this point extremely hazardous, and at night, positively dangerous, even to those with intimate local knowledge.

The Coté Commission

During the last few decades, mariners have frequently petitioned the Government that Ripple Rock be blasted out of the channel, and in January, 1931, a Commission, under the chairmanship of L.E. Coté was instructed "to inquire into the feasibility of removing Ripple Rock, Seymour Narrows".

Evidence was given to this Commission by representatives of all Steamship Companies whose ships regularly use the passage; of B.C. Pilots; of the Vancouver Merchants Exchange; of the Vancouver Board of Trade; of the Seattle Chamber of Commerce, and by Mr. H.D. Parizeau (Canadian Hydrographic Service) and others in Vancouver, Victoria and Nanaimo. Shipping interests were unanimous, consistent, and emphatic, as to this natural obstruction being a serious menace to safe navigation.

.....2

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The Commission found;

"That is is desirable in the interests of safe navigation to remove the top of Ripple Rocks, Nos. 1 and 2 to a depth of at least 30 feet below low water and allow the full use of the channel....."

Volume of Traffic

In justification of the cost of the project thus recommended, the Commission adduced statistics to indicate the volume of shipping using Seymour Narrows regularly. It found, inter alia, that:

"Approximately from 1500 to 2000 passages per year are made through Seymour Narrows by the larger passenger, freight and tramp vessels, while it may reach 6000 to 7000 for all vessels".

It also found that those vessels transported more than 175,000 passengers, and 1,500,000 tons of cargo, the latter having a value exceeding $107,000,000.

It must be borne in mind that these figures relate to the calendar year 1930.

Casualties

In addition to estimating the loss due to casualties during the previous twenty years, the Commission emphasized the recurrent and cumulative time-wastage arising out of masters of many vessels being instructed to await slack water before going through the dangerous channel.

Naval Appreciation

No naval representations were made, for the reason that naval vessels required to use Seymour Narrows very infrequently; and, under conditions of peace, time is not as important a factor as it is under conditions of war. Thus, Ripple Rock was not a naval problem. However, the development of this war, particularly relating to the Far East, and the possibility of the embroilment of Canada, the United States, and Japan, have made it necessary to apply a naval viewpoint to the contemplation of the dangers of Ripple Rock, and their effect on naval manoeuvrability.

The Base Planning Committee, the Naval members of which have experienced the nerve strain concomitant with taking a ship through these waters, visualize the possibility of the Canadian Navy being called upon to arrange for the movement of troops and war materiel from the Gulf of Georgia northward. In fact, the Canadian Navy is already definitely committed, under the Permanent Joint Board Plan, to "assist the movement by water of United States forces between the United States and Alaska". Should these events develop, it is evident that such movements will require to be made with the utmost in speed and safety.

.....3.

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The existence of Ripple Rock is a bar both to speed and safety.

Bearing in mind then, these two most important factors, TIME and SAFETY, the Committee recognizes the irrefutable logic of removing any hindrances to the fulfilment of these essentialities.

The abolition of Ripple Rock would permit the use of the channel by all types of warcraft at all stages of the tide. It would also permit of safe navigation at night.

Incidental to the deliberations of the Committee, it is reported that the U.S. Naval representative on the Permanent Joint Board on Defence has made unofficial inquiry as to the intentions, if any, as regards Ripple Rock.

Cost

It is understood that estimates ranging from $200,000. to $350,000. have been made for levelling off the shoal to a 30-ft. level.

Recommendation

Apart from the interest in this matter in mercantile shipping sources, the Committee is of opinion, from a purely naval point of view, that the existence of Ripple Rock constitutes a grave impediment to the efficient carrying out of responsibilities which the Canadian Navy may have to assume.

The Committee is also of the opinion that the estimated cost of the project, though seemingly large, is by no means commensurate with the benefits that will accrue to marine posterity through the removal of this obstruction.

Accordingly, the Committee recommends that the removal of Ripple Rock to a level of 30-ft. depth at low water is in the best interests of the Naval Service, and that it be undertaken.

R. Houghton

Commander, R.C.N.
SECRETARY.

APPROVED

Captain, R.C.N.
CHAIRMAN

20th March, 1941.

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MOST SECRET

1003B/1

Office of the High
Commissioner for the
United Kingdom,
Ottawa.

May 28,1941.

My dear Mr. Robertson:

The High Commissioner has been asked to approach the Canadian Government in the following matter;-

It has been decided to protect shipping against air attack by fitting 50 selected cargo merchant vessels with a rocket catapult, and one specially adapted Hurricane. More ships may be fitted later. The provision of aircraft and personnel for these merchant ships is a Royal Air Force responsibility, but the Admiralty are also using similar Hurricanes in ocean boarding vessels etc.

2. Each merchant ship will carry one R.A.F.pilot and maintenance personnel, a small range of spares and R.D.F. apparatus. In all except three ships the R.D.F. will be operated by naval personnel. The catapult in all ships will be operated by naval personnel.

3. The first ship is believed to be already equipped, and eleven more are expected to be ready by June 1st and more up to a total of fifty by September. Aircraft once launched will be unable to land on the ship again, and if the pilot is unable to make land, he will bale out near the escort vessel.

4. The United Kingdom authorities are investigating the problem of replacing those Hurricanes which have been launched en route to Canada. They propose to hold a pool of fifty specially prepared Hurricanes in Canada either at Halifax or Montreal or divided between them. These aircraft will be available for either the Admiralty or the R.A.F. Arrangements are being made through the Ministry of Aircraft Production for initial Hurricanes off the Canadian Car and Foundry order to be modified for catapulting. Engines, propellers, guns, R/T (T.R.19) and other appendix "A" items will be despatched from the United Kingdom. The United Kingdom authorities hope to arrange for most of these to be installed by the contractors, but this is not yet certain. In any event there are the questions of air testing the aircraft, air tests of R/T, harmonising of guns, and provision of ammunition and fuel. This will necessitate some R.A.F. or R.C.A.F. organisation. There is also the question of storage and maintenance during storage. In addition, assistance may be required in maintaining during the turn-round those Hurricanes which have not been launched, particularly if these have to be disembarked for discharge of cargo.

On all these questions, the United Kingdom Government hope that they may receive the advice and co-operation of the R.C.A.F. The matter has been discussed informally by the U.K.A.L.M. with the Chief of Air Staff of the R.C.A.F., who has expressed his readiness to give every possible assistance, and has suggested Dartmouth as the most suitable location for the establishment of the necessary pool of aircraft. The High Commissioner has now been asked to enquire formally whether the Canadian Government are ready to assist in the manner suggested.

It need hardly be emphasised that the project should be regarded as of the highest degree of secrecy.

Yours sincerely,

(Signed) W.C.Hankinson.

N. Robertson,Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

Referred to - National Defence
" " for Air
" " for Naval Services

Clerk of the Privy Council.

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H-7

DEPARTMENT OF NATIONAL DEFENCE

CANADA

OFFICE OF THE MINISTER
OTTAWA

May 16, 1941.

CLERK OF THE PRIVY COUNCIL
MAY 19 1941

A.D.P. Heeney, Esq.,
Secretary,
War Committee of Cabinet,
O t t a w a.

Dear Mr. Heeney,

You will recall that at the meeting of the Cabinet War Committee held on April 23rd, it was agreed that the Committee of Service Medical Officers be directed to consider and report upon certain proposals submitted to the Prime Minister by the Canadian Hospital Council regarding wartime hospital accommodation.

On May 8th a meeting was held in the office of the Director-General of Medical Services, at which were present Dr. G.F. Stephens, President of the Canadian Hospital Council, Dr. Ross Millar of the Department of Pensions and National Health, and the Senior Medical Officer from each of the three Services.

I attach hereto ten copies of the report of the Committee which has now been submitted to my Minister. You will, no doubt, wish to bring the matter up at an early meeting of the War Committee of the Cabinet.

Copies have also been sent to the Honourable Mr. Power and the Honourable Mr. Macdonald.

Yours very truly,

J. Waters

Private Secretary.

OJW

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COPY

MEMORANDUM

OTTAWA, May 8, 1941.

To -
The Honourable the Minister
of National Defence.

1. In accordance with instructions (HQ.54-27-41-7, dated April 24, 1941) a meeting was held in the office of the D.G.M.S. to consider the suggestions as put forward in a letter from Dr. G.F. Stephens, President of the Canadian Hospital Council, under date of April 2, 1941. This letter was addressed to the Right Honourable the Prime Minister and a copy was sent to the Hon. C.G. Power, Associate Minister of National Defence for Air.

The following attended the meeting -

Dr. G.F. Stephens, President, Canadian Hospital Council.
Dr. H. Agnew, Secretary, Canadian Hospital Council.
Dr. R. Millar, Director of Medical Services, Dept. of Pensions and National Health.
Group Capt. R.W. Ryan, Director of Medical Services, R.C.A.F.
Surgeon Commander A. McCallum, Senior Medical Officer, R.C.N.
Brigadier R.M. Gorssline, D.S.O., RCAMC., Director General of Medical Services.

2. The Inter-departmental Hospital Committee, in conjunction with representatives of the Canadian Hospital Council, agree to the general principle of utilizing civilian hospital facilities where conditions warrant, but are of the opinion that each case where additional hospital accommodation is required, should be judged as an entity, taking into due consideration the following factors:-

(1) Primary cost of construction
(2) Subsequent cost of operation
(3) Distance from concentration of troops
(4) Speed of construction
(5) Type of cases the Forces have to treat (venereal and mild infectious).

3. Any representations with respect to a Federal addition requested by a civilian hospital should be made by the local authorities directly to the Federal authorities.

(sgd) G. F. Stephens
(Dr. G.F. Stephens, Pres.,Can.Hosp.Council)

(sgd) Ross Millar
(Dr. R. Millar, D.M.S., D.P. & N.H.)

(sgd) R. W. Ryan, G/Capt.
(Group Capt. R.W. Ryan, D,M.S. R.C.A.F.)

(sgd) A. McCallum
(Surg.Commander A. McCallum, S.M.O., R.C.N.)

(sgd) R. M. Gorssline
(Brig. R.M. Gorssline, D.G.M.S)

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C O P Y

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

510C/15
MOST SECRET

31st May, 1941.

My dear Mr. Robertson,

With reference to my letter of the 9th May about the Civilian Technical Corps, the High Commissioner has asked me to give you the following information about the arrangements which are now proposed for launching the scheme of recruitment for this Corps. These arrangements are not yet finally approved, but in view of the likelihood of a public statement being made in the very near future Mr. MacDonald felt that you should have an idea at once of what is contemplated.

It is proposed that at the earliest opportunity after the 1st June the Prime Minister of the United Kingdom should make a statement in Parliament in answer to a private question, drawing attention to the urgent need for additional technical personnel for service in the United Kingdom. Mr. Churchill will draw attention to the statement made by Mr. Power on the 8th April last on the need for additional radio technicians, and he will take the opportunity to stress the vital need for technicians of all kinds in the defence of Great Britain.

On the same night as the Prime Minister's statement there will be a broadcast, to be delivered either by the Secretary of State for Air or by Lord Beaverbrook, amplifying this need. As at present contemplated, the broadcast statement will be given on the B.B.C. Empire wavelength at approximately midnight G.M.T., and will be given the widest possible publicity. The following morning a press conference will be held at the Air Ministry in London, when further details regarding Radio Direction Finding will be released to foreign correspondents and on the same afternoon the Secretary of State for Air will, if necessary, announce the formation of the Civilian Technical Corps in the House of Commons, but only as a matter of routine and without emphasis.

Very shortly after this announcement and on the same day, the Embassy in Washington will hold a press conference at which they will announce the opening of a Civilian Technical Corps Office in New York and will release matter similar to that released at the press conference at the Air Ministry, but definitely connecting Radio Direction Finding with the Civilian Technical Corps. From this point all publicity for the Civilian Technical Corps would be handled exclusively in Washington.

The Canadian authorities may possibly wish to make a statement at some stage after the British Embassy's press conference to the effect that, at the United Kingdom's request, they have agreed to the setting up in Canada of a Reception Centre for any volunteers who might respond to the appeal made in the United States.

As indicated at the beginning of this letter the above programme is at present a tentative one and has not been finally approved in London. We will let you have more definite information as soon as we receive it.

Yours sincerely,
(Signed) W.C. Hankinson.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

Referred to:
Ministers of National Defence
National Defence for Air
Assoc. Deputy Min. of Nat. War Services
Clerk of the Privy Council

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"R"

TELEGRAM

From THE CANADIAN MINISTER IN THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

NO. 211 WASHINGTON, May 29, 1941.

No. 211. My telegram No. 204 of May 27th, Greenland. Reply in writing has not yet been received to aide-memoire left at State Department on May 27th. Berle states verbally that full information will be furnished about United States dispositions and plans for defence of Greenland. Military and Naval Attaches will secure this information this week when a further report will be submitted.

Berle considers that steps taken or planned by United States authorities provide reasonable protection for cryolite mine; appropriate instructions have been issued to United States naval forces in the North Atlantic, and construction party about to proceed to Greenland will be equipped for defence. He points out that German attack on Greenland would mean war with the United States and that this alone is very strong deterrent.

There is no desire on the part of the United States Government for Canadian garrison to be despatched to Greenland, especially since the United States assumed responsibility for defence of Greenland under agreement with the Danish Minister here.

CANADIAN MINISTER

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, May 22nd, 1941.

MOST SECRET

CYPHER

CIRCULAR M. 93

Circular M. 93. Most Secret. Following for your Prime Minister, Begins:

Netherlands East Indies

Following further developments have now taken place since my message of April 29th regarding question of a declaration concerning Netherlands East Indies.

(a) Mr. Hull informed Australian Minister in Washington on April 28th that in the circumstances then prevailing in Japan and the United States, the United States Government believed that any more public declarations would do more harm than good, but that they had and were taking every opportunity through diplomatic channels to make it clear to the Japanese Government that latter would be unwise to believe that the United States had lost interest in events in the Pacific area.

(b) Mr. Hull informed His Majesty's Ambassador at Washington on May 3rd of his conversation at (a), and said that he thought it would be most useful in the immediate future to arrange for some further United States naval movements to take place. Pending some such action he did not feel that a declaration would be of any great value, though he did not rule out possibility of a declaration at a later stage, and he thought that if and when such a proposal took shape the declarations should be on parallel lines and need not necessarily be made privately.

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(c) Mr. Van Kleffens, the Netherlands Minister for Foreign Affairs, in a farewell broadcast on leaving the Netherlands East Indies on May 8th, while disclaiming all aggressive or challenging intentions, promised a resolute reaction to any threat, and declared the willingness of the Dutch to fight if necessary and to fight in alliance. He mentioned that British Commander-in-Chief of the Far East, whom he had recently met at Manila, had indicated in a conversation with the press that line running from Singapore to Australia via Netherlands East Indies must be treated as one unit. Mr. Van Kleffens said an attack from the outside on any point situated on this line must thus be considered and dealt with as an attack on the whole line, and an attack which concerned all affected parties alike. He concluded by saying that something similar would also be felt by the British Empire, and that all knew America would give help to those who showed themselves willing to assist in a struggle against unprovoked aggression.

2. In the meantime the Staff Conference at Singapore, with the United States and Netherlands participation, has made considerable progress. The Netherlands Government however have drawn attention to absence of any prior commitments or understanding on our part, and while they are ready to ratify conclusions of Singapore Conference, they would clearly welcome an assurance that plans drawn up at Singapore will in fact be fulfilled on our side should the Netherlands East Indies be attacked.

3. It may be argued that we should be running a risk by entering into any commitments, since in the event

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of war resulting from Japanese aggression in the Netherlands East Indies, the whole of our lines of communication from British territory in the Pacific to the Middle East and the United Kingdom would be open to attack by the Japanese navy, and in the absence of United States assistance, adequate forces could not be spared in the present circumstances to counter this attack. On the other hand the Defence Committee of the Cabinet, who have considered this question, felt it was most improbable that the United States would not assist in situation contemplated.

4. The Defence Committee felt moreover that it was unthinkable for us to hold back in such circumstances. Our alliance with the Netherlands and necessity of safeguarding our own communications would leave us with no choice but to make common cause with the Netherlands East Indies. Arguments in favour of a declaration to that effect are:-

(a) Response to Monsieur Van Kleffens' broadcast is likely to be satisfactory to the Netherlands Government as to our intentions and to facilitate solution of questions left outstanding for political decision by Singapore Conference. Failure to respond is likely to raise doubts in the mind of the Netherlands Government as to our attitude and to weaken the will of the Dutch to resist.

(b) Help which Netherlands East Indies can give us in the air and on the sea is by no means negligible, and their

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air strength is increasing.

(c) We have hitherto been unwilling to enter into a commitment without some prior evidence of guarantee from the United States. But action of Mr. Van Kleffens in coming out into the open introduces new element into the situation and evidence of firm determination on the part of ourselves and the Netherlands Government is more likely than anything else to induce the United States Government to take corresponding action.

5. Defence Committee considered possibility of private assurance but feel public statement by making position clear may have additional advantage of deterring Japan and encouraging not only the people of the Netherlands East Indies but the people of other countries threatened by Japan. It will show also that our attitude is purely defensive, whereas private assurance, if its existence leaked out, might be distorted and misrepresented by the Japanese Government.

6. We therefore propose that, subject to the concurrence of the Dominion Governments, the Secretary of State for Foreign Affairs should make a statement on behalf of His Majesty's Government in the United Kingdom corresponding as closely as possible to that of Mr. Van Kleffens.

7. Such a statement would weigh the determination of the Netherlands East Indies to resist attack, emphasizing that we like the Netherlands Government have no aggressive intentions, but that we have an interest in any movement likely to prejudice security of line which runs from Malaya to New Zealand through Netherlands East Indies, and that we

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agree that any attack on any part of that line equally concerns all affected parties and must be dealt as an attack on the whole line.

8. It seems clear that statement should be made very shortly so that it may come as soon as possible after that of the Netherlands Minister for Foreign Affairs.

9. If the Dominion Governments agree, it would be valuable if, when statement is made, they would be prepared to give it some kind of public endorsement. Ends.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET & PERSONAL

CYPHER

No. 92

LONDON, June 2nd, 1941.

No. 92. Most Secret and Personal. Following for Prime Minister from my Prime Minister, Begins:

I received on May 29th following message from President Roosevelt, Begins:

In spite of the best efforts of the organization now handling flight delivery of combat aircraft from this country to England, I am advised that substantial numbers of these planes are accumulating in this country, and that this condition is apt to grow worse as production reaches an accelerated rate over the next few months. In our common interest, and in order to relieve situation as much as possible, I am prepared to direct the army and the navy to assume full responsibility of transfer of American built aircraft from factory to point of ultimate take off, and to supply maintenance and servicing facilities along the way and at ultimate landing field. This should release a number of civilian pilots now delivering planes. Many such pilots can reasonably be expected to increase pool corps of Atlantic ferry pilots now engaged in this work. Since military and naval pilots and ground crews would be engaged in delivery of planes, I am advised that closest co-operation, necessary to carry through successfully this continuous operation, can best be obtained if responsibility for Atlantic flights could be undertaken by their sister services under Air Ministry, using, of course, the present civilian pilots and such additional ones as may become available. This procedure would enable planes to be

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brought under control and direction of Royal Air Force prior to scheduling of take off and approach to their designated landing fields in England. The success of this operation would depend in large part upon provisions for adequate westbound aircraft transportation, but I am confident that with good will on both sides, such problems can be solved and greater assurances given of ability to handle delivery of increased quantity of combat aircraft anticipated during the summer months. I hope you will comment frankly on this proposal.

For example, the American Army and Navy could deliver planes at Botwood, Newfoundland, ready and serviced for R.A.F. to take them over and fly them across. Later, and depending on developments, we might be able to deliver them to your people in Iceland. Ends.

I replied on May 31st as follows, Begins:

(1) Am deeply grateful to you for your proposals of May 29th which we at once accept in principle.

(2) I must, moreover, consult the Canadian Government, but I have no doubt about their response.

The Air Ministry has been instructed to plan the reorganization of ferrying service in accordance with your views. A senior officer will be sent out at once to study the problem on the spot and to consult your Navy and War Departments.

(3) We are bent on speeding flow of aircraft from your factories to our squadrons, and the R.A.F. will welcome the opportunity of working with the officers of the United States services on this task. Ends.

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2. Arrangements proposed by the President will presumably involve use by United States service personnel of same aerodromes in Canada and Newfoundland as are at present used as intermediate stops in ferrying route via Newfoundland, and they will no doubt wish to establish ground and maintenance crews at these aerodromes. These and other arrangements could be worked out in detail once principle is accepted, and I would propose that senior R.A.F. officer whome we are sending to the United States should proceed via Canada.

3. I know you will recognize the vital importance of this matter to us. May I ask for your acceptance and count on your co-operation in putting into effect arrangements which President Roosevelt has proposed.

4. I am causing the Governor of Newfoundland to be informed of these proposals and asking him to co-operate with the Canadian Government. I should be very grateful for an early reply. Message Ends.

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May 28

D-19-A
C-10-3-B

SECRET

NS. 1017-10-1.

APPRECIATION

The Nature of the Canadian Military Effort

Midsummer 1941 to Spring 1942

1. Previous Appreciation.

The Chiefs of Staff Appreciation of 25th September 1940 (approved at their 90th Meeting held on 1st October 1940), began as follows:-

> "Canada's war effort, as an integral part of the war effort of the Empire, must be determined from a study of strategical conceptions that affect the Empire as a whole. It follows, therefore, that our planning for the next year requires to be based generally on the views of the Chiefs of Staff Committee in the United Kingdom as to the operations that the Empire Forces will take part in, the C.A.S.F. included. In doing so, however, we must continue to bear well in mind problems of the direct defence of North America even though these problems are of secondary importance so long as the battle front can be maintained in Europe and Africa."

2. That appreciation also quoted that the Chiefs of Staff Committee in the United Kingdom were of the opinion that:-

> "The general conclusion is that our strategy in 1941 must be one of attrition. We must secure our possessions in overseas theatres of war and retrieve any that may have been lost owing to our temporary weakness. We must intensify the economic blockade, sustain our air offensive, and generally wear down the enemy's resistance with our minor amphibious operations. If possible, we should undertake decisive action against Italy herself and invasion of her African colonies.'
>
> 'Throughout 1941 we must accelerate to the utmost the building of our resources. But the general aim which should govern our strategy and determine the scope and rate of development of our expansion programmes should be to pass to the general offensive in all spheres and all theatres with the utmost possible strength in the spring of 1942."

3. This conclusion was accepted at the time and it would appear still to hold good for the period now under review, save that to a greater extent than in the early autumn of 1940, it is incumbent on the United Kingdom, with the assistance of the Dominions and her allied and associated Powers, to maintain her position in the Near East and the Mediterranean basin generally. In addition full provision must continue

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to be made in all circumstances to maintain the territorial integrity of the United Kingdom and, of equal importance to maintain, if not to improve, our position in the never-ending Battle of the Atlantic.

4. SCOPE OF PRESENT APPRECIATION.

In the succeeding paragraphs will be given a review of the existing political and economic situation followed by a discussion of the courses of action which appear open both to the enemy and ourselves. This review has been made in the light of the best information obtainable, including a recent appreciation by Canadian Military Headquarters (based on informal consultation with the War Office) and communicated in Canmilitry telegram G.S. 831, dated 12th May.

5. POLITICAL SITUATION.

To all intents and purposes Germany dominates the whole of Europe, save perhaps Russia and Turkey. Apart from these, no European country would now dare openly to oppose Germany, at least until such time as it would appear that she was exposed to defeat. Thus the British Empire faces--as the United Kingdom faced 130 years ago--a hostile coastline stretching from the North Cape to the Pyrenees and a continent in which all our friends are in the grip of the enemy. It is unlikely that Spain will willingly intervene against us. On the other hand, our enemies can bring strong pressure to bear against her if necessary by invasion from Occupied France. We cannot therefore count on a continuance of Spanish non-belligerency, nor, if Spain were drawn into the war, on the ability of Portugal to maintain her neutrality.

6. Russian policy is frankly opportunist and this is the major factor in both our own and Germany's calculations. It is clearly apparent that a wholesome respect for the armed might of Germany is the dominant thought in the Russian mind and that she would in all likelihood be prepared to concede much rather than to become involved in war. She would seem to desire to avoid an open clash with either side and to await the eventual exhaustion of the major belligerents, meanwhile improving her strategic position as occasion offers.

7. The strength of Turkey's alliance with Great Britain has visibly weakened in the face of recent events in the Balkans. It is too early, however, yet to conclude that she would not resist a German invasion south-eastwards beyond the Dardanelles. The likelihood of Russian intervention in Turkey's behalf in the event of a German attack against this latter country, seems less probable than it did some six or eight weeks ago. It is to be noted that Turkey's position astride the land route from Europe to the Middle East is of immense strategical importance to us and British policy is therefore to encourage Turkey to maintain friendly relations with Russia in order that she may not be faced with the threat of having to defend herself on two fronts at the one time.

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8. Recent developments have not tended to improve our relations with the Vichy Government. While doubtless the overwhelming majority of the French people ardently desire a British victory, an influential group of her political heads appear to think otherwise. In their view, the German domination of Europe is inevitable and that the British Empire with all the aid the United States can bring them, cannot hope to win. In the light of this conclusion, they are more and more tending to make a friend of the mammon of unrighteousness in the hope of thereby improving their material position.

9. Marshal Petain has announced that in no circumstances will he be induced to take military action against his former ally but he is a very old man and he is being subjected to intense pressure. Throughout last Autumn and Winter he held two important cards, namely, the remaining portion of the French fleet and General Weygand's army in North Africa. These two cards he does not seem at present to hold as firmly as he did some months ago. German infiltration in Tunisia, Algiers and French Morocco may soon have the effect of reducing Marshal Weygand to a state of impotence, while it would appear that units of the French fleet may be moved only with Germany's permission. General de Gaulle continues to receive the active support of the British Government and his forces may now number some two or three divisions. He remains, therefore, a symbol of resistance in the eyes of all free Frenchmen, but it does not seem likely that his movement is destined to grow to any appreciable extent, at least not until such time as the German grip has been weakened. Of this there is yet no sign unless it be that the Rudolph Hess incident may be taken as indicating that a measure of rot has now set in.

10. Japan sees in this war an opportunity to pursue her imperialistic aims. The United Kingdom and the United States are either unable or unwilling to call a halt to her acts of aggression and in the event of war breaking out in the Pacific their strategy, of necessity, would have to be of a defensive nature. The situation has been made still easier for Japan by reason of the conclusion of her recent pact with Russia.

11. ECONOMIC SITUATION.

The economic struggle is mainly centred on Great Britain (so far as the British Empire is concerned) and her ability to draw on the resources of the whole world outside Europe, and Germany with her capacity to exploit the resources of the continent of Europe. In most respects, though not all, the resources on which the British Empire can draw are immeasurably superior to those on which our enemies are now dependent. The ability of Great Britain to call on the outside world however, is obviously dependent on its ability to import, manufacture and to distribute. This depends on the course of the war at sea, in the air and in particular on the rate of merchant shipping losses and in the extent of damage to ports, to industry and communications.

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12. The industrial and economic co-operation of the United States is one of the most obvious advantages that we enjoy and it can be said that this co-operation, if not more, is an indispensable condition for the successful conduct of the war. During the past few months, the growth of public feeling in the United States in favour of ensuring the delivery of munitions to the United Kingdom, if not of active belligerent participation, is a most encouraging turn of events. In this connection, it is clearly of the most pressing importance that the armament programmes of Great Britain, Canada and the U.S.A. should be closely co-ordinated to the end that the industrial resources of all three countries may be put to best advantage.

13. In respect of German Europe, by reason of the conquests of 1940 and again recently in the Balkans, Germany temporarily improved her position by taking over stocks in the territories that she had overrun, but the fact is that these countries were themselves importers of most of the commodities of which Germany herself is deficient. Italy, moreover, is to Germany an economic liability.

14. Her most serious difficulty is oil, though her position in this respect has improved since last September due to her control of the Rumanian fields and to the fact that supplies can now be obtained from Russian sources by sea, via the Bosphorous and the Corinth Canal. While therefore in September 1940, it was expected that Germany would suffer a serious oil shortage by June of this year, the best that can now be hoped is, that unless she is able materially to improve her position in the meantime, this condition will develop towards the end of the year.

15. Deprived of the greater part of the sea transport available to her in time of peace, Germany is faced with the formidable task of organizing an improvised system of distribution on land and even a temporary breakdown of this system which in many respects is inadequate might have a serious effect on her ability to administer the occupied territories and to maintain the efficiency of her fighting forces. Thus, time is on our side, provided we can continue to draw upon the resources of the world and to build up armaments with the minimum of interference, whilst effectively maintaining the blockade of Germany.

16. POSSIBLE ENEMY COURSES OF ACTION.

It seems clear that Germany's only hope of avoiding eventual decisive defeat lies either in the elimination of its most powerful enemy, namely, the United Kingdom, or in breaking the blockade and of obtaining new sources of supply, particularly with respect to oil.

17. There would appear to be three ways in which Germany might break down the resistance of the United Kingdom, namely, by successful large-scale air attacks aimed at breaking public morale and crippling industries; by starvation of the country through attacks on shipping and ports; and by invasion.

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18. With respect to the breaking of the blockade, the most important first step would be for Germany to establish control and thus gain free use of the Mediterranean. To achieve this, it would be necessary for her to seize and hold the three "gates", the Dardanelles, the Suez Canal and the Straits of Gibraltar.

19. There are general indications that Germany may undertake both the invasion of Great Britain and offensive operations in the Mediterranean during the course of the present campaigning season and there are sound military reasons from Hitler's point of view why this "all out" policy should be adopted. Actually, while the possibility of an invasion of the United Kingdom has undergone little change, if any, yet in view of the number of aircraft which the Axis Powers have concentrated in the Middle East, it is considered that such an attempt could not be made within a period of some six weeks to two months. It is considered too, that invasion is unlikely to be resorted to unless it is possible first for the enemy to break down public morale by air bombardment, submarine and surface warfare, though as a result of internal difficulties, Germany might feel compelled to make the attempt as a measure of last resort. If she accomplished this, then the war would be over as far as Europe and the Middle East were concerned. The Mediterranean Basin would be hers for the asking. But it is considered that this attempt, if made, will prove unsuccessful.

20. As respects a German attack on Gibraltar, there is yet no sign that such an operation is imminent. Germany is at present engaged in the liquidation of the Balkans and moreover it is doubtful if she would invade Spain before harvest had been brought in.

21. With the extension of German domination over the Balkans, it seems likely that Germany's next move will be to outflank Turkey by the occupation of Syria, an operation which it would be difficult for her to carry out so long as we remain in possession of Crete and thus able to harass her now extended lines of communication. This, however, does not preclude the possibility of Germany obtaining control of that country by means of air-borne troops, and from there to exploit the situation in Iraq by similar means. It is known that she has a considerable concentration of transport aircraft available for this purpose in the Balkans. As a first step to this end, an air-borne attack on Crete might be launched at an early date.

22. The possibility of a further attack on Egypt, other than air attack, through Libya, is directly dependent on the security of German and Italian communications to North Africa. So long as we are able to hold Malta, we shall be in a position seriously to interfere with their lines of communication and there are indications that the Axis Powers are experiencing serious administrative difficulties in Libya. Actually, these lines of communication are badly extended in the Middle East and their difficulties in respect of supply are being aggravated by the success which has recently attended our bombing attacks against their shipping.

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23. To summarise the above, it is not too much to say that owing to the tremendous effect which control of the Mediterranean Basin would have on the military position of Germany, the results of operations now in progress or in prospect in the Middle East may have a vital bearing on the outcome of the war.

24. To complete this section on Possible Enemy Courses of action, reference requires to be made to the operations which might be directed against the Canadian coastal areas and in this connection the guiding principle, which has been accepted by the Government, is that Canada's front line lies in and around the British Isles. So long as Great Britain holds firm, no large-scale attack on Canadian shores is even a remote possibility. Raids, however, are both possible and perhaps probable. Consequently, it follows that Canada's major effort must be closely related to the general situation as it exists in the United Kingdom.

25. As we have stated, large-scale attack on Canadian shores is not, in our view, a contingency we need plan for. Even should the worst happen and the United Kingdom be overwhelmed, we should continue to hold this view. A German-dominated Europe and an Eastern Asia dominated by Japan could make life in North America so miserable, by the exercise of the tremendous economic powers these two countries would have at their disposal, that there would be no need for them to attempt an exceedingly difficult military invasion in order to force both Canada and United States eventually to accept humiliating terms of peace.

26. On the other hand, the closer the United States come to actual belligerency, and the more obvious it becomes to Hitler that no consideration on his part will deter the United States from giving the British Empire maximum a sistance, the greater will be the chance of "tip and run" sea and air-borne raids on ports and other Military objectives in Eastern Canada. If Japan comes in against us, which we must expect, it may even be that Japan will also attempt similar raids on a smaller scale against our Pacific Coast, but we strongly doubt if in fact such would occur. There are important political, strategic and tactical reasons why the Japanese should retain all their forces in the Western Pacific and avoid the definite risk of bringing the United States into the war against them. Indeed, even if the United States became associated with us as a belligerent against Japan, it is most probable that Japanese strategy in respect of North America would also be defensive, and designed to restrict operations to the area of the Western Pacific, an area better suited for the operation of her forces.

27. FUTURE BRITISH MILITARY POLICY.

As stated at the outset of this appreciation (Para.3), the further successes achieved by the Axis Powers since last September have not brought about any revision in our policy for the prosecution of the war and our object generally remains unchanged.

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28. Nor does it seem probable that the entry of the United States into the war as a belligerent during the course of the next few months or even weeks, would materially alter this view. The Military agreement recently concluded between British and United States Service representatives in Washington provides, amongst other things, for the assumption of responsibility for the strategic direction of naval operations and their execution in the Western Atlantic (save those at present being carried out by the Royal Canadian Navy) by United States naval forces. The plan also calls for the relief of the British garrison in Iceland by a United States division and the progressive building up of United States Air forces in Great Britain in order to co-operate with the Royal Air Force in operations against Germany and her installations in German-occupied Europe. Apart from the Navy, United States Army and Air forces will not be in a position this year to do much more than to assist the United Kingdom in the defence of its home territory. The action of the United States Navy, however, will bring a material, perhaps a vital, reinforcement to our side in the waging of the Battle of the Atlantic but this aid, important as it may be, will not be such as to make it possible to widen the scope of the object the British Empire has set itself for the next ten months.

29. In Libya, our prospects are not unfavourable although further difficulties and setbacks may be experienced. So far as our information goes, Imperial military strength in that theatre is not such as to enable us to return to the offensive but should we not be too much involved in Syria, and should all go well, it might be possible to strike back within the next two months. The extreme hot summer weather of North Africa is however a factor militating against extended operation in that part of the world.

30. At the moment, the situation in Iraq is reasonably favourable. The revolt in that country was premature and was launched before the Axis Powers were quite in a position to assist. The importance of Basra as an alternative base in the event of an unfavourable turn of events in Egypt is obvious and it is therefore believed to be the British intention to open a new line of communication through that country. There is at present upwards of one division at the head of the Persian Gulf and it is expected that this number will be more than doubled by the first week in June. Additional troops will, it is understood, be moved in as they become available.

31. As regards the possibility of British action in Syria, the situation is still somewhat obscure, though its clarification is perhaps but a matter of days, perhaps hours. Once again we have been faced with the difficult decision as to whether or not the balance of advantage would lie on the side of forestalling the enemy in that country at the expense of risking an unfriendly reaction on the part of the Vichy Government. Events in respect of this theatre however are moving quickly and the Royal Air Force have already (16th May) carried out operations aginst German aircraft using Syrian aerodromes.

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32. It has been informally ascertained that the British Army expansion programme has undergone re-adjustment and now contemplates a total of 59 divisions. This number includes the three Canadian Divisions and the Canadian Armoured Division (also the Canadian Tank Brigade). Very informally, the impression has been gained that this total of 59 divisions has been based more on the limitations of man power than on an objective appreciation of strategic necessity and it is understood from purely Army sources, as opposed to political sources, that the provision of additional divisions from Canada, if these could be provided without interference with Canadian productive capacity, would be welcome. As a matter of long term policy, it has been decided in the United Kingdom that as equipment becomes available, ordinary divisions will be converted into armoured divisions.

33. Thus to summarise, British policy for the ensuing year must be to hold our positions everywhere and to retrieve such as enemy successes may have compromised. We must sustain and extend our air operations against enemy communications, factories, power stations, naval bases and shipping in order to throw the greatest possible strain on his distributive organisation and generally to wear down his resistance. As neither the expansion of the Empire's air power, nor the completion of the Army programme will be completed before 1942, no other course is possible. It is still considered, however, that the adoption of an offensive policy should be possible in that year.

34. CANADA'S FUTURE POLICY.

Our policy for the next nine months - until the spring of 1942 - must be mainly directed towards the following ends:-

(a) Protection and maintenance of the North Atlantic Communications.

(b) Maintenance of the territorial integrity of the British Isles.

(c) The utmost acceleration in the building up of our resources.

35. NAVY.

As regards 34(a), "Protection and maintenance of the North Atlantic life-line", this is primarily a naval task, but one in which Air Forces will increasingly participate, and comprises:-

(i) All possible assistance in the protection of shipping in the North Atlantic, where such assistance can best be applied.

(ii) The provision of facilities in Canada and Newfoundland for the maintenance of R.C.N., R.N. and possibly U.S.N. Ships.

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(iii) Assistance in the protection of shipping in United Kingdom waters if possible.

36. This represents our present policy, and any further increase in the ships and men required for 35(i) and (iii) is limited by our ability to train adequate numbers of the personnel required. Maintenance of our present efforts will enable us to reach our original objective, defined by the present shipbuilding programme.

37. The establishment of suitably equipped bases at strategical points is proceeding according to the schedule originally laid down. The rapid intensifying of the Battle of the Atlantic, however, has shown in no uncertain way that our present base facilities are very inadequate. Docking, repairing, and fuelling facilities in particular require to be extended to the limit of our resources, and without delay. Enemy operations, surface, submerged and air against shipping, are extending to the westward every day, and our ability to maintain the necessary forces to cope with this rapidly approaching threat is of vital importance. Our primary object from the naval point of view must therefore be the extension of existing facilities and the provision of new ones to meet the ever-increasing demands of British - and perhaps United States - Naval Forces.

38. ARMY. In September, 1940, it was recommended that:-

(a) A Canadian Corps of three divisions should be completed by the early Spring of 1941, and should be joined by an armoured brigade group as soon as possible thereafter.

(b) While the date the 4th Division would be required overseas could not then be determined we should be prepared for its despatch in the latter part of 1941.

(c) Subsequent additions to the Canadian Forces overseas should be armoured forces rather than infantry.

(d) Provision should be made for replacing the 3rd and 4th Divisions and the Armoured Brigade by equivalent forces for home defence.

(e) The unmobilised portion of the N.P.A.M. would become the Reserve units and formations of the Canadian Army, with as their principle functions, the holding of partially trained personnel and the completion of their individual training.

39. The conferences held in London in January, 1941, between the Minister, accompanied by the Chief of the General Staff, and the Secretary of State for War made it clear that the Army programme which had been proposed in September, 1940, should be changed in some respects. These changes provided for the despatch overseas of the balance of the Corps units and the Army Tank Brigade (conversion from the proposed Armoured Brigade

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Group) during the first quarter of this year; the despatch of the 3rd Division in May and a complete Armoured Division in September - November, and the retention of the 4th Division until 1942. This revised Army programme was duly approved by the Government subsequent to Mr. Ralston's return to Canada in January.

40. The original draft estimates for the financial year 1941-42 provided for the revised programme outlined immediately above, and also for the mobilisation of a 5th and 6th Division. However, as a result of conferences with the Treasury Board, it was proposed that Army Estimates should be reduced by a sum of 100 millions by postponing certain of the mobilisations which had been provided for. In the light of our military situation as it appeared in February, which took into account the successes which had been achieved in the Middle East, it was considered that the desired savings could, with fair safety, be effected and these would be accomplished by:-

(a) utilising certain 4th Division artillery, engineer, army service corps and ordnance units already mobilised, to make up the Armoured Division.

(b) delaying the reconstitution of the 4th Division until later in the financial year, and

(c) postponing the mobilisation of the 5th Division and certain preliminary steps towards the mobilisation of the 6th Division for which provision had been made.

41. At the present time the Army Tank Brigade and a number of Corps units are about to leave for overseas. The 3rd Division is expected to leave not later than August, and the armoured Division will leave during the Autumn. The 4th Division is now being mobilised to full war strength.

42. In view of the deterioration of our general military situation overseas since last February, it is considered, and recommended, that the Government should return to the recommendations on which army estimates for the current year were originally based. The reconstitution of the 4th Division has been already authorised and orders for the mobilisation of the required units have just been issued. This action has been considered necessary in order that we shall have a division in Canada to replace the 3rd Division on its departure for overseas. In addition we must envisage commencing the mobilisation of the 5th Division (for which eight infantry battalions are available) on the departure of the 3rd Division, with a view to maintaining two complete divisions in Canada on the anticipated departure of the Armoured Division during the course of the Autumn. It is recommended, therefore, that authority be now obtained for the mobilisation of the 5th Division, although definite action to this end might safely be delayed for the time being, and possibly until the units required to complete the 4th Division have been recruited to war establishment.

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43. AIR FORCE.

As regards 34(a), "Protection and maintenance of the North Atlantic communications", this policy involves:-

(i) Air reconnaissance of shipping routes.

(ii) Convoy and anti-submarine patrols.

(iii) Reconnaissance of potential enemy base areas.

(iv) Air protection of ports.

44. As regards 34(b), "The maintenance of the territorial integrity of the British Isles", R.C.A.F. will continue with:-

(i) The maintenance of R.C.A.F. units now operating in the United Kingdom.

(ii) The organisation of formations and units in the United Kingdom.

(iii) The supply and training of pilots and aircrew to R.A.F.

(iv) The provision of aerodromes and other physical properties necessary for the transference of R.A.F. training and technical development establishments to Canada.

(v) Ferrying aircraft to Great Britain.

(vi) Development of squadrons and base facilities East Coast.

(vii) Changes in training curriculum, schedules, and categories of output, to meet changing conditions of air warfare, involving in some instances financial expenditures not previously contemplated.

.....Rear-Admiral
Chief of the Naval Staff.

.....Major-General
Chief of the General Staff.

.....Air Vice-Marshal
Chief of the Air Staff.

28th May 1941.

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Office of the High Commissioner
for the United Kingdom,
Earnscliffe,
Ottawa.

SECRET
IMMEDIATE

19th April, 1941.

My dear Mr. Robertson,

May I refer to the correspondence about the facilities which have been offered us in the United States for the training of pilots for the Royal Air Force. I am now informed that for the present pupils for the civil schools which are being placed at our disposal in the United States will come mainly from the United Kingdom and that the first 100 are expected to leave today, the 19th April, and the second 100 early in May. These arrangements are said to be definite and the expectation is that subsequent departures from the United Kingdom will be 100 on each of the following approximate dates: May 21st, May 28th, June 11th, June 25th, July 2nd, July 16 and July 30th.

Because of shipping uncertainties it is probable that the arrival of pupils in Canada will not be closely related to the dates when the courses in the United States civil schools are due to begin and it may, therefore, be necessary for pupils to wait for a short time in Canada. Arrangements will, therefore, need to be made for some form of personnel transit centre for the accommodation of pupils arriving from the United Kingdom and, later on, for pupils returning after completing their training at the United States schools. The United Kingdom Government would be most grateful if the arrangements for the reception and movements of this personnel could be made under the auspices of the R.C.A.F. It is understood that the R.C.A.F. have had in mind the establishment of some form of personnel reception and disposal depot as distinct from the embarkation depot at Halifax, and if the proposal set out above should be acceptable to the Canadian Government it might be found desirable to make some addition to the plans to allow for movements of R.A.F. personnel to and from the United States civil flying training schools. Meanwhile it might be found necessary to accommodate those arriving in the very near future at the R.A.F. station at Debert.

Pupils coming from the United Kingdom will travel in uniform but will carry civilian clothes with them. It will be necessary to withdraw their uniforms at the transit centre in Canada and hold them for reissue on the return journey of the pupils.

The United Kingdom Government are anxious to know as early as possible whether the Canadian Government will be able to help them in this matter, and I would be grateful for an early reply. If this proposal could be approved in principle it would be helpful, in view of the need to make urgent arrangements for the reception of the first arrivals, if the details could be settled between R.C.A.F. Headquarters and the United Kingdom Air Liaison Mission. It is understood, of course, that the United Kingdom Government accept responsibility for the costs which would arise out of the above proposals.

Yours sincerely,
(Signed) N.C.Hankinson.

Robertson, Esq.,
Acting Under-Secretary of State for
External Affairs,
Ottawa.

Referred to - Minister of National Defence
" " for Air
Clerk of the Privy Council.

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

IMMEDIATE

SECRET

CYPHER

No. 60

OTTAWA, April 13th, 1941.

Following from Prime Minister for your Prime Minister, Begins:

As you are aware, under the British Commonwealth Air training Plan, the United Kingdom is to supply certain aircraft, spare engines and spare parts for the maintenance of aircraft as an essential contribution in kind to the Training Plan in Canada. Deliveries of "Anson" and "Battle" aircraft from the United Kingdom are behind schedule. The delay in the receipt of "Anson" aircraft is handicapping training of pilots on twin engine aircraft although the effect of the shortage of "Anson" aircraft has been partially alleviated by the supply of aircraft from this Continent, and it is confidently expected that by the autumn our Canadian production of "Ansons" with American Jacobs engines will solve the problem of twin engine aircraft procurement. The problem of supply of spare parts for United Kingdom aircraft and engines already here or to arrive in the next few months is, however, causing us the gravest concern. Supply of spare "Cheetah" and "Merlin" engines and spare parts for "Anson" and "Battle" aircraft and "Cheetah" and "Merlin" engines has been totally inadequate for efficient maintenance of these aircraft and with the large number of airframes and engines now becoming due for complete over-

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haul, for which large quantities of spares will be required, in consequence we are faced with a serious curtailment of training or possible collapse of the Training Plan if an adequate supply of spare parts for these airframes and engines is not despatched from the United Kingdom at once. The Air Ministry is in possession of our requirements of spares for the next eighteen months. I would urge that everything possible be done to expedite despatch of six months' requirements of the above equipment, particularly spare "Cheetah" and "Merlin" engines and maintenance and overhaul spares for "Anson" and "Battle" airframes and "Cheetah" and "Merlin" engines. Immediate action is necessary in order to protect the Training Plan which we all expect will be such a great factor in the outcome of the present conflict. I have regarded this matter of sufficient urgency to bring it personally to your attention. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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W-30

516X/380

Office of the High Commissioner
for the United Kingdom,
Ottawa.

CONFIDENTIAL

April 19th, 1941.

My dear Mr. Robertson,

May I refer to your letter of the 18th March regarding the desire of the Air Ministry to reduce the number of airmen employed in semi-skilled ground duties with transferred R.A.F. schools by the employment of women.

The views of the Canadian Government as set out in your letter were communicated by telegram at once to the authorities in London and a reply has now been received from Lord Cranborne stating that, while the United Kingdom authorities would like to have been able to meet the wishes of the Canadian authorities in this matter, the need for the dilution of semi-skilled ground staff with women is of such pressing importance to the United Kingdom that, in the case of the transferred schools, they cannot afford to wait for the establishment of a Canadian Women's Air Force organisation.

The United Kingdom Government feel that, in view of the heavy drain on man-power in the United Kingdom, it is important that they should make as much use as possible of woman-power and that, in the absence of a Women's Air Force organisation in Canada, they have no alternative but to employ personnel of the Women's Auxiliary Air Force at as many of the transferred schools as possible even though this may mean some rearrangement and adaptation of barrack and messing arrangements. The United Kingdom Government hope that the Canadian Government will appreciate their difficulties in this matter and the reasons which have led them to this conclusion.

The United Kingdom Air Liaison Officer in Chief is exploring as a matter of urgency what adaptation of accommodation will be necessary to enable personnel of the W.A.A.F. to be employed.

Yours sincerely,

(Signed) W.C. Hankinson.

N.A. Robertson, Esq.,

Acting Under-Secretary of State for External Affairs,

Ottawa.

Referred to - The Minister of National Defence
" " " " for Air
" Clerk of the Privy Council.

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H-7

COPY

CANADIAN HOSPITAL COUNCIL

184 College Street,
Toronto

Royal Victoria Hospital,
Montreal, April 2, 1941

Dear Sir,

The Construction of Hospitals for War Purposes

This letter is written at the request of the Executive Committee of the Canadian Hospital Council with the sincere desire of promoting national welfare and economy. During the past year and a half a large number of hospitals, large and small, have been erected or adapted for the care of military patients. We understand that many more have been set up in connection with military camps and areas, the total number aggregating almost one hundred hospitals.

Obviously it is necessary that extra hospital accommodation be provided for the care of the armed forces and that some of these hospital facilities must be available to the training areas, though this close proximity is now less important with the improvement in roads and ambulance service. Unfortunately a great deal of the construction recently completed or under way is not likely to be of use upon the close of the war and in all probability much of the equipment will be disposed of at considerable loss. It is our studied opinion that in some instances it would be possible to provide this new accommodation in such a way as to ensure its continued utilization for hospital purposes after its need for military patients is ended.

It is suggested that in communities where competently operated civilian hospitals exist it should be possible to arrange for new construction as a wing or annex to the civilian hospital. In some instances the initial cost might be shared with the Federal Government by the hospital concerned.

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At the close of the war, should such accommodation not be needed for the care of the soldiers, it could be turned over to the civilian hospital on a basis to be determined at the time of erection or at the time of the turn-over. In the final analysis the Canadian Government is interested in the welfare of both military and civilian patients and from the viewpoint of national economy the continued use of hospital accommodation and equipment during the reconstruction period and later on is in the best national interest. With the present overcrowding of most civilian hospitals, particularly the lower priced accommodation, and the increasing utilization of hospitals, especially those fully paid services under voluntary hospital insurance plans, such added accommodation would be most acceptable and would ultimately prove of considerable benefit to the people of Canada in the years to come.

The need for disciplinary control of members of the armed forces while in hospital is fully recognized and this has furnished one logical reason for hesitation in having military and civilian patients under the one control. The difficulty could be overcome by having the new wing or annex entirely under the department concerned, whether it be Department of Defence, Pensions and National Health, Air Force or the Navy. Doctors and nurses from these various services could be utilized in order to maintain this separate control. Food, heating, laundry, could be purchased from the civilian hospital while other commodities such as linen, surgical equipment and drugs, the X-ray or the laboratories, could be either purchased from the hospital or requisitioned from the stores of the appropriate government department. The net result should be a considerable saving over the cost of the same service if provided separately.

This suggestion is respectfully submitted with the thought that in areas where such a plan is feasible the arrangement would permit the maximum ultimate use of buildings and equipment snd should prove of value in effecting national economy.

Yours very truly,

"G. F. Stephens, M.D."
President.

The Right Honourable W. L. Mackenzie King, P.C., C.M.G., M.A., LL.B., LL.D.,
Prime Minister of Canada,
Ottawa, Ont.

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Ottawa, April 5, 1941

G. F. Stephens, Esq., M. D.
President,
Canadian Hospital Council,
c/o Royal Victoria Hospital,
Montreal, Quebec.

Dear Dr. Stephens:

I wish to acknowledge your letter of April the 2nd, regarding the construction of hospitals for war purposes. I shall be pleased to see that the representations of the Executive Committee of the Canadian Hospital Council contained in your communication, are brought to the immediate attention of my colleagues, the Honourable Ian Mackenzie, Minister of Pensions and National Health, and the Honourable J. L. Ralston, Minister of National Defence, in order that they may receive the study of the appropriate officers of their departments, without delay. I need hardly assure you that the fullest consideration will also be given to the matter by the War Committee of the Cabinet.

Yours sincerely,

W. L. Mackenzie King

JWP/PM

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Draft

Ottawa, June 3rd,1941.

Dear Mr. MacDonald,

I am in receipt of your letter of May 19th referring to United Kingdom - United States Staff conversations recently held in Washington. A report of these conversations (A, B, C-1) was issued on March 27th,1941, and contains proposals for an agreement between the United States and States of the British Commonwealth designed to ensure close and efficient cooperation between them in the event of the United States becoming a belligerent in the present war.

In the above Staff conversations, representatives of the Dominions were present at certain meetings in the capacity of observers only but did not take part in the conversations themselves or in the preparation of the report.

My colleagues and I have now had an opportunity of examining this report and are in general agreement with the relevant provisions subject to the observations which follow below.

"The "joint letter of committal",which accompanied the report, while recognizing "that the agreements and recommended engagements imply no political commitment" adds that there will be found in the report "the general strategic principles of a permanent nature which should guide the military collaboration of the United States and the British Commonwealth". We feel that the words "of a permanent nature" might have been omitted from the above sentence.

Furthermore, the joint letter of commital recommends "that action be initiated without delay by the Governments of the United States and the United Kingdom toward the solution

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of problems arising out of "a) the higher direction of the war, (b) non-military councils and missions, (c) economic warfare". Under (a), for instance, it is stated that provision should be made by the necessary machinery "along the lines of a Supreme War Council" for the coordination of the political and military direction of the war, while coordination of effort is likewise recommended to ensure the exercise of the maximum economic pressure. These are both matters in which Canada is deeply interested and in respect of which action by the Governments of the United States and United Kingdom alone would be not fully effective. It is also pointed out that whereas in the drafting of the report the "British Commonwealth of Nations" is associated with "the United States", specific recommendations often refer to cooperation between "the two nations". It is hoped that this inaccuracy in terminology will not later give rise to any confusion. In this connection, though I do not wish to labour the point, the phraseology of the report in its references to non-technical matters is at times somewhat loose and in a sense misleading.

There also appears to be a tendency throughout the report to group Canada, Australia, New Zealand and South Africa as "the Dominions", and to assume that the interest of each Dominion in the recommendations of the report will be the same. Such an assumption is not, of course, valid. As a result, certain of the recommendations made might be acceptable to Australia, or New Zealand, or South Africa, but would not meet the requirements or the situation of Canada. The converse would equally be true.

Paragraph 17 of the Main Report, for instance,

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reads:-

> "17. The United States, as may be necessary, will exchange liaison officers with Canada, Australia and New Zealand for effectuating direct co-operation between United States and Dominion Forces."

It is obvious that the nature and extent of Canada - United States cooperation would make any such provision inadequate so far as Canada is concerned. The Report itself seems to recognize this for by paragraph 14 as governed by paragraph 1 of Annex 2 Canada assumes responsibility for the strategical direction of military forces in waters and territories as defined in the United States - Canada Joint Agreement.

It is also to be noted that the establishment of a ~~British~~ U.K.-United States Military Mission, as indicated in paragraph 15 of the Main Report, has as its object to ensure collaboration in the formulation of military policies and plans for the conduct of the war in areas in which each Power assumes strategical responsibility.

In the situation thus visualised it is clear, therefore, that a similar Canadian Military Mission is obviously required to ensure that strategical direction in areas of Canadian responsibility, as defined in the Report, is adequately co-ordinated with that of the other two Powers.

Paragraph 5(f) of Annex 1 to the Report reads as follows:

> "The Dominions of Canada, Australia and New Zealand will be represented on the (Military Mission) Staff in Washington by their Service Attachés".

In view of the considerations mentioned above, the recommendation of this paragraph would not be suitable for Canada.

Finally, I would draw your attention to Annex 4, paragraph 7, which reads:-

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> "In view of the fact that no United States army forces, either ground or air, are expected to operate in areas where intercommunication with British forces is necessary prior to September 1, 1941, it has not been considered necessary to define at this stage the detailed arrangements which will be necessary."

In view of the fact that United States ground and air forces are already operating in Newfoundland, it would seem that detailed arrangements for inter-communication are, notwithstanding the above paragraph, required.

Yours sincerely,

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Copies sent to: Mr. Keenleyside,
Mr. Robertson,
Mr. Ralston,
Mr. Power,
Mr. Macdonald.

SECRET

Ottawa, May 27th, 1941.

Colonel O. M. Biggar,
Chairman, Canadian Section,
Permanent Joint Board on Defence,
Ottawa.

Dear Colonel Biggar:

At the Prime Minister's request, I am writing in answer to your letter of May the 26th, with regard to the disposition of Canadian forces in Canada and Newfoundland in the circumstances contemplated in Plan 1 of the Permanent Joint Board on Defence.

The subject was discussed at today's meeting of the Cabinet War Committee, and in reply to the enquiries contained in the last paragraph of your letter, I have been directed to inform you that, on the part of the Canadian government,-

(1) there would be objection to the exercise by the United States of unlimited authority over the disposition and employment of Canadian forces, in the circumstances contemplated;

there would be no objection, however, to the exercise by the United States of limited authority, that is an authority subject to the determination of war policy by the governments of the two countries;

(2) there would be objection to agreeing to a formula capable of the two interpretations to which your letter refers.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

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The Board agreed as its Recommendation that on the coming into operation of Plan 1

(a) that strategic direction will be entrusted to the United States High Command.

(b) that when decisions affecting Canadian forces are taken there will, when possible, be prior consultation with the Canadian High Command and that the orders to Canadian forces will issue from Ottawa.

(c) that when it is impossible, as a result of urgent exigencies, for such consultation between Washington and Ottawa to be effected, there will be prior consultation with the Canadian Mission in Washington.

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S.D.P.H.
Hereewith the copy
26/5/41

CANADA UNITED STATES OF AMERICA

PERMANENT JOINT BOARD ON DEFENCE

CANADIAN SECTION

OFFICE OF THE SECRETARY
EAST BLOCK PARLIAMENT BUILDINGS
OTTAWA

May 26th, 1941.

My dear Prime Minister,-

We leave tomorrow at five o'clock for a meeting of the Board in Washington.

Everything points to the possibility that we may be met there with a demand that we should concede to the United States the right in some circumstances (and perhaps generally) to direct the disposition and employment of Canadian forces in Canada and Newfoundland without the previous concurrence of the Canadian chiefs of staff.

On this particular point the direction given by Privy Council on the report of the chiefs of staff is no help. The Service members of the Canadian Section take widely divergent views on the effect in this regard of the formula approved by Privy Council in relation to Plan 1, and indeed upon whether concessions of the kind suggested are inevitable or even positively desirable.

I dislike troubling you about the question in advance. But if the demand is made we shall be in difficulty. If we refuse to concede anything there will be a grave risk of the Board's work breaking down completely, since it would be almost impossible again to postpone a decision. A proposal to concede everything might lead to an unbridgeable division between members of the Canadian Section, and it remains quite uncertain whether the Board as a whole will find it possible to agree on definitions of the special circumstances and conditions in which the right should exist.

The only precaution I can take is to seek to ascertain from you whether there would or would not be an insuperable political (that is to say, national) objection either (1) to Canada's agreeing in clear terms to submit to the exercise by the United States of an unlimited or even a limited authority

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over the disposition and employment of Canadian forces in Canada and Newfoundland if Canada and the United States were alone against the world, or (2) to Canada's making an agreement in a form capable of being interpreted as conferring this authority on the United States but arguably open to another construction on which Canada could look forward to relying in the (probably very unlikely) event of an attempt by the United States to use its authority in an arbitrary way.

Yours faithfully,

The Right Hon. W. L. Mackenzie King,
Prime Minister,
Ottawa, Ont.

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Referred to Ministers of
National Defence
" " for Air
" " " Naval Services
Clerk of the Privy Council

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

516/K40
IMMEDIATE. SECRET.

26th May, 1941.

My dear Mr. Robertson,

May I refer to my letter of the 24th May regarding the use of St. Johns, Newfoundland, as an advanced base for convoy escort forces operating in the North Atlantic.

The Governor of Newfoundland has now repeated to the High Commissioner the following reply which he has sent to the telegram from the Secretary of State for Dominion Affairs, the substance of which was given in my letter under reference:-

> Project is acceptable to Newfoundland Government and we will make every endeavour to meet your requirements. We assume number quoted in paragraph 2 includes Canadian corvettes (see message 2108/Z May 21st from Naval Service Headquarters, Ottawa) some of which are now on their way to this port. If on the other hand Canadian corvettes are additional, port of St. Johns would be so congested as to prevent its effective use as a naval base. See telegram 0203/Z May 23rd, from Naval Officer in Charge, St. Johns, to Admiralty. These conditions will also apply during the winter months when experience has shown that the harbour will be full of ships which have left convoys due to damage or breakdown and have come to the nearest port for repairs. Ministry of War Transport can confirm this.
>
> Following are observations on certain other paragraphs:
>
> 6. Minesweepers.
> We presume these will be provided and manned by Canada.
>
> 8. Repairs and Maintenance.
> All facilities at dock and repair shops at St. Johns will so far as possible be made available.
>
> 10. Stores and other buildings.
> Existing buildings seem likely to be insufficient and are generally speaking built of wood and in bad repair. Some additional accommodation will have to be erected.
>
> 11. Recreational facilities
> Existing limited facilities are already fully occupied by troops and additional buildings will have to be erected.
>
> 12. Medical
> As you know, local hospital facilities are extremely limited and additional accommodation and personnel will have to be provided by Admiralty.
>
> 13. Shore establishments.
> Procedure proposed will be acceptable to us.

N.A. Robertson, Esq.,
Actg. Under-Secretary of State
for External Affairs,
Ottawa.

Yours sincerely,
(Signed) W.C. HANKINSON

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Office of the High Commissioner
for the United Kingdom

Earnscliffe
Ottawa

IMMEDIATE

24th May, 1941.

SECRET

My dear Mr. Robertson,

The High Commissioner has received a telegram repeating to him a telegram which has been addressed by the Secretary of State for Dominion Affairs to the Governor of Newfoundland in the following terms:

1. The Admiralty desires as a matter of the greatest urgency to use St. Johns, Newfoundland, as advanced base for convoy escort forces operating in the North Atlantic.

2. Force contemplated to be based on St. Johns is approximately as follows, of which about a quarter may be expected to be in the harbour at a time:-

   15 destroyers
   15 corvettes
   3 sloops
   3 cutters.

3. Following is outline of main requirements.

   As far as Admiralty can judge these should not clash with requirements of the R.C.N. or with areas and facilities accorded to U.S.A. in the neighbourhood.

4. Control.

   Will be signalled later.

5. Local defences.
   Admiralty hope the Canadian Government will continue to accept responsibility of the provision and manning of local defences.

6. Mine-sweeping.

   It is hoped that a force of 2 LL and 4 OROPESA sweepers could be provided locally and manned by local R.N.V.R. forces.

7. Berthing facilities.
   Berthing will be required alongside and berths in harbour for one Depot ship, one store ship and one oiler.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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8. Repairs and maintenance.
It is anticipated that refits and large repairs would be carried out at Halifax, in the U.S.A. or in the United Kingdom and facilities for running repairs and maintenance only will be required at St. Johns.

9. Oil.
The use of a 4,000 ton tanker is contemplated. Until this is available it is proposed that an Admiralty oiler should be utilised.

10. Armament, Naval and victualling stores.
Buildings ashore would be required.

11. Personnel
Recreational facilities and canteen on shore would be required for about 65 officers and 1,000 men.

12. Medical
It is proposed that local hospitals be utilised.

13. Shore establishments.
Admiralty contemplate that shore requirements arising should be met in existing buildings as far as practicable and that any additional buildings and local services required shall be arranged by the Newfoundland Government on an agency basis in accordance with plans and estimates to be approved by the Admiralty for which arrangements would be made through officer to be appointed to take charge of base.

14. In view of the great urgency and importance of these requirements the Admiralty would be grateful to learn as early as possible that the project is acceptable to the Governments of Newfoundland and Canada respectively. If this is so they would propose that matters of detail be pursued forthwith with them by the Admiralty through the Naval Officer in Charge, St. Johns, and the Chief of Naval Staff of Canada respectively with a view to bringing the base into operation immediately.

It is understood that the above has been repeated by the Admiralty to the Chief of the Canadian Naval Staff. The High Commissioner trusts that, in view of the great urgency and importance of these requirements, the Canadian Government will feel able to give their consent to the project so far as they are concerned. The High Commissioner asks me to add that if Ministers should desire to discuss the matter he will of course be very ready to do so and will hold himself at their disposal.

Yours sincerely,

(signed) W.C. HANKINSON

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OFFICE OF THE MINISTER

CANADA

K.

DEPARTMENT OF NATIONAL WAR SERVICES

OTTAWA, Canada,
May 21, 1941

A. D. P. Heeney, Esq.,
Secretary, Cabinet War Committee,
OTTAWA, Canada.

Dear Sir:

Please bring the following matter to the attention of the Committee, at once, if possible.

1. A two storey frame building was erected at the Bureau of Statistics to house the National Registration and the said building is still used for this purpose.

2. The Census Bureau, in order to carry on the Census indicates that it requires this space, immediately.

3. Provision was made by the Department of Public Works for the Registration Bureau but this had to be cancelled in order to provide the space for Defence Department.

4. This Committee decided that such space should be surrendered up to Defence and that Registration should look for other space.

5. Strictly speaking the job of looking for space should be that of Census but Registration desires to co-operate in every way possible.

6. Registration has, in conjunction with Public Works canvassed the question of space and cannot locate any suitable place.

(continued.....)

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A.D.P.Heeney, Esq. May 21, 1941

7. The only solution for the problem is to erect another storey on the buildings in question, just as the Bank of Canada did recently for the Foreign Exchange Control Board.

The matter is so urgent for Census that I beg to recommend as follows:

1. That a third storey be added to the present registration building at once and to avoid any delay, it is recommended that the Department of Public Works be instructed to waive the calling of tenders for this job and to give the job to the contractor who built the original building, on exactly the same terms as he entered into the contract for the building, adjusting contract price to meet increased costs of material and labour and to provide for any tax payable on building materials.

Yours truly,

James G. Gardiner
Minister of National War Services.

Jas. A. MacKinnon,
Minister of Trade and Commerce.

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OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

850L/124
SECRET

May 16th, 1941.

My dear Mr. Robertson,

In your letter of the 21st March you conveyed to me the views of the Canadian Government in regard to the Canadian consumption of petroleum products, including the question of the possible introduction by the Canadian Government of petrol rationing.

The Information contained in your letter was immediately communicated by telegraph to the Secretary of State for Dominion Affairs, and a further telegram has now been received from Lord Cranborne on this subject. The United Kingdom Government have noted that political and administrative difficulties are likely to be obstacles to any immediate introduction of petrol rationing in Canada, but they are glad to hear that the Canadian authorities are giving further careful consideration to this matter. In the meantime the tanker position is becoming increasingly difficult and in spite of measures already taken in the United Kingdom and in other parts of the Empire to effect economies in consumption and to ensure that tanker tonnage at our disposal is utilised to the best advantage by shortening hauls, instituting shuttle services, speeding up turn-round in port, etc., the United Kingdom Government are advised that essential supplies and stocks in the United Kingdom cannot be maintained at the level which is regarded as necessary unless additional tankers can be made available for United Kingdom service.

In these circumstances the High Commissioner has been asked to say that anything which can be done by the Canadian Government to reduce consumption or to draw a larger proportion of Canada's requirements overland in order to free tankers for United Kingdom service directly or indirectly would be of the greatest assistance to the United Kingdom Government.

Mr. MacDonald has discussed this question with Sir Arthur Salter, who is at present engaged in discussions with Mr. Hopkins and the Maritime Commission in Washington with a view to securing assistance from the United States. It is clear from these discussions that apart from any curtailment in consumption in Canada which it may be possible to effect, the most useful general manner in which the Canadian Government could assist would be by changing the channel of supply as far as possible from imports by tanker to overland imports by rail or pipe-line in the Middle West e.g. from the Chicago-St. Louis area, or by barge and short haul transportation across the Great Lakes. It is believed that arrangements

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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could be made from the United States to supply increased quantities of either crude oil or products from the central United States. Although this would inevitably mean increased rail distribution in Canada and some increase in cost it would result in a substantial saving in tanker space. In this connection it is understood that Canadian firms (particularly Messrs. McColl Frontenac) have some eight or nine Norwegian tankers under time charter and that there are a certain number, possibly ten, tankers under Canadian registry. These are used chiefly to bring oil up the Atlantic coast, and it is hoped that means may be found to free some of these for shuttle or belligerent service.

In view, however, of the great seriousness of the position, the High Commissioner has been asked also to revert to the possibility of a reduction in consumption in Canada and to urge the importance of finding some early means of surmounting the obstacles to rationing which are mentioned in your letter. He has been authorised in this connection to inform the Canadian Government confidentially that a further extensive programme of all-round economies is about to be introduced in the United Kingdom. These measures, which have not yet been announced to the public and which should therefore be treated as strictly confidential, will extend not only to motor cars and cycles but also to fuel oil, kerosene, crude oil and bitumen, It is hoped by these means to save as much as 500,000 tons in a full year, or 250,000 tons in the remainder of the current year.

The High Commissioner would be very grateful if the above matters could be given urgent consideration by the Canadian authorities in the light of the vital importance which the United Kingdom authorities attach to the maintenance of supplies in the United Kingdom.

Yours sincerely,

W.C. HANKINSON

Referred to Ministers of Finance
National Defence
National Defence for Air
National Defence for Naval Services
Dept. of Trade and Commerce (Shipping Board)
Oil Controller
Clerk of the Privy Council

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D-14-A

N.S. 1047-14-2.

SECRET

THE MINISTERS.

1. In accordance with instructions contained in the Minutes of the Meeting of the Cabinet War Committee dated May 6th 1941, the Committee has reviewed, in the light of present conditions, the policy with regard to the transport overseas of Service personnel with a view to seeing what additional precautions, if any, can be adopted.

2. After a careful review of the situation the Committee find themselves unable to visualise any additional precautions in the present circumstances.

3. The Committee desire, however, to reiterate their previous recommendation contained in a memorandum to the Ministers, N.S. 1047-14-2, dated 17th November, 1940, which read as follows:- ".....Because of the imperative need to send Service Personnel to the United Kingdom the only practical solution is to reduce the risk as much as possible by embarking in suitable vessels such numbers of men as will not exceed, together with passengers and crew, 50 per cent of the actual life-saving capacity of the ship in which they are being carried".

4. Submitted for consideration.

.....Rear-Admiral
Chief of the Naval Staff

.....Major-General
Chief of the General Staff

.....Air Vice-Marshal
Chief of the Air Staff

14th May 1941.

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SECRET

THE MINISTERS.

In accordance with your instructions, the Chiefs of Staff Committee desire to submit the following report on the "United States - British Staff Conversations", (Short title, "ABC - 1").

2. This Report contains the proposed Provisions of an Agreement between the British Commonwealth and the United States of America, designed to ensure close and efficient co-operation between the two Powers in the event of the United States becoming a belligerent.

3. Representatives of the Dominions were present at the Staff Conversations in Washington upon which this Report is based, as Observers only. They had no part in the Conversations or in the preparation of the Report.

4. The British Chiefs of Staff have now expressed themselves in general agreement with the Provisions of the Report, and have so informed the Chiefs of Staff of the Dominions. The War Cabinet in the United Kingdom have also given their approval, and now desire, in accordance with para. 5 of the Report, to "....obtain, where necessary, the concurrence of His Majesty's Governments in the Dominions....to the relevant Provisions of the Agreements herein recorded."

5. The Canadian Chiefs of Staff find themselves in general agreement with the 'relevant Provisions', with the following exceptions.

6. Paragraph 17 of the Main Report, and Paragraph 5(f) of Annex I to the Report read as follows:-

> "17. The United States, as may be necessary, will exchange liaison officers with Canada, Australia and New Zealand for effectuating direct co-operation between United States and Dominion Forces."

> "5(f). The Dominions of Canada, Australia and New Zealand will be represented on the (Military Mission) Staff in Washington by their Service Attaches."

7. As regards paragraph 17, the Chiefs of Staff consider that this provision should not limit Canadian - United States co-operation to an exchange of liaison officers only. It is to be noted that by the terms of paragraph 14 of the Main Report, as governed by paragraph 1

.....2

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of Annex 2, Canada assumes responsibility for the strategical direction of Military Forces as may be defined in United States - Canada joint agreements.

8. It is also to be noted that the establishment of a British - United States Military Mission, as indicated in paragraph 15 of the Main Report, has as its object to ensure collaboration in the formulation of military policies and plans for the conduct of the war in areas in which each Power assumes strategical responsibility.

9. In the situation thus visualised it is clear, therefore, that a similar Canadian Military Mission is obviously required to ensure that strategical direction in areas of Canadian responsibility, as defined in the Report, is adequately co-ordinated with that of the other two Powers.

10. It may be noted that we already have, in effect, a Canadian Military Mission in London, as represented by the Commodore Commanding Canadian Ships, Canadian Military Headquarters, and the Air Officer Commanding R.C.A.F. Headquarters. As a Mission, these could provide triangular representation in London with the British and U.S. representatives in the same way as the proposed Canadian Mission to Washington would do in the United States.

11. In regard to Annex 1, para. 5(f), in view of the above considerations this paragraph is no longer applicable. In any case the Chiefs of Staff do not consider it acceptable, since it carries the implication that, as Canadian representatives on the British Military Mission, the Service Attaches would be limited to the position of observers only.

12. Finally, the Chiefs of Staff desire to draw your attention to Annex 4, paragraph 7. United States ground and air forces are operating in Newfoundland, and detailed arrangements for intercommunication are urgently required.

.....3

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Submitted for consideration.

.....Rear-Admiral,
Chief of the Naval Staff.

.....Major-General,
Chief of the General Staff.

Air Cdre for .....Air Vice-Marshal,
Chief of the Air Staff.

20th May 1941.

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COPY

1000A/15

MOST SECRET

Office of the High Commissioner
for the United Kingdom,
Ottawa.
19th May, 1941.

My dear Prime Minister,

May I refer to the letter which Sir Gerald Campbell sent to you on 5th December, 1940, (1000A/9), enclosing a message from the Secretary of State for Dominion Affairs regarding certain staff conversations which it was proposed to hold in Washington.

I have now received a telegram from Lord Cranborne asking me to let you know that the joint report by the United States Staff Committee and the United Kingdom delegation, on the staff conversations which took place at Washington, from January to March, has been considered by the Defence Committee of the War Cabinet in London, who gave it their general approval.

Lord Cranborne states that the United Kingdom government now propose to inform the United States government that they are in agreement with the report, but before doing so they would be glad to learn whether the Dominion governments concerned also concur. Representatives of the Chiefs of Staff in Canada, Australia and New Zealand were associated with the United Kingdom delegation throughout the course of the conversations, and copies of the report were communicated to the Dominion Chiefs of Staff.

Yours sincerely,

(Sgd) Malcolm MacDonald.

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"R"

D-14-1
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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

NO. 862

LONDON, May 13th, 1941.

No. 862.

(1) Balfour, Beatty Company Limited, under contract with Ministry of Aircraft Production, has been concerned in the construction of power development tunnel in connection with addition to aluminium factory near Fort William in Scotland. This project considered of great national importance and is listed as emergency project. Balfour, Beatty Company unable to get sufficient tunnellers to complete the tunnel in adequate time, and as a result, approach was made for assistance by the First Canadian Tunnelling Company. McNaughton agreed to loan one officer and approximately 65 other ranks to render this important assistance on the understanding that:

(a) Troops could be withdrawn at any time.

(b) Pay, allowances and maintenance of troops would be recoverable from contractors.

(c) Work would be under the direct supervision of contractors who would supply all plant and equipment.

(d) Ministry of Aircraft Production will supply necessary vehicles at no expense to Canada.

(2) Following are proposed financial arrangements relating to loan of personnel which may be extended to November 1st, 1941.

(3) Canadian Government will be responsible for the following charges with this personnel:

(a) Military medical attendance and hospital treatment for men sick or injured whilst employed.

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(b) Pension or other gratuity which would normally be paid for disability or death in accordance with Canadian Pension Act.

(c) Transportation to and from the place of employment in respect of any replacements of men found unsuitable, or replacement at the wish of the Canadian authorities.

(d) Cost of railway warrants for men going on leave.

(4) Following charges are to be borne by Balfour, Beatty Company:

(a) Reimbursement to Canada of all pay and other allowances, including dependents allowances.

(b) Accommodation and quarters at place of employment.

(c) Costs or rations.

(d) Transportation to and from place of employment of original detachment and of men to replace any who may be sick or injured.

(e) One leave of seven days per man on full pay between now and November.

(f) Any special clothing and equipment.

(5) In respect of method of financial adjustment, it is proposed amounts will be submitted by Chief Treasury Officer monthly to Balfour, Beatty Company, and payment of accounts will be to the Receiver General of Canada.

(6) Personnel of First Canadian Tunnelling Company commenced work on April 23rd, 1941, and in order to implement financial arrangements, request early authorization.

MASSEY

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CANADA

MINISTER OF NATIONAL DEFENCE,

Ottawa, May 13, 1941.

A.D.P. Heeney, Esq.,
Secretary of the
War Committee of Cabinet,
Office of the Prime Minister,
O t t a w a.

Dear Mr. Heeney,

With regard to the Fifteenth and Sixteenth Recommendations of the Permanent Joint Board on Defence:

This is to advise that these Recommendations have been considered and are approved by this Department.

Yours very truly,

J. L. Ralston

OJW/R

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, May 10th, 1941.

SECRET

CYPHER

NO. 79

No. 79. Secret. Your telegram No. 46. His Majesty's Government in the United Kingdom are deeply grateful for the extreme generosity and helpful spirit in which His Majesty's Government in Canada have dealt with the question of financial assistance. Their offer to meet on certain understandings full deficit of sterling area is of cardinal importance to our joint war effort and relieves us of great difficulties and anxieties.

2. We have carefully studied the various points dealt with in your telegram, and have the following comments on certain paragraphs.

3. Paragraph 4. We will arrange to keep you informed of our own estimates, from time to time, of probable deficit of sterling area towards Canada.

4. Paragraph 6 (a). We recognize the great significance resulting in your discussions with President Roosevelt on coordination of productive capacities of Canada and the United States, and on the method of meeting the greater part of Canada's adverse balance with the United States. We have learnt with much satisfaction of arrangements concluded.

5. Paragraph 6 (b). We note that the Canadian Government reserve the right to take up with the United States amount of gold or United States dollars which the United

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

States would be agreeable to the United Kingdom transferring to Canada in partial settlement of sterling area's deficit with Canada. We have no doubt that the Canadian Government have not failed to realize our own position. We have extensive commitments in different parts of the world to be met in gold and dollars, and we have to reconstitute an adequate working balance. We have, for many months to come, to meet very onerous commitments on contracts placed before the Lease-Lend Act came into operation, and unless there is some marked change in the United States attitude, and a willingness on their part to relieve us of greater part of these commitments, we shall for a long time ahead not have enough for our own primary necessities and no surplus available to send gold or United States dollars to Canada.

6. Paragraph 6 (c). We readily accept the position that the Canadian Government would be consulted about projects or additions of any importance to the programme of purchases for British account in Canada, which would have a direct bearing on their financial arrangements.

7. Paragraph 6 (d). We confirm assurances already given about diversion of our orders from Canadian to United States sources, which means, in respect of munitions, that we should within the limit of our exchange give orders to make the maximum possible use of plant capacity which has been or is being built in Canada, and would not ask the United States to duplicate plant facilities in order to be able to purchase products thereof under the terms of the Lease-Lend Act rather than in Canada.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

8. Paragraph 6 (d) and paragraph 8. As regards foodstuffs, we find that the formula proposed in the last sentence of paragraph 6 (d) of your telegram No. 46 goes further than assurances already given in my telegram No. 31. We do not think that we can reasonably be asked to enter into so comprehensive a commitment, and we do not want to use words that are capable of future misunderstanding; but we are, of course, most anxious to protect Canadian interests, and we feel convinced that the Canadian position will, in practice, be adequately safeguarded by instructions which we are giving to our Food Mission in Washington to keep in closest touch with the Canadian Government representatives there. Food Mission assure us that they have already established very close relations with Canadian Legation, and they believe Legation are satisfied that Canadian interests will be fully protected under the present procedure. It will, of course, be understood that purchases will continue to be subject to agreement in regard to price, and that price factor is more than ever important to us in view of policy of stabilizing cost of living, dealt with by the Chancellor of the Exchequer in his recent budget speech.

9. Paragraph 7. We shall be very glad for questions raised in this paragraph to be discussed between United Kingdom High Commissioner and the Canadian Government. In special circumstances of Canadian economy, we quite understand that the Canadian Government are anxious to have some protection of their sterling assets against depreciation in terms of their

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To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

own currency, but we feel that the magnitude of the sums which would be involved makes it difficult to deal with this problem by way of a unilateral exchange guarantee attaching to specific balance. Could we not perhaps consider a more comprehensive and bilateral arrangement by which the two (countries?) should agree not to alter existing rate of exchange between Canadian dollar and sterling without previous consultation?

10. We should like in conclusion again to express our appreciation of the generous and farsighted treatment which the Canadian Government have given these most important issues.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

NO. 76

LONDON, May 6, 1941.

No. 76. Most Secret. Your telegram of April 13th, No. 60. Following for Prime Minister from my Prime Minister, Begins:

I fully appreciate that equipment shortage referred to in your telegram No. 60 may have detrimental effect on Air Training Plan, as to vital importance of which we are all in agreement. But I am sure you will not underrate the difficulties imposed on us by enemy action. These include serious restriction on production by bombing of manufacturing centres, such as Coventry; destruction and damage by bombing of material which was ready to be sent to you; damage to the ports from which shipments have to be effected; and toll of sinkings in the Atlantic. Nevertheless we have spared no effort to supply you with what you need; for example, we have so far shipped to you over 900 aircraft, constituting 80% of programme to date.

2. The most serious shortages are due to the effect of enemy action on production of Cheetahs and Cheetah spares. We are doing our best to restore production, but unfortunately leeway cannot be quickly made before this. I hope, therefore, you will be able to accelerate Canadian production of Ansons with Jacobs engines, of which we have such high hope. I understand that you also hope to manufacture certain Cheetah engine spares, and this too will be very welcome. In addition to doing all we can to accelerate production of Cheetah

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

engines, we have just obtained a promise of 1150 suitable alternative engines from America, and we have already agreed that 650 of these shall be supplied to Canada to engine Anson airframes which we shall supply from this country. In this way Canada will obtain further relief, and an all round improvement in Cheetah situation will be produced.

3. Detailed comments follow:

(a) Ansons. Out of 719 promised by April 30th, 585 have been despatched to date. Our whole output is now devoted to joint Air Training Plan needs in Canada and Australia. If present forecast of output can be realized, we hope to clear off arrears by the end of July.

(b) Battles. Out of 444 promised by April 30th, 345 have been despatched to date. We have recently been compelled to divert packing capacity to packing of operational aircraft for the Middle East.

(c) Spare engines. Out of a total of 116 Merlins required, 40 have been despatched and 60 are awaiting shipment. We realize that shipments of Cheetah engines are greatly in arrears. Reasons for this have been explained above.

(d) Airframe and engine spares. We are sparing no effort to increase your stocks. Further spares are actually on the way and others are in the process of production and shipment. A special drive is being made in connection with these spares and, but for Cheetah engine range, we do not expect any further substantial difficulty.

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From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -

LONDON,

4. There have been steady despatches of Battle airframes and Merlin engine spares, and an improved supply of Anson airframe spares may be expected. This is instanced by shipping tonnage, which is expected to reach 600 for April against an average less than 400 tons for preceding 3 months. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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OFFICE OF THE
DEPUTY MINISTER

CANADA

K.

DEPARTMENT OF NATIONAL WAR SERVICES

OTTAWA, Canada,
May 8, 1941

A.D.P.Heeney, Esq.,
Secretary to the Cabinet War Committee,
OTTAWA, Canada.

Dear Mr. Heeney:

I am now in receipt of your letter of May 2nd in connection with the organization of Women's Voluntary Services.

You suggested to me that you would like to have a further report for the Friday meeting of the War Committee. My previous report, dated April 29th, was apparently considered at the meeting of April 30th and your letter of May 2nd to me comes as a result of that consideration.

I have discussed this whole matter with the Honourable Mr. Gardiner, the Minister of this Department, and this letter is written as a result of that discussion and the recommendations which I make herein are approved of and concurred in by him. The Committee has asked for a report on the situation in Canada with respect to the utilization of the services of women. In this regard I beg to report as follows:

(1) WOMEN IN INDUSTRY

I have consulted with Mr. Chase of Munitions and Supply and with Dr. Bryce Stewart, the Deputy Minister of Labour, as well as with Mr. Thompson, who is in charge of the Training Plan, through the means of which 100,000 persons are being trained for industry in Canada this calendar year.

As a result of these consultations I find that women are presently engaged in practically all of the wartime industries of Canada. There is no data available indicating the number of women so employed.

(continued.....)

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(1) (cont'd....)

In the Bren Gun factories there are about 1000 women. Their regulations provide that only unmarried women under 30 years of age will be employed.

The Cherrier Plant at St. Paul l'Ermite, when in full production, will require some 2400 women. Down to the present time there is a plentiful supply of women for these industries and sufficient women to man them can be secured in the immediate districts, adjacent to these plants. A lot of women are engaged in the aeroplane factories.

Speaking generally, these women can only be trained for the jobs they are called upon to do in the plants where they are to work and jobs presently given to women in industry only involve a short period of training, at the outside two weeks, and the industries themselves provide this training within the industry.

Under the 100,000 Training Plan operated by the Department of Labour and carried on through Departments of provincial governments, with the exception of Ontario, none of the provincial governments are prepared to have women trained, as they all take the stand that there is a surplus supply of manpower and until this is absorbed there is no need for the training of women. In Ontario a few women are included in the training course for certain industries.

Should the Government decide to materially increase the Armed Forces of the nation, then unquestionably a lot of the younger men, presently employed in industry, will be withdrawn therefrom and so far as I can learn the positions of many of them can be taken by women and will be taken by women if these men are required.

When government policy creates a condition requiring more women in industry the question of training them will arise.

As I have stated, the work presently being done by women in industry requires very little in the way of training but it is altogether likely that when women are called upon to do more technical jobs a period of training will be required. It is suggested to me by Mr. Thompson that when this point arises the 100,000 Training

(continued.....)

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Plan be directed towards the training of women.

Incidentally, men trained under the Plan in Western Canada are unable to find jobs and I would judge that the Eastern parts of Canada are not very anxious to have these men transferred from the West to the East.

In conclusion on this Section, I would say that women are presently engaged in large numbers in war industries and for the work they are now doing, they can most easily be trained within the plants. If government policy results in the withdrawal of men from industry, then training facilities for women should be provided and can best be provided through the present Training Plan. The adoption of this policy will eliminate the need of any voluntary organization to train women for industry. Until this question of government policy is adopted, I would recommend that nothing be done towards training women for industry, beyond what is presently being done.

(2) WOMEN IN TRAINING

Since my last report I have ascertained that the Canadian Red Cross Society has created a Women's Voluntary Service Corps. I believe that this Corps has been in existence for a long time in association with the Red Cross with only a skeleton organization kept alive during peace time, but with the coming of war its activities have been materially increased.

The Canadian Red Cross Society is possibly the most highly organized war service body in Canada and its branches reach into every community, large and small.

This Corps is broken down into four sections, as follows:

(a) Canadian Women's Transport Service:

This Branch includes women who are capable of driving cars, trucks or ambulances and are capable of making repairs thereon. Those who are qualified are generally trained by the training facilities provided for women across Canada by the General Motors and the Ford Company of Canada. These women are in a

(continued....)

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khaki uniform, identified by a Red Cross arm band. The uniform is the same as that worn by the women Red Cross workers in the Last War. They have hundreds of trained women actually enrolled in this Corps and can tremendously increase the number should the occasion arise.

(b) Auxiliary Nursing Service:

This Division enlists and trains women for this type of service.

(c) Office Administration & University Training Detachment:

This Division enlists and trains women for office administration.

(d) Food Administration Service:

This Division trains women as dietitians and gives training in meeting problems of feeding population on a large scale. For instance, if a city of Canada were bombed and a problem of feeding the population arose, these women would be trained to undertake this type of job.

This organization is in existence and being under the auspices of the Red Cross Society is therefore under careful and capable management and direction.

I would recommend that the Canadian Red Cross Society be encouraged to increase its activities in this regard. Women so trained could be secured from this organization and the minute they went to other work not definitely connected with the Red Cross they would be struck off the strength of the Red Cross and go on to the strength of whatever organization they moved into. They would no longer wear a Red Cross uniform nor in any way be associated with the Red Cross.

(3) WOMEN IN UNIFORM

Right across Canada women's war auxiliary organizations have sprung up. None of them is national in

(continued.....)

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(3) (cont'd...)

character and they are all organized on a community basis. Some wear a uniform similar to the Air Force uniform and some wear a uniform similar to the Army uniform. They are organized on a military basis. These women train to do jobs in association with the Armed Forces, presently being done by men, with the object of replacing men when the time arrives that it is necessary to take steps for such replacement. They have been urging continuously that they should receive government recognition but this has been consistently refused down to this date. No organization has been created to co-ordinate them or to link them together into one Corps. I believe that the Red Cross Society would be prepared to contact all these organizations and to get them affiliated with their national organization. We do not recommend that the government should take the initiative in organizing these individual groups on a national basis or grant them any governmental recognition. They should be left free to work out their own destinies.

(4) WOMEN'S AUXILIARIES FOR THE ARMED FORCES

It is recommended that the Army, Navy and Air Force canvass their organizations and find out how many women could be used to replace men in Canada in the various branches of the Armed Forces and that the Department of Defence create one Women's Auxiliary Force and enlist therein the services of women, from time to time, as they are actually required and can be absorbed into the Defence organizations. If this were done they might be identified by a common form of dress, being an ordinary dress with a distinctive colour, and those serving in each of the three Branches might be identified with the particular Branch in which they are serving by some badge or insignia.

It has been suggested that in addition to the women referred to in the last paragraph, who would be in active service, women should be enrolled in this same Corps on a voluntary basis, exactly the same way as men are enlisted in the N.P.A.M. We recommend against this and believe that only women should be enlisted who can be actively taken into the service and that it should be left to the voluntary organizations of Canada to continue to train women for these services, as they have been doing heretofore.

(continued.....)

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(4) (cont'd....)

In the alternative three separate auxiliary services could be brought into being by the three Branches of the Armed Forces, one to be auxiliary to the Navy Service, one auxiliary to the Defence Force and one auxiliary to the Air Force. If thought desirable these women could be put into some type of uniform, distinguishing those in one branch from those in another.

(5) FIRST AID NURSING

It is doubtful if it is necessary to create a Division covering this type of service to be associated with the Armed Forces. If the Defence Department deem that this type of service is necessary in Canada then such a Division could be created under that Department and qualified women actually absorbed into it. It would be best to leave the training of women capable of serving in a Division of this kind in the hands of the Canadian Red Cross or any other organization which may exist in Canada and which will provide this type of service.

(6) WOMEN ON THE LAND

It would appear that the only province in Canada experiencing any difficulty in securing help for the operation of farms and other agricultural pursuits is the Province of Ontario. In a confederation such as Canada it would appear that the setting up of any organization of women for service on the land is one which is within the jurisdiction of the provinces and that anything of this nature to be done in the Province of Ontario should be done by the province. It might be advisable to suggest to the province that the Dominion does not intend to intervene in this matter and that the province will be expected to provide their own system of training and to set up any organization of women to render service on the land.

(7) WOMEN'S MECHANIZED TRANSPORT CORPS

It will be remembered that the British Government indicated to the Government of Canada that it would like to recruit some women in Canada for service in the above Corps in Britain. The Government of Canada has

(continued.....)

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(7) (cont'd....)

notified the Government of Great Britain that the Department of External Affairs will facilitate the issuing of passports to women recruited in this country for service in the Women's Mechanized Transport Corps, upon the assumption that the Corps will make arrangements for necessary investigation and examinations on this side to avoid rejection of recruits upon arrival. If the British Government decide to proceed with the enlistment of recruits in Canada, this can be carried out through the Canadian Red Cross Society and through these semi-military organizations, which exist from one end of Canada to the other.

(8) CO-ORDINATION OF ACTIVITIES OF WOMEN'S ORGANIZATIONS

There are innumerable women's organizations in Canada engaged in rendering war services, such as the Canadian Red Cross Society, the I.O.D.E., the Catholic Women's League and many others. It is recommended that this Department be directed to call in representatives of all these national organizations and get them to create some kind of a council, on which they would be represented. This council would be purely consultative and its objective would be to co-ordinate the activities of these organizations in order to prevent overlapping and in order to prevent waste of effort. The Voluntary Service Division of this Department could be charged with the duty of bringing about this co-ordination. If this were to be done then provision should be made by regulation requiring all of these organizations to secure the authority of the Department before they could undertake any new duties or responsibilities or carry on their existing functions.

To summarize, it is recommended that any women to be trained for industry be trained in the industries and when the point is reached where further training must be given, which is not available in the industry, it be carried on under the Training Plan operated by the Dominion Department of Labour.

Women in Training - it is recommended that this

(continued....)

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be left in the hands of the Canadian Red Cross Society and that this Society be encouraged to increase its activities.

It is recommended that with respect to Women in Uniform, the Government give no official recognition to any of the existing bodies although they might be required to register and prohibited from operating without a permit.

War Service Auxiliaries - these to be operated under the Defence Departments.

Women on the Land - that this be operated under the Provincial Governments.

Co-ordination of Activities - that steps be taken through this Department to co-ordinate the activities of women's organizations in Canada.

Yours truly,

T. C. Davis,
Associate Deputy Minister.

P.S. If Branches of the R.A.F. in Canada desire women to replace men, it might be desirable, instead of permitting them to come from Britain, for the Defence Departments here to secure Canadian women for this purpose or to permit the R.A.F. in Canada to ask Canadian women to join their service.

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C-15

Office of the High
Commissioner for the
United Kingdom,
Earnscliffe,
Ottawa.

510C/15
MOST SECRET

2nd May, 1941.

Dear Mr. Robertson,

I write to acknowledge the receipt of your letter of the 29th April, in which you conveyed to me the decisions of the War Committee of the Cabinet on the subject of the proposed Civilian Technical Corps in the United States. (The word "Overseas" is being dropped from the title at the suggestion of the United States authorities.)

These decisions were at once communicated to the United Kingdom Government, who I feel sure will greatly appreciate the helpful attitude of the Canadian Government in this matter. In the meantime, the High Commissioner has received from the Secretary of State for Dominion Affairs the further instructions to which I referred in the fourth paragraph of my letter of the 18th April, on the subject of the wider uses to which it is hoped to put the organisation of the Civilian Technical Corps. The position is as follows:-

Since the decision to recruit mechanics in the United States was made, it had become apparent that the United Kingdom must seek further help from the United States by way of the recruitment into the Civilian Technical Corps of highly skilled craftsmen of various kinds for work with the three fighting services over the next twelve months. The total number of men whom it is now hoped to obtain in this manner from the United States, mainly in the engineering and electrical trades, may be of the order of 21,000 up to March, 1942, in addition to the 8,000, or possibly 9,000, radio mechanics.

It is contemplated that as much as possible in the way of preliminary testing and vetting of the volunteers will be done in the United States, so that the men should arrive in Canada all ready for immediate enrolment for despatch to the United Kingdom. The possibility is also being considered of enrolling a certain proportion of these men in the United States with a view to direct despatch to the United Kingdom, but I am not yet in a position to say how far this will prove practicable.

The Canadian authorities will doubtless already have considered, in connection with the radio mechanics, the question whether it may not be necessary to enact special regulations to provide for the discipline etc. of the Corps while its members are in Canada. In case it may be useful for the guidance of the legal authorities concerned, I am enclosing herein a copy of the Draft Regulations for the establishment of the Corps, which have been drawn up in the United Kingdom, together with a copy of the Order to be issued by the Secretary of State under paragraph 2 (iii) of the Regulations, and of Instructions by the Secretary of State to be issued under the same paragraph.

Yours sincerely,

(Signed) W.C.Hankinson.

N.A.Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

Referred to - National Defence
" for Air
Clerk of the Privy Council

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OVERSEAS CIVILIAN TECHNICAL CORPS

Draft Regulations

1. These Regulations may be cited as the Defence (Overseas Civilian Technical Corps) Regulations, 1941.

2. (i) There shall be established a Corps, to be called the Overseas Civilian Technical Corps, consisting of such persons as may voluntarily undertake to serve therein and be accepted for such service.

(ii) The conditions of service of the members of the Overseas Civilian Technical Corps shall be such as may be prescribed by instructions issued by the Secretary of State for Air, and such instructions shall in particular make provision for their organisation, training and duties.

(iii) The Secretary of State may by order -

(a) require members of the Overseas Civilian Technical Corps to continue to serve therein until their services are dispensed with in accordance with the provisions of the order;

(b) provide for the discipline of the members of the Corps and prescribe a code of offences against discipline;

and the order shall provide for the trial and punishment by a court of summary jurisdiction of members of the Corps who contravene or fail to comply with the order or commit offences against discipline, and may also provide for the summary disposal by such authority as may be specified in the order of such offences against discipline as may be so specified.

.4.41.

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ORDER BY THE SECRETARY OF STATE UNDER
PARAGRAPH 2 (iii) of the
DEFENCE (OVERSEAS CIVILIAN TECHNICAL CORPS) REGULATIONS,
1941.

In pursuance of the powers conferred upon me by paragraph 2 (iii) of the Defence (Overseas Civilian Technical Corps) Regulations, 1941, I hereby make the following order:-

1. A person enrolled as a member of the Overseas Civilian Technical Corps is hereby required to continue in his employment until his services are dispensed with.

2. The services of a member of the Overseas Civilian Technical Corps may be dispensed with on the authority of the Air Council or of the Head of the Corps.

3. Members of the Overseas Civilian Technical Corps shall be subject to the Code of Offences against Discipline set out in Part I of the Schedule to this Order, and an offence against discipline shall be dealt with and may be punished in accordance with the procedure in Part II of the said Schedule.

SCHEDULE

PART I.

Code of Offences against Discipline

A member of the Overseas Civilian Technical Corps commits an offence against discipline if he is guilty of:-

(1) Disobedience to orders, that is to say if he disobeys, or without sufficient cause fails to carry out, any lawful order, irrespective of whether the order was issued in writing or not;

(2) insubordination, that is to say, if he is insubordinate to a superior officer as defined in Defence Regulations;

(3) neglect of duty;

(4) leaving his station or place of duty without permission or sufficient cause;

(5) breach of confidence, that is to say, if he divulges any matter which it is his duty to keep secret;

(6) absence from, or late attendance at, duty without reasonable excuse;

(7) damage to clothing or personal equipment, that is to say, if he wilfully or negligently damages any article of clothing or personal equipment with which he has been provided or entrusted or if he fails to take proper care thereof;

(8) drunkenness, that is to say, if, when on duty or when liable to be called upon for duty, he is unfit for duty through being under the influence of drink; or

(9) discreditable or disorderly conduct, that is to say, if he acts in a disorderly manner or in any manner prejudicial to discipline.

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PART II

Rules of Procedure relating to Offences against Discipline and Punishment.

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1. Where, on consideration of a complaint or otherwise, the Head of the Corps, the Commanding Officer of the Unit or Head of the Establishment (Hereinafter referred to as the appropriate officer) decides that a member of the Overseas Civilian Technical Corps should be charged with an offence against discipline, being an offence as defined in the Code set out in Part I of this Schedule, he shall, as soon as possible, cause the member concerned to be given in writing full details of the charge against him.

2.(a) The accused shall be ordered to state in writing whether he admits or denies the charge and shall be allowed to give in writing any explanation which he may wish to offer.

(b) The accused shall be allowed to state the names and addresses of any witnesses to material facts, whom he may desire to give evidence at the hearing of the charge.

(c) Any such witness who is a member of the Overseas Civilian Technical Corps shall be ordered to attend at the hearing of the charge, and any other witness shall be given due notice that his attendance is desired and of the time and place of the hearing.

3. If the accused denies the charge, the appropriate officer, unless he is satisfied with the explanation, shall take the necessary steps for the hearing of the charge.

4. The accused shall be ordered to appear at the hearing of the charge, and shall be entitled to hear the evidence given against him and have an opportunity of cross-examining the witnesses, and of calling witnesses in his defence.

5.(a) A minor offence against discipline may be punished with:-

(i) reduction in grade
(ii) suspension from duty involving stoppage of pay for a period not exceeding one week
(iii) reprimand

provided that the accused may appeal against the sentence to the Head of the Corps.

The appropriate officer shall, as soon as may be after the determination of a charge by him, cause his decision to be notified in writing to the accused, and except as otherwise provided in this part of this Schedule, his decision shall be final.

(b) A serious offence against discipline will be remitted for trial to a Civil Court of Summary Jurisdiction which, on conviction, may impose the following penalties:-

(i) a fine not exceeding £25; or
(ii) sentence of imprisonment not exceeding 3 months.

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6. Where a member of the Overseas Civilian Technical Corps is, by a decision of the Commanding Officer of a Unit or the Head of an Establishment, for an offence against discipline, reduced in rank or suspended from duty with loss of pay or reprimanded, and feels aggrieved thereby, he shall on giving notice in writing within three clear days of the decision having been notified to him, be entitled to appeal to the Head of the Corps against the sentence.

7. A member of the Overseas Civilian Technical Corps shall be allowed to have a member of the Unit or Establishment to which he is attached selected by himself to assist in presenting his case at the hearing of a charge against him.

8. If a member of the Overseas Civilian Technical Corps refuses, or without sufficient cause fails, to attend at the time and place appointed for the hearing of any charge or appeal, or if at that time he is serving a term of penal servitude, imprisonment or detention, the matter may be decided in his absence.

9. Nothing in these Rules shall prejudice or affect any right of the Air Ministry to dismiss or terminate the contract of service of any member of the Overseas Civilian Technical Corps.

10. (Provision for delegation of his functions by the appropriate officer).

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OVERSEAS CIVILIAN TECHNICAL CORPS

CONDITIONS OF SERVICE

Instructions by the Secretary of State under the Provisions of Paragraph 2 (iii) of the Defence (Overseas Civilian Technical Corps) Regulations, 1941.

1. Status of the Corps.

The Corps is established under the Defence (Overseas Civilian Technical Corps) Regulations, 1941, as a body of civilian craftsmen of certain skilled trades engaged overseas, for the purpose of maintaining and repairing armaments and equipment for the use of the Naval, Military and Air Forces of the British and Dominion Governments and their Allies. The status of the Corps is purely civilian and its members will not be required to undertake combatant duties.

2. Discipline.

By their contract of service, members will undertake to comply with all lawful orders given to them by the Head of the Corps or the persons having charge or control of the work on which they are engaged. The Code of Offences against discipline to which they are subject, and the method of trial and punishment for those offences, are contained in the Order made by the Secretary of State under paragraph 2 (iii) of the Defence (Overseas Civilian Technical Corps) Regulations, 1941, and annexed to these Instructions. Members will not be dealt with by military law or by Court Martial, save in a situation in which other civilians similarly employed would be so dealt with.

3. Period and Place of Employment.

By their contract of service, members will undertake to serve for three years or the period of the war (which ever is the less), at any Unit of Establishment to which they may from time to time be posted in the United Kingdom or overseas. They will not be allowed to leave their employment during the stipulated period of service unless and until they are released on the authority of the Air Council.

4. Trade Testing and Post Entry Instruction.

Candidates for membership of the Corps must pass a test of fitness to undertake the duties of their trade. In certain cases they may also be required to undergo a course of technical instruction after entry.

5. Medical Examination.

Candidates will be required to undergo a test of physical fitness to undertake the civilian duties on which they are to be employed.

6. Character.

Candidates will be required to produce evidence of good character.

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7. Pay and Allotments to Dependants.

The following inclusive rates of pay, to cover all working time, will apply:-

Grade	Rate of Pay
Principal Foreman of Trades (Technical)	£500 a year
Foreman of Trades	£400 a year
Chargehand	£6.10 a week
Basic	£6. a week

During any period of technical training after entry a probationary rate of £5/5/ - a week will be paid.

Facilities will be provided under which they can allot part of their pay to their dependants at home.

8. Hours of Employment.

Members will be required to conform to the working hours of the Unit or Establishment in which they are employed. The minimum working hours are 48 hours a week, but in general longer hours, according to the incidence of work on hand, are being worked. Normally the maximum hours do not exceed 60 a week, but the rates of pay have been assessed to cover all time worked.

9. Unemployment Insurance.

Contributions to statutory schemes of unemployment insurance in the United Kingdom may be obligatory for chargehands and the basic grades.

10. Leave.

Leave will be on the following scales:-

Chargehands and Basic Industrials Chargehands	At the rate of 12 working days (equal to a fortnight's leave) a year.
Principal Foreman of Trades (Technical)	18 working days a year

11. Sick Leave and Medical and Hospital Treatment.
R.C.A.F. conditions.

12. Uniform.

They will be provided, at the expense of the British Government, with uniforms on the same scale as airmen, and a special distinctive badge.

13. Welfare.

Where sufficient members are employed in an Establishment they will be given facilities to form along themselves a small committee to make representations to the appropriate officers on matters affecting their welfare or conditions of service.

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14. Accommodation and Messing

They will be accommodated or billeted under arrangements made on behalf, and at the expense of, the British Government. For messing they will either be borne on the ration strength of the Unit or Establishment to which they are attached, or be paid the appropriate rate of ration allowance.

15. Non-effective Benefits.

These will be on a basis similar to that applicable to airmen of the R.C.A.F.

16. Compliance with laws of United Kingdom.

Members will be subject to the general laws applicable to civilians in the United Kingdom.

17. Official Secrets Act.

Members of the Corps will be subject to the provisions of British legislation relating to official secrets.

18. Repatriation.

On termination of employment, a member of the Corps whose service has been satisfactory will be repatriated at the expense of the British Government.

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CANADA

DEPARTMENT OF NATIONAL DEFENCE

OFFICE OF THE
MINISTER FOR NAVAL SERVICES
OTTAWA

May 9th, 1941.

SECRET:

Dear Mr. Heeney,

In Mr. Macdonald's absence from Ottawa, I with to acknowledge your letter of May 3rd, submitting a copy of the Journal of Discussions and Decisions of the Permanent Joint Board of Defence, covering the meetings held in Montreal on April 16th and 17th.

The 15th and 16th recommendations of the Board have been reviewed by the Chief of the Naval Staff. He has desired me, in the Minister's absence, to transmit to you the approval of the Department of National Defence for Naval Services in so far as these recommendations affect this Department.

Yours very truly,

S. P. Wheelock

(S. P. Wheelock)
Private Secretary.

A. D. P. Heeney, Esq.,
Secretary to the Cabinet War Committee,
Office of the Clerk of the Privy Council,
O T T A W A, Ontario.

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"R"

FROM: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

SECRET

CYPHER

No. 1

WELLINGTON, April 19th, 1941.

Secret. No. 144. Repeated to External, Ottawa, No. 1.

In accordance with a request received from the Governor of Tahiti, His Majesty's Government in New Zealand are arranging for transfer to the United Kingdom of 30 naval and air base personnel, and 22 aviation volunteer recruits. The party is at present in New Zealand where they arrived per "Wairuna" on April 12th. Arrangements are being made for aviation volunteer recruits to be medically boarded in two categories:

(a) fit for air service;

(b) fit only for military service.

2. The possibility has been explored of training in this Dominion those found fit for air service, but language difficulty renders this impracticable. In the circumstances His Majesty's Government in New Zealand are arranging for such of men as are found fit for air service to be sent, in company with a draft of Australian and New Zealand air personnel proceeding to Canada for training under the Empire Air Scheme, by a vessel due to arrive in Vancouver on or about May 17th. From Vancouver they will travel in normal way to eastern states and from there will be embarked for the United Kingdom, unless in the meantime His Majesty's Government in the United Kingdom, after consultation with Free French Forces, should direct that

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they remain in Canada for training in some French speaking school. His Majesty's Government in New Zealand would therefore suggest advice be sent to His Majesty's Government in Canada as to whether or not it is desired that these men should remain in Canada for training.

3. The remaining members of the party will proceed per S.S. "Moarimutaka", due to leave Auckland direct for the United Kingdom on May 4th. All ranks will be paid on same basis as equivalent ranks in Imperial forces. His Majesty's Government in New Zealand will be glad to be advised in due course of decision reached in regard to suggestion for training in eastern Canadian states of those Free French aviation volunteer recruits found suitable for this type of training, and as to whether or not their arrangements for pay of men are acceptable.

PRIME MINISTER OF NEW ZEALAND

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D-15

JWP/PM
3.5.41

Memorandum for the Prime Minister

Re: Compulsory Military Training of Indians

Mr. Manley Edwards, M.P. for Calgary West, refers, in the attached letter, to the notices received by members of the tribe of Stony Indians, to present themselves for examination for compulsory military training. Mr. Edwards points out that the Indians consider that they are exempt from such service by treaty with the Crown. He adds that they were exempted from conscription during the last war.

2. Major General LaFleche, Associate Deputy Minister of National War Services was consulted regarding the status of Indians. The department has already sought a ruling in the matter from the Department of Justice, who have given the opinion that Indians, being British subjects, are liable for training. (See Major General LaFleche's letter of May 2nd, attached.)

3. It is, of course, open to Council to alter the regulations so as to exempt Indians living on reservations from military training, if such is the wish of the government. It was thought that before replying to Mr. Edwards the Prime Minister might wish to discuss the matter with Mr. Ralston and Mr. Gardiner, or, alternatively, to bring it up in the War Committee.

J. W. P.

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File Nos.
2-153
2-167

DEPARTMENT OF NATIONAL WAR SERVICES

Ottawa, Ontario,
May 2, 1941.

Dear Mr. Pickersgill:

Re: Indians.

With reference to your telephone call this afternoon, as requested I quote below contents of two letters concerning the above-noted subject:-

"Ottawa,
January 28, 1941.

Dear Mr. Edwards,

In the absence of Major General L. R. LaFleche who is away on duty, I am directed to seek your legal opinion as to whether or not Indians come under Section 3 of National War Services Regulations, 1940 (Recruits).

Sincerely yours,

(sgd) G. R. Benoit,
Director of Recruiting
for Military Training.

Mr. W. S. Edwards,
Deputy Minister of Justice,
Department of Justice,
Ottawa."

and

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"Ottawa,
30th January, 1941.

Dear Sir,

J.R. 5548/41

In reply to your letter of January 28th, I beg to advise that Indians, being British subjects, are subject to section 3 of National War Services Regulations, 1940 (Recruits).

Yours truly,

(sgd) W. Stuart Edwards
Deputy Minister of Justice.

G. R. Benoit, Esq.,
Director of Recruiting
for Military Training,
Department of National War Services,
Ottawa."

- - - - - - - -

I also enclose copy of National War Services Regulations, 1940 (Recruits) Consolidation 1941 and would refer you to Section 4 thereof (Section 4 of the 1941 Consolidation took the place of Section 3 of the Regulations as they read at the time of the above correspondence).

Yours sincerely,

"L. R. LaFleche"

J. W. Pickersgill, Esq.,
Prime Minister's Office,
East Block,
Ottawa.

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HOUSE OF COMMONS
Canada

607 Lancaster Building,
Calgary, Alberta,
April 26th, 1941.

Rt. Hon. W. L. Mackenzie King,
Prime Minister of Canada;
Hon. J. L. Ralston,
Minister of National Defence (Army);
Hon. Ernest Lapointe,
Minister of Justice;
OTTAWA, Ontario.

Gentlemen:

Re: The Stoney Indians, Morley, Alberta.

As the Member for West Calgary, in which constituency the Stoney Indian Reserve is located, I have been interviewed today by Enos Hunter, Chief of the Wesley Band, and two of the Councillors and two more delegates of the Stoney tribe, with respect to the National Resources Mobilization Act, and its implications insofar as the members of their tribe are concerned.

It appears that recently three of the young men of their tribe within the age limits received notice to present themselves for examination presumably to attend and take the four months military training under the scheme recently inaugurated by the Government.

The Indians are of the opinion that under Treaty Number Seven, dated the 4th day of December 1877, made between Her Majesty the Queen and interalia the Stoney Indians, they became wards of the Government. They now say that being wards of the Government, and not being subject to the ordinary civil law of Canada, there is no legal justification for the proposed plan of compelling them to submit for military training under the existing Act.

It would appear that this same subject was considered by the then Government during the last great war, 1914-1918, at which time the Right Honourable R. B. Bennett represented the West Calgary constituency. At that time a definite decision was made as to the legal status of the Indians under their Treaty with respect to military duties and obligations, namely that the Indians should not be compelled to undergo military service either in Canada or overseas.

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I should state that the five Indians who appeared before me today stated that the matter has been very fully canvassed by the members of their tribe at a Council Meeting on Thursday, April 24th, and it was the unanimous opinion of the Council that a protest should be made to the Government against the enforcement of the compulsory military service with respect to the members of their tribe. It should not be inferred from the foregoing that the Indians have any objection to any member of their tribe voluntarily enlisting for home defence or overseas service.

Having regard to the importance of the point at issue and the difficulties that may arise if the Military authorities in Military District No. 13, in which this Reserve is situated, insist upon enforcing the Act insofar as the young men who have already received notice to present themselves for service is concerned, I trust that this matter will be given the immediate consideration which it deserves, and appropriate instructions given and the Indians notified through the Acting Agent at the Reserve, Mr. Iredale, at Morley.

Yours faithfully,

"M. J. Edwards"
Per M.J.H.

MANLEY J. EDWARDS,
M.P. for Calgary West.

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OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

O T T A W A, May 2,
1 9 4 1

CLERK OF THE PRIVY COUNCIL
MAY 5 1941

A.D. P. Heeney, Esq.,
Secretary,
War Committee of the Cabinet,
East Block,
O T T A W A.

Dear Mr. Heeney:

Would you please bring the following matter to the attention of the next meeting of the committee.

We had under consideration at the last meeting the question of premises adjacent to the National Registration office and the question arose as to whether or not the premises should be made available to the Department of Defence or to this Department for the purpose of National Registration records. It was decided that the premises would be made available to the Defence Department.

This now presents a problem. The Census is underway and the Dominion Statistician states that he must have, for the purpose of the Census, the building erected for National Registration. Otherwise the Census cannot proceed. The Department of Public Works advises that there is no space available to which the National Registration staff could be transferred.

We are therefore confronted with the following problem:

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(a) Shall the National Registration building be made available for the census staff. I am assured this is necessary for the census to proceed?

(b) Shall the National Registration office be closed down or shall premises be erected to house the National Registration staff.

The Census must proceed and therefore we are faced with the decision as to whether the registration shall close down or other premises be erected. Another storey could be added to the building constructed last fall at a cost of approximately $65,000. It would appear that the National Registration must be kept going and the registration records kept up to date and therefore the only possible alternative is the addition of a storey to the existing building at the above cost.

Will this expenditure be authorized?

Yours very truly,

James G. Gardiner
Minister of National War Services.

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Ottawa, April 23rd, 1941.

Honourable J. L. Ilsley, M.P.,
Minister of Finance,
Ottawa.

Dear Mr. Ilsley:

I am enclosing a copy of a letter from J. W. Coldwell, President of the Board of Trade of Macleod, Alberta, with regard to the housing shortage in Lethbridge, Claresholm and Macleod, as the result of the establishment of air training schools at these points.

You will observe that the letter recommends the extension of the authority of Wartime Housing Limited to enable that corporation to deal with communities where a housing shortage results from the establishment of military posts, and that its operations be not confined to localities where munitions plants have been situated.

This letter was referred to the Minister of Munitions and Supply, whose office suggested that it be referred to the Cabinet War Committee. Before bringing it up there, however, I thought you would like to have a chance of considering its recommendations.

Yours very truly,

A. D. P. HEENEY

Secretary to the
Cabinet War Committee.

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COPY

MACLEOD BOARD OF TRADE
R.C.A.F. Service Flying Training
School No. 7

Macleod, Alberta,
April 10th, 1941.

Rt. Hon. W.L. Mackenzie King,
Prime Minister,
Ottawa.

Dear Sir:

As the result of a conference of representatives of the Lethbridge Board of Trade, the Claresholm Men's Club and the Macleod Board of Trade, we are instructed to bring to the attention of the Government the subject of the lack of housing accommodation in the City of Lethbridge and the Towns of Claresholm and Macleod. This shortage has been brought about or will be brought about by the establishment of large air training schools at these points. In all cases, these establishments are welcomed by the citizens, who are willing and anxious to accommodate the additional population but find it impossible to provide the necessary housing for the families of the permanent staff of the schools.

It appears from the correspondence in our files and from the information received on the matter that the following facts are established:

1. That a definite shortage of housing exists in the places mentioned and that the families of the permanent staff of these air schools are unable to find suitable homes.

2. That the Department of National Defence for Air will accept no responsibility in this matter.

3. That private capital for the erection of homes is not available for two reasons (a) uncertainty as to the permanence of the present demand and (b) Provincial legislation affecting the rights and the security of investors.

4. That, while the attitude of the Department of National Defence is that, in wartime, all personnel are regarded as single, the fact remains that many of these men are married and naturally desire to have

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their families near them. It also seems evident that the happiness and contentment of the staff is an important factor in the efficient operation of the Air Training Plan, and that efficiency will be increased by not having the staff separated from their families by reason of lack of housing.

5. That, in the interests of safety and efficiency, these men should not be forced to travel considerable distances, sometimes by unsafe methods of travel, in order to visit their families, from whom many of them are separated.

6. That experience has already proved that the climatic and other conditions in Southern Alberta are unequalled for flying in any other part of Canada. It would therefore appear that the air schools established or to be established in our area are likely to be permanent establishments and that the housing now required will be needed permanently.

7. That the Government's company, Wartime Housing Ltd., is unable to deal with the shortage of houses in these towns by reason of the fact that the shortage is caused, not by war industries but by military establishments.

We would therefore propose, as the most practical means of dealing with the situation, the following steps:

1. That the authority of Wartime Housing Ltd. be extended in order to enable it to deal with communities where the shortage of housing is caused by establishment of air training schools or other military posts.

2. That Wartime Housing Ltd. make the necessary surveys of the housing shortages in the City of Lethbridge and the Towns of Claresholm and Macleod and take the necessary steps to provide such additional housing as is found to be required.

We trust that our requests will receive the attention of the Government and assure you of our willingness to assist in every way possible.

Yours very truly,

(Sgd.) J.W. Colwell,
President.

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REPORT OF MACLEOD BOARD OF TRADE HOUSING COMMITTEE
April 2/41

To relieve the acute shortage of housing accommodation which arose in December 1940 as a result of the opening of No. 7 S.F.T.S., the Board appealed to all owners of buildings which could be used for the purpose to make these available and to all householders to take in the wives and families of the airforce personnel. We also, with the assistance of the Town Council, employed an Agent for a period of a month to secure information on available accommodation and to place applicants for accommodation in suitable quarters. Substantial results were secured and a good number of these families were placed in suitable quarters, while others obtained temporary accommodation. It soon became apparent, however, that the available accommodation was insufficient and that only new construction of homes or apartments would meet the situation.

The housing committee investigated the possibility of erection of homes through a building association, but found that the legislation covering these was not of any value. The matter was then brought to the attention of the Minister of National Defence for Air but the reply received was to the effect that it was not the policy of that Department to provide housing accommodation for the families of its personnel. On the advice of the Canadian Chamber of Commerce, the matter was placed before the Director of Housing, Department of Finance, who, on 25th of February, informed us that the matter was receiving consideration and that we would be further advised later. At a later date, the Dominion Government created the Company Wartime Housing Ltd., which is now functioning. Our problem was submitted to this Company and we are now advised under date 26th March that the Company is now making the necessary surveys but that our case is one which does not come under their operations, as the shortage is not created by establishment of war industries.

As matters now stand it would appear that the best course for the boards interested is to make concerted efforts to induce the Government to extend the operations of Wartime Housing Ltd. to include cities and towns affected as we are by migration of the families of the personnel of military establishments such as our air schools.

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THE MINISTERS.

The Chiefs of Staff Committee desire once more to bring to your notice the unsatisfactory situation which still exists in regard to the question of Awards, Decorations and Medals to members of the Canadian Armed Services.

2. The present restrictions are creating a difficult situation leading inevitably to undesirable consequences. As between Canadian sailors, soldiers and airmen and their comrades-in-arms in all other British, Dominion and Colonial Forces, the distinction created is invidious to say the least. The officers and men of the Canadian Fighting Forces have good reason to feel that their services are belittled by their own country as against those of all other members of the Empire Forces who are fighting for the same cause.

3. The Committee feel that it is important to take into account the special situation resulting from the relatively short period between this war and the last. Many of those who held both senior and junior positions in the Armed Forces in 1914-18 were given distinctions which in this war are forbidden to them. There are officers serving now in the higher positions who took part in the last war but who were not then old enough to receive the higher awards. Thirdly, there are many others who were too young to take part in the last war, but who have given up a great deal of their time in the intervening years to serve in the Reserve Forces, preparing themselves for this war. It appears unfair that members of the second and third classes enumerated above, even though holding the same ranks and positions, are prohibited from receiving the same recognition as was accorded to members of the first class. Moreover, the members of the first class, who are giving their services to their country in this war, are practically prohibited from receiving recognition for their present services in spite of the fact the sacrifices they are now making are probably far greater than when they offered their services as younger men in the last war.

4. The Committee do not feel it necessary to dilate upon the basic reasons for the award of honours and distinctions to the Armed Forces. The system itself is of long standing and as such the Dominion of Canada is proud to share in this splendid tradition.

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5. The Chiefs of Staff therefore earnestly request that the Canadian Government may be urged to reconsider the present restrictions, not only with a view to giving sympathetic consideration to the age-old British tradition of awards for valiant conduct and loyal service, but also because by this differential treatment the Dominion of Canada itself tends to stand aloof and apart from her co-members in the British Commonwealth of Nations.

6. The Committee desire to submit the following "Summary of Present Situation", and their Recommendations.

7. Summary of Situation.

(a) Paragraph (a) of the Nickle Resolution of 1919 contains the words - ".....To refrain hereafter from conferring any title of honour or titular distinction....."

(b) Secretary of State's Telegram No. 1768 of 9th November 1940 interprets this as follows: ".....It is not considered possible under present circumstances to make recommendations for such awards ("Orders of Chivalry") in view of House of Commons Resolution of 1919".

(c) It is suggested that this interpretation is not entirely correct, since the Resolution at no time refers to "Orders of Chivalry" but only to "titles of honour or titular distinctions". Thus it would appear that the Third and lower Grades of such orders as the Bath, St. Michael & St. George and the British Empire (C.B., C.M.G. and C.B.E.) are not ruled out by this Resolution. In this connection it may be observed that present policy does permit the award of the Distinguished Service Order.

(d) As matters stand at present, there is no award available for Senior Officers who may give distinguished service to their country in positions not actually in contact with the enemy. On the other hand the Medal of the Order of the British Empire for Meritorious Service is available for non-commissioned officers and men, as stated in Telegram No. 1768 mentioned above. Obviously this is an impossible situation, in which officers are debarred from the award of an Order of Chivalry, but men are not debarred from receiving the Medal of such an Order.

8. Recommendations.

(a) The Chiefs of Staff are of the opinion that the present unsatisfactory state of affairs in regard to Honours and Awards can be very materially improved by strictly adhering to the wording of

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the Nickle Resolution and permitting the award to members of the Canadian Armed Forces of any Honour, Decoration or medal that does not carry with it a "title of honour or titular distinction"--the wording of the Resolution itself. Such action would make the lower Grades of the Orders of Chivalry available, and would to a very large extent help to remove the present highly invidious distinctions between officers and men; between those who can now earn distinction in the face of the enemy and those who, by reason of circumstances, do good work not actually in the face of the enemy; and between Canadian and other Empire Armed Forces.

(b) The Committee would be pleased if the Canadian Government could see its way to change the policy set out in the Nickle Resolution and permit titles of honour or titular distinctions to be conferred in conformity with the rest of the Empire; but if this is not deemed advisable, then the Committee suggest a possible compromise in regard to Senior Officers, in that they may receive the higher Orders of hivalry without the Accolade, and therefore without the usual titular prefix.

If this is not done it will be difficult to make a distinction between Flag, General and Air Officers, and officers of the ranks of Captain or Commander, Colonel or Lieutenant-Colonel, and Group Captain or Wing Commander, all of whom are eligible for the C.B., C.M.G. and C.B.E.

(c) Finally the Committee desire to recommend that the Government of Canada should set up a permanent Commission, on which the three Armed Services should be represented, to consider carefully all recommendations for awards, medals and decorations which under the present system are normally referred to Canada for decision, or which emanate in Canada. The existence of such a body would ensure prompt and equitable consideration being given to all recommendations, whether Military or Civil, or connected with the Merchant Navy. There exists at present no machinery for carrying out this most important task.

7. Submitted for consideration.

.....Rear-Admiral
Chief of the Naval Staff.

.....Major-General
Chief of the General Staff.

.....Air Vice-Marshal
Chief of the Air Staff.

May 2nd 1941.

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CONFIDENTIAL.

APPENDIX I

Honours and Decorations Available to Royal Navy during Present War.

(Admiralty Fleet Order No. 1371 of 1941)

(i) The Victoria Cross.

The Victoria Cross may be awarded to Officers and Men of the Royal Navy or of the Royal Marines, for "most conspicuous bravery or some daring or pre-eminent act of valour or self-sacrifice or extreme devotion to duty in the presence of the enemy on land or at sea". Petty Officers and Men of the Royal Navy, and Non-Commissioned Officers and Men of the Royal Marines, who have won the Victoria Cross are entitled to a pension of £10 a year, with an additional £5 annually for each bar.

The Victoria Cross may be awarded posthumously. It carries with it the right to use the initials V.C. after the surname.

(ii) The George Cross

The George Cross may be awarded to Officers and Men of the Royal Navy or of the Royal Marines, for outstanding gallantry and devotion to duty, whether on land or at sea, not in the presence of the enemy.

The George Cross, which may be awarded posthumously, has now taken the place of the Medal of the Order of the British Empire, for Gallantry.

In due course Officers and Men who have won the Empire Gallantry Medal will receive the George Cross instead. The next of kin of deceased Officers and Men who have been awarded the Empire Gallantry Medal in the present war will also receive the George Cross.

The George Cross carries with it the right to use the initials G.C. after the surname.

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(iii) Appointment as Companions of the Military Division of the Most Honourable Order of the Bath.

Officers of the Royal Navy of or above the rank of Commander, and of equivalent ranks in the Royal Marines, who have been mentioned for services in war may be appointed Companions of the Military Division of the Most Honourable Order of the Bath.

(iv) Appointments to the Order of the British Empire.

Officers of the Royal Navy or Royal Marines may be appointed to the appropriate class of the Military Division of the Most Excellent Order of the British Empire, for gallantry or distinguished conduct not in the face of the enemy at sea or on shore, or for long and meritorious service over a period, either ashore or afloat.

(v) Appointments to the Distinguished Service Order.

Officers of the Royal Navy or of the Royal Marines may, in time of war, be appointed Companions of the Distinguished Service Order for gallantry or devotion to duty in the presence of the enemy on land or at sea, which, though it may not be deemed to merit the Victoria Cross, is yet of a very high order.

(vi) Appointments to the Royal Red Cross.

Fully trained Nurses who are members of the officially recognised Nursing Services or have voluntarily undertaken nursing duties may be appointed to the First Class (Members) of the Royal Red Cross for exceptional devotion and competency over a long period in carrying out actual nursing duties in Naval or Auxiliary War Hospitals or for very exceptional acts of bravery and devotion while on duty. Such appointments carry with them the right to use the initials R.R.C. after the surname.

Fully trained Nurses, or Assistant Nurses, Probationers or Nursing Members of a Voluntary Aid Detachment who belong to one of the officially recognised Nursing Services, or have voluntarily undertaken nursing duties, may be appointed to the Second Class (Associates) of the Royal Red Cross for exceptional devotion and competency over a long period, or for exceptional bravery and devotion while on duty. Such appointments carry with them the right to use the initials A.R.R.C. after the surname.

(vii) The Distinguished Service Cross.

The Distinguished Service Cross may in time of war be awarded to Officers of the Royal Navy of the rank of Commander and below and of equivalent ranks in the Royal Marines for meritorious or distinguished services before the enemy which may not

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be deemed to warrant the appointment of such officers to the Distinguished Service Order. Officers of the R.A.F. serving with the F.A.A. may be awarded the D.S.C.

It carries with it the right to use the letters D.S.C. after the surname.

(viii) The Albert Medals.

(1) The Albert Medal in Gold for gallantry in saving life at sea.

(2) The Albert Medal for gallantry in saving life at sea.

(3) The Albert Medal in Gold for gallantry in saving life on land.

(4) The Albert Medal for gallantry in saving life on land.

The Albert Medals in Gold may be awarded to Officers and Men of the Royal Navy and of the Royal Marines for "extreme or heroic daring" in saving life at sea or on land.

The Albert Medals may be awarded for gallantry in saving life at sea or on land, which, though of a high order, is not deemed to merit the award of the Albert Medal in Gold.

The Albert Medals may be awarded posthumously. They carry with them the right to use the initials A.M. after the surname.

(ix) The Conspicuous Gallantry Medal.

The Conspicuous Gallantry Medal may be awarded to Petty Officers and Men and to Non-Commissioned Officers and Men of the Royal Marines for acts of conspicuous gallantry in action against the enemy. N.C.O's. and men of the R.A.F. serving with the F.A.A. may be awarded the C.G.M.

Petty Officers of the Royal Navy and Sergeants of the Royal Marines may be awarded an annuity of not more than £20 with this Medal. Lower ranks may be awarded a gratuity of £20 on discharge from the Service or when promoted to a commission. The Conspicuous Gallantry Medal carries with it the right to use the initials C.G.M. after the surname.

(x) The Distinguished Service Medal.

The Distinguished Service Medal may be awarded to Petty Officers and Men of the Royal Navy or to Non-Commissioned Officers and Men of the Royal Marines for bravery and resource in action against the enemy, which is not of so high an order

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as to merit the award of the Conspicuous Gallantry Medal. Non-Commissioned Officers and Men of the R.A.F. serving with the F.A.A. may be awarded the D.S.M.

It carries with it the right to use the initials D.S.M. after the surname.

(xi) The George Medal.

The George Medal may be awarded to Officers and Men of the Royal Navy and Royal Marines for brave conduct on land or at sea not in the presence of the enemy, where the services are not so outstanding as to merit the award of the George Cross.

It carries with it the right to the use of the initials G.M. after the surname.

(xii) The British Empire Medal.

The Medal of the Military Division of the Most Excellent Order of the British Empire may be awarded to Petty Officers and Men of the Royal Navy or to Non-Commissioned Officers and Men of the Royal Marines, for gallantry and distinguished conduct not in the face of the enemy, whether on shore or at sea, or for meritorious service over a period either ashore or afloat.

(xiii) Medals of the Royal National Lifeboat Institution for the Preservation of Life from Shipwreck.

The gold, silver and bronze medals of the Royal National Lifeboat Institution are awarded for courage in saving life from shipwreck on our coasts. They are worn on the right breast.

(xiv) Stanhope Gold Medal.

The Stanhope Gold Medal is awarded by the Royal Humane Society for the bravest deed of life-saving in the year, either ashore or afloat, but not for bravery in saving life in fires. It is worn on the right breast.

(xv) Royal Humane Society's Silver and Bronze Medals.

The Royal Humane Society's Silver and Bronze Medals are awarded for gallantry in saving, or trying to save, life at sea or on land, the silver medal being awarded for greater gallantry than the bronze medal. Recommendations for this award must be made within two months of the gallant action.

These medals are worn on the right breast.

The Lifesaving Medals of the Order of Saint John and of the Board of Trade are worn on the right breast.

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CONFIDENTIAL.

APPENDIX II

1. Decorations and Medals Available to Personnel of the Canadian Army during the last war.

NOTE. This applies generally to Navy and Air Force according to the appropriate relative rank.

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(i) G.C.B., and G.C.M.G.

No recommendation to be submitted unless specially called for. These orders are reserved for Commander-in-Chief of British and Allied Forces or for exceptionally brilliant and distinguished services of a Commander of a group of Armies.

(ii) K.C.B.

General Officers with distinguished records. As in certain instances in Allied Armies the highest rank of General Officer is a General of Division, the nature of his appointment and services rendered must determine whether the K.C.B. or K.C.M.B., is the more suitable Order.

(iii) K.C.M.G.

General Officers as above, but in a lesser degree, or to reward distinguished services of General Officers already in possession of a K.C.B.

(iv) C.B.

Major-Generals, Brigadier-Generals, Senior Colonels. Exception made in special cases in favour of Lieutenant-Colonels who are already in possession of the C.M.B.

NOTE. Under the statutes of the Order of the Bath, a Major is eligible, but the practice of awarding the C.B., to Majors has not been put into effect during this war.

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(v) C.M.G.

Brigadier-Generals, Colonels, Senior Lieutenant-Colonels. As in the case of the C.B., Majors are eligible for this Order, but the award of the C.M.G. to a Major must necessarily be very exceptional.

(vi) British Empire Order.

For services not "under fire".

		Rank Awarded to:
(a)	Knight Grand Cross (G.B.E.)	Field-Marshals and Generals.
(b)	Knight Commander (K.B.E.)	Generals, Lieut.-Generals and Major-Generals.
(c)	Commander (C.B.E.)	Major-Generals, Brigadiers and Colonels.
(d)	Officer (O.B.E.)	Lieut.-Colonels, Majors and Captains.
(e)	Member (M.B.E.)	Lieutenants and 2nd Lieutenants.

NOTE. Classes (a) to (c), senior to D.S.O.

Classes (d) and (e), junior to D.S.O., but senior to M.C.

(vii) D.S.O.

The statutes of the D.S.O., impose no limitation as to the rank of officers eligible, but it is not usual to award the D.S.O., to a General Officer and, except for services of marked gallantry, it should not be awarded to an officer below the rank of Captain.

This decoration only awarded for "services in action", which shall be held to mean:

(a) Services under fire.

(b) Distinguished individual services in connection with air raids, bombardments or other enemy action which at the time produces conditions equivalent to services in actual combat, and demands the same personal elements of command, initiative or control on the part of individuals and, in a lesser degree only, possibly entails the same risks.

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(viii) M.C.

Restricted by Royal Warrant to officers below the rank of Major (Temporary Majors should be excluded if the services for which they are recommended were performed in that rank) and to Warrant Officers, Class I and II.

Conditions of award as for D.S.O.

(ix) D.C.M.

Restricted by Royal Warrant to all below commissioned rank. Conditions of award as for D.S.O. Women not eligible.

(x) M.M.

Only granted for gallantry in action, and can only be awarded to Warrant Officers, Class I and II, Non-Commissioned Officers and men. Women are eligible for "Bravery in the Field".

(xi) M.S.M.

For meritorious service or devotion to duty or for specific services of gallantry not in action. See Royal Warrant Article 1227. The M.-S.M. can be awarded to all below commissioned rank. Women are not eligible.

(xii) Royal Red Cross (1st Class).

Awarded only to a member of the Nursing Staff who is a fully trained nurse and who has shown exceptional devotion and competency in the performance of actual military nursing duties or who has performed some very exceptional act of bravery and devotion at her post of duty.

(xiii) Associate Royal Red Cross (A.R.R.C.).

Can be awarded to a fully trained nurse or to an assistant nurse, special military probationer or V.A.D. nursing member who has shown special competency in the performance of actual military nursing over a long period (for this war a minimum of two years' service is recommended) or who has performed some very exceptional act of bravery or devotion at her post of duty.

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2. PRESENT SITUATION.

(i) Nickle Resolution - 1919.

Under the Nickle Resolution of 1919, Canadian Army personnel are barred from the awards (i) to (vi) in Section 1.

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(ii) George Cross and Medal.

By Royal Warrants dated the 24th of September, 1940, the George Cross was instituted as an award to civil and military personnel "only for acts of the greatest heroism, or of the most conspicuous courage in circumstances of extreme danger",

AND

the George Medal was instituted as an award to civil and military personnel "only for acts of great bravery".

In each case the Royal Warrant states: "The Cross (or Medal) is intended primarily for civilians and the award in our military services is to be confined to actions for which purely military honours are not normally granted".

(iii) The M.S.M.

The M.S.M. has been restricted to a reward to pensioners of the regular army after 21 years' meritorious service, and was replaced by the Medal of the Order of the British Empire, as an award:

(a) To all ranks for gallantry

(1) during a campaign but not in action

(2) or in peace time.

(b) To a non-commissioned officer or soldier recommended in peace or war for specially distinguished or meritorious service of a high standard.

NOTE: Although this change was made by Royal Warrant in 1928, no action was taken by the Canadian Government to officially adopt these Medals for the Canadian Forces.

By the institution of the George Cross, the Medal of the Order of the British Empire for gallantry, under (a) above, is discontinued, and those in possession of the Medal are to return it and become, instead, a holder of the George Cross.

As the situation now stands, officers, nursing sisters and warrant officers of the Canadian Army may not be awarded any recognition for valuable and meritorious service, other than a Mention in Despatches, no matter how high the standard of service performed. The only award, other than for gallantry, which can be granted members of the Canadian Army is the Medal of the Order of the

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British Empire, restricted to non-commissioned officers and men below warrant rank for specially distinguished or meritorious service.

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3. AWARDS MADE TO OTHER PARTS OF THE BRITISH EMPIRE.

The following appointments to Orders of Chivalry or Mentions in Despatches were published:

15 Commanders of the O.B.E. (Military).

48 Officers of the O.B.E. (Military), including officers of Australian, New Zealand Indian Forces.

75 Members of the O.B.E. (Military), including officers and warrant officers of Australian, New Zealand and Indian Forces.

19 Medals of the Order of the British Empire for meritorious service, (exclusive of two awards to Canadian Army personnel referred to).

The above do not include Peerages (Field Marshal Sir W.E. Ironside), awards to civilians, Navy or Air Force, or awards for gallantry.

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DEPARTMENT OF NATIONAL DEFENCE

CANADA

OFFICE OF THE MINISTER
OTTAWA

February 29, 1941.

April

A.D.P. Heeney, Esq.,
Clerk of the Privy Council,
OTTAWA, Ontario.

Dear Mr. Heeney: Re Newfoundland

Following the negotiation of the agreement with respect to the air bases, the Canadian representatives proceeded to St. John's. On April 11th, Honourable Mr. Gibson wrote to the Governor of Newfoundland setting out in condensed form a list of further subjects which we wished to discuss with the Newfoundland Commission of Government. A copy of this list or agenda is enclosed.

Sir Wilfred Woods stated that the Newfoundland Government was prepared to discuss these points as far as it was possible to do so in the absence of Messrs. Penson and Emerson. Accordingly, meetings were held at St. John's on April 14th, and April 16th, at which meetings the subjects were discussed generally. No conclusion was reached on the more important items of Defence Generally and Finance.

After Mr. Gibson left St. John's, I asked Sir Wilfred Woods to see me. I explained to him that I had no authority in the absence of Mr. Gibson but that the Canadian Government was very anxious to reach final agreement on the matters that were still outstanding. At that time, Sir Wilfred Woods and I were not aware of how far these or other matters might be the subject of discussion at Ottawa during the visit here of Messrs. Penson and Emerson.

As a result of my talk with Woods, and with his concurrence, I telegraphed Mr. Power on April 20th. This telegram was in part as follows:- "2. In informal conversation Woods expressed opinion were I to remain here it would be possible to reach conclusion on the matters outstanding between our Governments in about two weeks after Penson Emerson return. 3. Alternative Woods agreeable to Newfoundland sending one or more representatives to Ottawa to conclude

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arrangements. This would be possible after Penson Emerson report here and after allowing about two weeks to consider their report and discuss points raised by us. 4. I will adopt whichever course you wish.---"

In reply, I received word agreeing to my return to Ottawa.

I suggest that it would be advisable to resume negotiations at an early date, and that with this in view it would be well to communicate with the Newfoundland Government so as to receive confirmation or otherwise of Sir Wilfred Wood's opinion that the Newfoundland Government would be willing to send one or more representatives to Ottawa prepared to complete an agreement.

We should at once examine our position to make sure that all points which we might wish to raise are communicated to the Newfoundland Government. The subjects under the heading of financial arrangements generally are the most important, but there may be others which have so far not been raised. I notice for instance that on January 28th, External Affairs wired the High Commissioner in Great Britain in connection with Atlantic bases and stated in paragraph 3 that we would be interested in any agreement reached as to currency. Is there a currency question to be discussed with Newfoundland?

The Canadian Government will presumably have to name representatives for the discussions which are to be resumed.

The Newfoundland Government should be asked if there are points which they wish to raise. Possibly some of these were raised while Messrs. Penson and Emerson were here.

I have drafted a suggested telegram to the Governor of Newfoundland which would seem to be appropriate to get the matter back again into the realm of actual negotiation. This is enclosed. I should state that it has not been seen or considered by any of the Defence Ministers or the Minister of National Revenue.

Yours sincerely,

Harold.

Secretary, Defence Council.

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SUGGESTED AGENDA FOR DISCUSSION

BETWEEN

THE GOVERNMENT OF NEWFOUNDLAND

AND

REPRESENTATIVES OF THE GOVERNMENT

OF CANADA

(1) Communications

A Railway

(1) Adequacy of rolling stock.

(2) Deliveries of freight.

(3) Upkeep.

(4) Spur trackage.

(5) Station at Gander.

(6) Harbour and transhipment facilities.

(7) Gas Storage for R.C.A.F. at St. John's with rail and sea facilities.

B Telephone, telegraph and Wireless

(1) Permission to establish necessary facilities in consultation with appropriate Government Department.

(2) Organizing Aircraft detection Corps.

(3) Arrangements to hook up air detection Corps by telephone.

(2) Defence Generally

(1) Reciprocal undertaking re foreign commitments.

(2) Provision of aid to civil power.

(3) Co-operation in establishing re-fuelling bases in Newfoundland and Labrador.

(4) Control by R.C.N. and R.C.A.F. at Botwood.

Financial

(1) Customs.

(2) Property taxes.

(3) Permits and licenses.

(4) Foreign exchange control.

(5) Postal facilities for Canadian Troops.

Acquisition of Property.

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Draft Telegram

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE GOVERNOR OF NEWFOUNDLAND, ST. JOHN'S.

SECRET OTTAWA, April , 1941.

CYPHER

No.

Reference the recent discussions at St. John's.

1. The Canadian Government understands that the Newfoundland Government would consider favourably the sending to Ottawa of one or more representatives in the near future to discuss the matters outstanding between the two Governments and to complete an agreement thereon. The Canadian Government would appreciate receiving confirmation of such proposal together with an indication as to when the Newfoundland representatives could conveniently come to Ottawa.

2. The Canadian Government has indicated in the agenda submitted by the Minister of National Revenue to you, on April 11th, the matters on which this Government is desirous of reaching a conclusion. Further topics may arise but if so an endeavour will be made to advise you of them prior to the meeting.

3. It would be appreciated if the Newfoundland Government would in turn inform this Government if there are additional subjects which your Government would wish to raise at the proposed conference. It would be desirable from the point of view of both Governments if in this way an agenda can be prepared in advance.

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SECRET

D-192

PERMANENT JOINT BOARD ON DEFENSE
WASHINGTON

May 3, 1941

Col. C.L. Biggar,
Victoria Building,
Wellington Street,
Ottawa, Ontario, Canada.

Dear Col. Biggar:

The President approved the recommendations of the Board regarding rolling stock and improvement of the Newfoundland railroad facilities which pertain to the United States.x Action has been initiated and is proceeding expeditiously to implement United States commitment.

Would you be good enough to advise me of the action of the Canadian Government regarding the recommendation of the Board for Canada to provide for aviation gasoline storage facilities in the Newfoundland Airport area. Obviously, the United States should not proceed with the procurement of rolling stock and railroad improvements unless the gasoline storage will be made available concurrently.

Due to the urgency as well as the importance of this matter, I believe any delay constitutes a hazard to defense plans and preparations.

Very truly yours,

(signed) F.H. LaGuardia

Chairman, American Delegation.

x ie Sixteenth Recommendation.

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Ottawa, May 5th, 1941.

The Right Hon. W.L. Mackenzie King, C. M.G., LL.D.,
Prime Minister of Canada,
Ottawa, Canada.

Mr. Prime Minister,-

We appreciate the opportunity you have given us, at this time, of presenting to you, Sir, and to your colleagues, the views of Industry on employer-employee relations in Canada during the critical period through which we are passing.

At the outset we wish to state that the sound measures which your Government set up at the beginning of the War, and particularly the appointment of the Wartime Prices and Trade Board to control prices and consequently the cost of living, have proven to be decidely effective.

It is with the object in mind of preserving this fundamentally sound condition in Canada during the war that we desire to lay before you at this time certain suggestions which we hope may receive your fullest consideration, so that industrial production for war purposes, for the Canadian, British and United States governments, may be carried on at the maximum of the country's productive capacity, while at the same time maintaining a sound economic position.

In all policies adopted by the Government, this Association and its members may claim to have endeavoured to the best of their ability to co-operate with the Government, and to assist the Government in controlling prices, in promoting harmonious employer-employee relations, in training and re-training thousands of workers, and in expanding the volume of production for war requirements.

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For some time after the outbreak of the war, industrial relations in this country, especially in connection with war production, were reasonably satisfactory, considering the extraordinary difficulties resulting from the existing conditions not only in Canada, but also throughout the world. In recent months, however, a very dangerous and difficult situation has been rapidly developing, which, unless it is dealt with, will defeat the Government's policy of increasing and making more efficient war production, and also the Government's policy of keeping within reasonable bounds, prices and, consequently, the cost of living.

Profits have been reduced to a minimum by the Government's legislation, and consequently, it is obvious that increased costs of war products must increase the price to the Dominion Government and to the British Government. Further, any increase in the cost of production of goods used for war purposes, must tend to cause a similar increase in the cost of ordinary goods, used by the civilian population or exported to other countries, and the recent representations of organizations of farmers show clearly that they are very apprehensive of too great a spread developing between the prices of what they have to buy and what they have to sell.

We have in mind that there is no such thing as $2.00 wheat and proportionate prices for other farm products in this war as there was in the last. To add to the farmers' anxieties, the greatly increased demand for industrial labour tends to draw young men away from the farms and makes it difficult to obtain the labour required to work them. In these circumstances the farmers naturally are concerned at the prospect of industrial costs, and, consequently, prices of goods, mounting still higher. The big item in these costs is wages and from the farmers' point of view the industrial worker is already in a priveleged position.

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Under present circumstances, when wages are good and work is ready, with the majority of the adult members of a family employed, the family income is probably, on the average, higher than it has ever been in Canada. This would, we believe, be admitted by the great majority of Canadian Industrial workers. Their chief pre-occupation is to give good value for the good wages they are receiving and to get on with the war.

The chief cause of the present difficult and even dangerous situation is not to be found, we believe, in the conditions of employment which prevail in industry in this country. In our considered opinion, it is to be found in the activities of certain organizations and, particularly, the Committee for Industrial Organization, or C.I.O. These organizations, having already caused serious dislocation of the defence production program in the United States, appear determined to adopt the same technique in Canada, regardless of the fact that this country is engaged in a critical war, and that it is vital to the safety of Canada and the Empire that war production should proceed at a maximum.

In referring to the measure of success attained by the Government in dealing with labour questions, we had in mind, among other things, Orders-in-Council 2685 and 2686, which were passed on the 19th of June, 1940. It will be recalled that the preamble to Order-in-Council 2685 states that "the Government has received from representative bodies of industry and of labour, expressions of their desire to co-operate with the Government in the present crisis to the end that the industrial capacity of Canada, requisite to the successful prosecution of the war may be utilized to the fullest possible extent." It goes on to say that "in wartime, the safety of the nation must be the first consideration of all patriotic citizens, and no element in the community can be permitted to benefit from wartime necessities." The preamble to the Order-in-Council concludes with the statement that:-

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> "It would conduce to the removal of misunderstandings and to the extension of common interests and national purpose were a declaration to be made by the Government at this time of certain principles for the regulation of labour conditions during the war, the acceptance of which by employers and work-people would make for the avoidance of industrial strife and the utmost acceleration possible in the production which is so essential in present circumstances."

The principles which the Order-in-Council proceeds to lay down in regard to wages, hours, the right of the employees to organize in trade unions and to negotiate through the officers of their trade union or through other representatives chosen by them, have been accepted by employers generally. All they have asked is that Labour should live up to the obligations imposed, as well as enjoy the rights accorded, by the Order-in-Council. Thus, while the Order-in-Council provides "that employees should be free to organize in trade unions, free from any control from employers or their agents", it also provides, "that workers, in the exercise of their right to organize should use neither coercion nor intimidation of any kind to influence any person to join their organization".

Having laid down the principles, the acceptance of which by employers and work-people would, in its opinion, make "for the avoidance of industrial strife and the utmost acceleration possible in production", the Government set up the National Labour Supply Council to advise the Minister of Labour on any matters touching labour supply for industry which he might refer to it. One of the most important recommendations made by the National Labour Supply Council has been Order-in-Council 7440, dealing with the stabilization of wages. The purpose of the Order-in-Council was to fix a reasonable "ceiling" for wages, in order to prevent them from being forced up to uneconomic levels.

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It is understood that all the labour representatives on the Council agreed to taking as a fair and reasonable standard the wage level of 1926-1929, or higher wages paid since that time. It is understood that since the passing of Order-in-Council 7440, the CiI.O. or its offiliates have disavowed the action of its representatives on the National Labour Supply Council in agreeing to it. It is submitted that in taking this action, this organization is not living up to its expressed undertaking to cooperate with the Government in the present crisis to the end that the industrial capacity of Canada, requisite to the successful prosecution of the war, may be utilized to the fullest possible extent. If the present line of action of this organization has for its object, amoung other things, the securing of a minimum wage rate substantially higher than that fixed by Order-in-Co7ncil 7440, it is submitted that it cuts clear across the whole policy of the Government, since the beginning of the war in regard to costs, prices, wages and profits. Order-in-Council 7440, it is submitted, was directly in line with the Government's wartime industrial and economic policy, namely, to do everything possible to avoid setting in motion a vicious spiral of alternately rising costs and prices.

In taking the wage level of 1926-1929, as a fair standard, the National Labour Supply Council had in mind that the cost of living in 1929 was 12.6% higher than in September, 1940. In these circumstances, the standard was accepted as fair alike by the labour and employer members of the Council. It is submitted that the onus is on the labour organization in question, to show why Order-inCouncil 7440 should not be maintained and applied.

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It is our strong recommendation that Order-in-Council No. 7440 should be strictly applied. This would result in a marked lessening of industrial unrest.

A question which appears to be causing trouble between employers and employees is the alleged wrongful dismissal of employees. Such charges have appeared in a number of recent applications for Boards of Conciliation under the Industrial Disputes Investigation Act. As to these, it is safe to say that in the overwhelming proportion of cases, there is no substance whatever in the charge. At a time like the present, when there is a pronounced shortage of skilled and semi-skilled men in many lines, employers, in their own interests, are anxious to retain the services of every competent employee.

So far as the machinery for settling wages, hours, and conditions of employment is concerned, there is, of course, the greatest possible variety. Some employers enter into agreements with trade unions, others work through shop committees and works councils, while others have no collective bargaining machinery.

While reliable statistics are not available, it is safe to say that the overwhelming majority of industrial workers, particularly those employed in the innumerable smaller plants, have shown little desire to become unionized. They are apparently satisfied with the existing machinery for negotiating agreements on wages, hours and conditions of work and do not wish to pay union dues and become subject to trades union discipline. If they had really desired to become unionized, no opposition on the part of their employers could have prevented them from doing so many years ago.

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The wide variety of methods of handling employer-employee relations functioned fairly satisfactorily in peacetime. If it is not functioning as satisfactorily in wartime, the reason obviously should be looked for in the special conditions peculiar to wartime. Those special conditions are that there is a tremendously increased demand for labour of all kinds, and secondly, that in such a critical war as the present, there is a veritable race against time to produce the munitions of war that are needed to ensure victory. When there is a greatly-increased demand for labour in peacetime, as for example, when a business "boom" is in progress, labour seeks higher wages. Labour naturally feels that the employers are making increased profits, and that it is no more than fair that the employees should have a share of them; and at such a time, experience shows that an increase in the number of strikes is usual. But it is obvious that the situation in a critical war like this is entirely different in two vital respects: (1) that the very safety of the country is involved, and (2) that employers, as a result of the very proper measures to that end taken by the Government, are making little out of war production and, consequently, increased wages are added to governments' costs. We submit that the Government shoudl take stpes to make this clear to the public.

It is equally true to say that the great majority of industrial workers are thinking in terms of playing their part in winning the war. Thus, they are content to carry on with war production on the basis of the wage regulation laid down in Order-in-Council 7440, after consultation with representatives of employers and employees.

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What is happening is that small minority groups and, especially the C. I. O. and its affiliates are adopting a course, which, should not be tolerated even in peace-time, and is absolutely unthinkable in the midst of a critical war. Controlled and directed as these groups are, they have made it abundantly clear that they care little what damage is done to Canada's war effort, provided they secure the power they seek. This amounts to nothing short of treating the country's extremity as their opportunity.

They are facilitated in achieving their ends by the present provisions of the Industrial Disputes Investigation Act. Reading Sections 7, 17 and 22 of this Act together, the situation is that if 10 employees out of no matter how large a total number consider they have a grievance and if 6 of the 10 vote in favour of striking they can authorize 2 of their number to make an application and the Minister has no option but to grant a board. It is submitted that while this may have been satisfactory as applied to the highly-unionized railway companies, it is not satisfactory as applied to industry generally. Its effect is to invite applications for boards, not in order to redress bona fide grievances but to pave the way for unionization of the plant in question and the introduction of a Government sponsored vote. It is submitted that the Act should be amended to give the Minister discretion so that he may grant a board only when he is satisfied that there are bona fide grievances and that the application represents the decision of a majority of the employees.

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Our Association believes that it will eventually be necessary and is now advisable in the public interest, that the powers of lockout and strike should be suspended in all plants, engaged upon the production of war materials, for the duration of the war emergency. It believes that the vast majority of the Canadian public are intolerant of interruptions in the flow of war supplies, and would heartily support any such Government action. We believe that the Government possesses adequate powers and means to ensure minimum profits for employers and reasonable pay for employees. While the fate of the British Empire is in the balance, none is entitled to more.

Canada admittedly is faced with difficulties and dangers unparallelled in her history. She is paying war costs far in excess of anything in the last war, which are absorbing a startlingly high percentage of her national income, and she is engaged in a race against time to produce guns, shells and many other munitions of war.

We respectfully submit that the people of Canada as a whole, the farmers, and primary producers, the professional classes, the retailers and distributors, and the taxpayers generally, are not prepared to see the country's war effort hampered and dislocated by strikes precipitated by minority labour groups in an effort to secure, not primarily better wages or conditions, or reasonable rights and privileges for the industrial workers, but increased power and gain for these organizations themsleves.

Harold Crabtree,

President,
Canadian Manufacturers' Association

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

CIRCULAR D. 245

LONDON, April 29th, 1941.

Circular D. 245. Secret. Following for your Prime Minister, Begins:

My immediately preceding telegram.

1. Handing Mr. Matsuoka's reply to the Secretary of State for Foreign Affairs on April 25th, Japanese Ambassador explained that Mr. Matsuoka had written this reply in the train on his way home from Europe. Ambassador said that he was quite sure there was no more reason now for conflict in the Pacific than there had been at any time; Japan was preoccupied with situation in China. Our policy there and more recently our general economic policy towards Japan were, in Japanese eyes, directed against Japan.

2. Secretary of State replied that we had always considered in China incident, China was in the right and Japan in the wrong, and we had accordingly helped China. He could hold out no hope of this policy being modified. Our economic policy was, however, based neither on vindicativeness nor on fundamental hostility to Japan. In part it was due to our own needs increased by war conditions; in part to the fact that Japan having declared herself an ally of our enemies, we could not be expected to send materials to her for transmission to our enemies. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

CIRCULAR D. 244

LONDON, April 29th, 1941.

Circular D. 244. Secret. Following for your Prime Minister, Begins:

1. Prime Minister sent to Matsuoka, during the latter's visit to Moscow, message in the following terms:-

I take advantage of facilities with which we have provided your Ambassador to send you a friendly message of sincerity and goodwill.

I venture to suggest a few questions which it seems to me deserve the attention of the Imperial Japanese Government and people.

(1) Will Germany, without command of the sea or command of British daylight air, be able to invade and conquer Great Britain in the spring, summer or autumn of 1941? Will Germany try to do so? Would it not be in the interests of Japan to wait until these questions have answered themselves?

(2) Will German attacks on British shipping be strong enough to prevent American aid from reaching British shores, with Great Britain and United States transforming their whole industry to war purposes?

(3) Did Japan's accession to Triple Pact make it more likely or less likely that the United States would come into the present war?

(4) If the United States entered the war at the side of Great Britain, and Japan ranged herself with the Axis Powers, would not the naval superiority of the two English

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

speaking nations enable them to dispose of the Axis Powers in Europe before turning their united strength upon Japan?

(5) Is Italy a strength or a burden to Germany? Is the Italian Fleet as good at sea as on paper? Is it as good on paper as it used to be?

(6) Will the British Air Force be stronger than the German Air Force before the end of 1941, and far stronger before the end of 1942?

(7) Will many countries which are being held down by the German army and Gestapo learn to like the Germans more, or will they like them less as the years pass by?

(8) Is it true production of steel in the United States during 1941 will be 75 million tons, and in Great Britain about 12½, making a total of nearly 90 million tons? If Germany should happen to be defeated, as she was last time, would not the seven million tons of steel production of Japan be inadequate for a single handed war?

From answers to these questions may spring avoidance by Japan of a serious catastrophe, and a marked improvement in relations between Japan and the two great sea powers west.

2. Following reply, dated April 22nd, has now been received from Mr. Matsuoka:-

I have just come back from my trip and hasten to acknowledge receipt of a paper handed to me at Moscow on the evening of the 12th instant by Sir Stafford Cripps, with a remark that it was a copy in substance of a letter addressed to me dated London April 2nd, 1941, and forwarded to Tokyo.

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TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -

LONDON,

I wish to express my appreciation for the facilities with which your Government made efforts to provide our Ambassador when he wanted to meet me on the Continent. I was deeply disappointed when I learned he could not come. Your Excellency may rest assured that the foreign policy of Japan is determined upon, and after an unbiassed examination of all facts and a very careful weighing of all elements of the situation she confronts, always holding steadfastly in view the great racial aim and ambition of finally bringing about conditions envisaged in what she calls hakko ichiu, the Japanese conception of a universal peace under which there would be no conquest, no oppression, no exploitation of any and all peoples. And once determined I need hardly tell Your Excellency it will be carried out with resolution but with the utmost circumspection taking in every detail of changing circumstances. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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W-30

OFFICE OF THE
DEPUTY MINISTER

CANADA

K.

DEPARTMENT OF NATIONAL WAR SERVICES

CONFIDENTIAL

OTTAWA, Canada,
April 29, 1941

A. D. P. Heeney, Esq.,
Secretary to the Cabinet War Committee,
East Block,
OTTAWA, Canada.

Dear Mr. Heeney:

I have your letter of this date.

I dictated yesterday and had delivered today a letter to Mr. Howe and to Mr. McLarty, copy of each of which is attached hereto. At the same time I wrote a letter to Colonel Ralston and a copy of that is attached hereto. A similar letter has gone to Major Power and to Honourable Angus L. Macdonald.

I might just as well have had this job done long ago if I had realized the importance of it, but nothing can be done now to retrace the lost time.

Can you have this matter discussed to-morrow in War Committee and the five Ministers in question urged to give us the information desired as fast as possible.

Meantime, for the purpose of Committee to-morrow, I attach a short preliminary report, giving you my ideas of the present situation.

Yours truly,

T. C. Davis,
Associate Deputy Minister

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PRELIMINARY REPORT FOR CABINET WAR COMMITTEE

I. The Cabinet War Committee at its meeting on April 3rd directed the following enquiry to me:

" With regard to the proposed establishment of women's Voluntary Services of Canada, the Committee agreed that the whole question of employment of women in war work be reviewed at an early opportunity, and that, meantime, the Associate Deputy Minister of National War Services (Mr. Justice T. C. Davis) be requested to confer with representatives of other departments concerned, and to prepare, for submission to the Committee, a detailed report containing:

(a) a description of existing women's war organizations;
(b) a statement of the extent to which women were now engaged in war work, and
(c) recommendations as to the spheres of war activity in which women could be usefully employed.

In this connection, it was suggested that the other departments principally concerned were the Defence Departments, Labour, and Munitions and Supply. "

2. Not knowing the urgency of this matter and pending set up of a Division of this Department to deal with it, no action was taken.

3. The following is the situation with respect to women's organizations in Canada in so far as it has come to my attention:

(a) A large number of women are engaged in war service work through the medium of the Canadian Red Cross Society, the I.O.D.E., the Catholic Women's League, the Y.W.C.A. and similar organizations. Many of them are engaged in the operation of canteens, lunch rooms and serving men of the Armed Forces. Others are engaged in knitting and sewing and producing material benefits of this kind for the use of the Armed Forces and victims of the war. The type of woman usually engaged in this is a woman past middle life.

(b) There have grown up spontaneously all across the nation Women's Service Corps. They have not been recognized by any Government Department. The majority wear uniforms, which, strictly speaking, is contrary to the law, and they try to make their uniforms as nearly as possible like the uniforms of the different branches of the Armed Service. Some of these women are training as mechanics, some as truck drivers and some are just training.

(c) In addition to this, there are organizations all across the country of a voluntary nature, not military in character, through which girls are being trained as mechanics, truck drivers, nurses and, I believe, radio technicians. These again are spontaneous community organizations, not recognized

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(c) (continued.....)

by any branch of Government. The bulk of the women who associate themselves with these organizations are younger women, although in respect to some of the Commanding Officers, one would have to stretch his imagination to put them in this category; but, strictly speaking, they are young.

I am told that there is an increasing demand for women in industry and in office and clerical jobs and that there is a constant stream of women going into these positions.

Our tentative proposal was that we should set up a Division in this Department to be headed by a woman, whose job it would be to call in for a conference all the major women's organizations in Canada and work out a nationwide Women's Service Corps;

That persons be asked to enlist in this Corps on a purely voluntary basis and be required to specify the type of service that they wish to undertake or the type of training they desire to secure;

That members of this voluntary body be identified by a distinctive dress, but with nothing in the way of a uniform to be associated with it and that steps be taken to prohibit the wearing of uniforms by any members of this national organization; also that all the semi-military organizations in Canada be required to affiliate with this national organization;

That each of the Armed Forces, Army, Navy and Air Force, decide the number of women they could utilize to do work presently being done by men or which would ordinarily be done by men;

That each Branch of the Armed Service have its own auxiliary and that these women be entitled to wear some type of uniform associated with the particular Service or in some way to identify them therewith, they could wear the ordinary dress of the national organization with an identifying badge;

That the national organization, after canvassing the present and future requirements of the three Armed Forces and of industry, start to give classes purely on a voluntary basis, across the country in the particular activities in respect of which the services of women can be utilized.

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K.

PRIVATE & CONFIDENTIAL

OTTAWA, Canada,
April 28, 1941

Hon. C. D. Howe,
Minister of Munitions & Supply,
OTTAWA, Canada.

Dear Mr. Howe:

At a meeting of the Cabinet War Committee on April 3rd the following decision was reached:

" With regard to the proposed establishment of Women's Voluntary Services of Canada, the Committee agreed that the whole question of employment of women in war work be reviewed at an early opportunity, and that, meantime, the Associate Deputy Minister of National War Services (Mr. Justice T. C. Davis) be requested to confer with representatives of other departments concerned, and to prepare, for submission to the Committee, a detailed report containing:

(a) a description of existing women's war organizations;
(b) a statement of the extent to which women were now engaged in war work, and
(c) recommendations as to the spheres of war activity in which women could be usefully employed.

In this connection, it was suggested that the other departments principally concerned were the Defence Departments, Labour, and Munitions and Supply. "

I have made an Interim Report to the Secretary of the Cabinet War Committee.

We are going to set up immediately in the

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Hon. C. D. Howe April 28, 1941

Division of Voluntary Services a branch formed for the express purpose of dealing with problems of women and their services in support of the national war effort. A qualified woman will be appointed to this position in the immediate future and it is our intention that she will be immediately charged with procuring the information upon which to base the report asked for in the above quoted paragraph, in order that we may submit to the Cabinet War Committee a definite proposal with respect to Women's Voluntary Services in Canada.

You will be able to procure from your Department a picture of the present situation with respect to manpower in Canada and whether or not all available manpower is being utilized by industry and whether or not is desirable to take action to increase the flow of women into industry and to provide training classes to train them for industry.

In this connection if you could give me any idea of the number of women you think could be usefully employed by industry in the next year and some information as to the type of women and the particular type of service they would be called upon to render, it would be of very great help.

Yours truly,

T. C. Davis,
Associate Deputy Minister

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K.

PRIVATE & CONFIDENTIAL

OTTAWA, Canada,
April 28, 1941

Hon. Norman A. McLarty,
Minister of Labour,
OTTAWA, Canada.

Dear Mr. McLarty:

At a meeting of the Cabinet War Committee on April 3rd the following decision was reached:

" With regard to the proposed establishment of Women's Voluntary Services of Canada, the Committee agreed that the whole question of employment of women in war work be reviewed at an early opportunity, and that, meantime, the Associate Deputy Minister of National War Services (Mr. Justice T. C. Davis) be requested to confer with representatives of other departments concerned, and to prepare, for submission to the Committee, a detailed report containing:

(a) a description of existing women's war organizations;
(b) a statement of the extent to which women were now engaged in war work, and
(c) recommendations as to the spheres of war activity in which women could be usefully employed.

In this connection, it was suggested that the other departments principally concerned were the Defence Departments, Labour, and Munitions and Supply. "

I have made an Interim Report to the Secretary of the Cabinet War Committee.

We are going to set up immediately in the

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Hon. Norman A. McLarty April 28, 1941

Division of Voluntary Services a branch formed for the express purpose of dealing with problems of women and their services in support of the national war effort. A qualified woman will be appointed to this position in the immediate future and it is our intention that she will be immediately charged with procuring the information upon which to base the report asked for in the above quoted paragraph, in order that we may submit to the Cabinet War Committee a definite proposal with respect to Women's Voluntary Services in Canada.

You will be able to procure from your Department a picture of the present situation with respect to manpower in Canada and whether or not all available manpower is being utilized by industry and whether or not it is desirable to take action to increase the flow of women into industry and to provide training classes to train them for industry.

In this connection if you could give me any idea of the number of women you think could be usefully employed by industry in the next year and some information as to the type of women and the particular type of service they would be called upon to render, it would be of very great help.

Yours truly,

T. C. Davis,
Associate Deputy Minister

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K.

PRIVATE & CONFIDENTIAL

OTTAWA, Canada,
April 28, 1941

Hon. J. L. Ralston,
Minister of National Defence,
OTTAWA, Canada.

Dear Colonel Ralston:

At a meeting of the Cabinet War Committee on April 3rd the following decision was reached:

" With regard to the proposed establishment of Women's Voluntary Services of Canada, the Committee agreed that the whole question of employment of women in war work be reviewed at an early opportunity, and that, meantime, the Associate Deputy Minister of National War Services (Mr. Justice T. C. Davis) be requested to confer with representatives of other departments concerned, and to prepare, for submission to the Committee, a detailed report containing:

(a) a description of existing women's war organizations;
(b) a statement of the extent to which women were now engaged in war work, and
(c) recommendations as to the spheres of war activity in which women could be usefully employed.

In this connection, it was suggested that the other departments principally concerned were the Defence Departments, Labour, and Munitions and Supply. "

I have made an Interim Report to the Secretary of the Cabinet War Committee.

We are going to set up immediately in the

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Hon. J. L. Ralston April 28, 1941

Division of Voluntary Services a branch formed for the express purpose of dealing with problems of women and their services in support of the national war effort. A qualified woman will be appointed to this position in the immediate future and it is our intention that she will be immediately charged with procuring the information upon which to base the report asked for in the above quoted paragraph, in order that we may submit to the Cabinet War Committee a definite proposal with respect to Women's Voluntary Services in Canada.

In the meantime, I would be greatly obliged if you could direct the proper official of your Department to let me know what the possible requirements of your Department may be for the services of women. This work includes services which they can render auxiliary to the Armed Forces. I presume that you will continue to secure your clerical staff, as heretofore, through the medium of the Civil Service Commission, but I expect that when it comes to procuring the services of women as auxiliary to the Army you and your recruiting officers will select them and enlist them just as you do with men for the Army.

An indication of where women could serve as auxiliary to the Army and the possible number which may be used over the next year or so would be of vast assistance to us in preparing a proposal for the War Committee.

Yours truly,

T. C. Davis,
Associate Deputy Minister

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D-19-C

Draft letter from the High Commissioner for the United Kingdom to the Rt. Hon. W. L. Mackenzie King, M.P.

My dear Prime Minister,

I am writing about the proposal that the United Kingdom Government should avail themselves of certain facilities for civil flying training in the United States of America, which Sir Archibald Sinclair discussed with Colonel Ralston at the time of the latter's visit to London. The United Kingdom Government are grateful for the Canadian Government's co-operation in the consultations on the subject which have proceeded between the two Governments since, and are glad that there is agreement that the proposal offers advantages that we should unhesitatingly accept. The United Kingdom Government wish me to repeat at the same time that these plans will in no way reduce the scope of the J.A.T.P. in Canada which, together with those other measures of assistance in the field of air training so generously afforded by the Canadian Government, are being developed much beyond the maximum degree originally planned and at a pace which is far ahead of the original schedule. This constitutes a remarkable achievement by the Canadian authorities who are mainly responsible for this scheme, which will, we believe, be one of the most weighty and decisive factors in gaining victory for our arms.

Yours sincerely,

Malcolm MacDonald.

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COPY

OFFICE OF THE HIGH COMMISSIONER FOR THE UNITED KINGDOM

OTTAWA

SECRET

IMMEDIATE

28th April, 1941

My dear Prime Minister,

May I ask you to refer to my letter of the 8th April, in which I gave certain explanations regarding the proposals of the United Kingdom for availing themselves of flying training facilities in the United States of America.

I have now received a further telegram from the Secretary of State for Dominion Affairs, in which I am informed that the relevant negotiations in the United States are proceeding rapidly and are expected to reach a successful conclusion in the near future. The offer which is under discussion is for the United States Army Air Corps to place at our disposal

(a) one-third of its expanding capacity for primary, basic and advanced pilot training: and by the end of 1941 t is will equal the capacity of seven and a half full sized R.A.F. service flying training schools with matching elementary flying training schools: and

(b) the entire capacity of the Pan-American Airways Air Navigation School at Miami.

Entry of United Kingdom pilot pupils can begin in June, and entry on the enlarged scale at Miami can begin in August.

This is training capacity which the United Kin dom Government most urgently need and cannot obtain quickly enough in any other way. In endeavouring hitherto to obtain it by alternative methods, they have been faced by the impossibility of supplying either the instructors or the aircraft in time to produce the trained pilots and observers by the dates on which they will be required. The offer therefore provides a most satisfactory way out of a difficulty which had previously seemed insoluble and the United Kingdom Government feel that they have no alternative but to accept it. They point out that the more quickly they can increase the pilot and observer strength during the next twelve months the more quickly will final victory be achieved.

The Right Hon. W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

IN/

Referred to - The Minister of National Defence
" " for Air
Clerk of the Privy Council.

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In informing me of this decision the Secretary of State expresses the view that it will tax our combined resources to the utmost to provide all the instructors, aircraft spares, etc. that will be needed for the schools already established or agreed to be established in Canada and the other Dominions. Indeed, as the Canadian Government are only too well aware, shipping difficulties and interference with production in the United Kingdom have prevented the United Kingdom Government from supplying all the aircraft and spares they are due to supply for the Joint Air Training Plan schools and for the United Kingdom schools already transferred.

It seems probable that despite all efforts to keep to schedule the position in regard to the supply of instructors and aircraft will tend in the near future to become worse rather than better as the number of schools located in the Dominions increases, even if no more schools than it has already been decided to establish in the Dominions are actually established there. Demands for additional staff for the expanding training organisation can only be met by appropriating for it personnel who would otherwise be posted to operational units where they are very badly needed, and in some instances the choice may well be between forming new training units or forming new operational units, and the decision may have to go in favour of the latter.

The Secretary of State adds, in this connection, that the United Kingdom Government are very grateful for the financial offer recently made by the Canadian Government in their telegram No. 46 of the 27th March, but points out that, as you are aware, it imposes on the United Kingdom Government the obligation to scrutinise very carefully any proposals involving an increase in the holding of sterling by Canada, and a careful scrutiny of the financial position leads to the conclusion that expenditure in Canada beyond that to which the United Kingdom is already committed ought so far as possible to be devoted to the purchase of food and munitions rather than to a still bigger extension of flying training than has already been contemplated.

In this connection, you will be interested to have the following further particulars which I have received regarding the actual establishment in Canada of the schools already agreed upon. This matter was referred to in the enclosure in Mr. Robertson's letter to Mr. Hankinson of the 25th March last. The position is as follows:-

(a) of the fourteen schools programme, the R.A.F. have already transferred or are in process of transferring four Service Flying Training Schools, one General Reconnaissance School, one Air Navigation School, one Air Observer School and one Bombing and Gunnery School. The remaining four Service Flying Training Schools are scheduled to leave the United Kingdom in time to commence

training/

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training in Canada one in September, two in October and one in November. The date of transfer of the Torpedo Training School depends on the results of discussions now in progress between the Air Ministry and the United Kingdom Air Liaison Mission, but it is hoped to transfer it in time for it to commence training by the 1st September. The date of transfer of the remaining Air Navigation School is uncertain, but it may be July, to commence training in August. I hope to be able to confirm this shortly.

(b) As regards Elementary Flying Training Schools to match the eight transferred Service Flying Training Schools, one of these leaves the United Kingdom for its temporary location in Canada immediately. Departure of the second is delayed for a short period pending a clearing of the instructor situation. No date has yet been fixed for the remaining six. In general, however, the United Kingdom authorities would be prepared to form all these Elementary Flying Training Schools as soon as aerodromes are ready for them in Canada.

(c) As regards Operational Training Units, the Canadian Government are already aware of the proposals for the Hudson Operational Training Unit at Debert. The United Kingdom authorities would be prepared to form Hurricane and Hampden Operational Training Units when aerodromes are ready. The date of formation of the remaining Operational Training Units which will be equipped with American aircraft cannot yet be given.

The United Kingdom Government appreciate that this is a very large programme for Canada to undertake in addition to the Joint Air Training Plan, and they are extremely grateful to the Canadian Government for so readily undertaking it and for the speed and efficiency with which they have carried through the Joint Plan and have prepared the aerodromes and buildings for the additional units. This is a really remarkable and unique contribution to the Commonwealth war effort, and the help which the Canadian Government are generously giving with the Atfero organisation will make further heavy demands on their resources.

The Secretary of State has asked me on behalf of the United Kingdom Government to express their deep appreciation to you and your colleagues not only for the ready and generous help which you have at once extended to all our proposals, but also for your understanding of our difficulties and our need, in the common cause, to take advantage of training facilities offered to us elsewhere.

Yours sincerely,

(Signed) Malcolm MacDonald.

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Copy

DEPARTMENT OF PUBLIC WORKS

St. John's, Newfoundland

17th April, 1941.

Dear Colonel Gibson:

You reminded me during our recent negotiations here that the Canadian Government has plans for establishing an aerodrome in the vicinity of Torbay with accommodation for aircraft and personnel and you asked me to give you a written assurance that the Newfoundland Government agrees with the proposal. It is understood that the expenses of the proposed development will be borne exclusively by the Canadian Government and that the aerodrome will be used as a civil airport only with the consent of the Newfoundland Government. On this understanding and subject to the settlement of details with the appropriate Departments of the Government of Newfoundland, this Government agrees that the Canadian Government may acquire lands for this purpose and may establish radio, teletype, telephone and telegraphic communications between the aerodrome and the air bases. In so far as Crown lands are concerned, these will be placed at the disposal of the Government of Canada free of charge either as an outright grant or on a lease for a period commensurate with the capital investment of the Canadian Government, as may be agreed in due course. The Government of Newfoundland cannot undertake to meet any part of the cost of acquisition of private lands but in saying this I have no intention of deciding in advance the request which you have already made on behalf of the Government of Canada that the Government of Newfoundland should consider the possibility of bearing the cost of acquisition of private lands for use by the Canadian Forces. That request has not yet been considered by the Governor-in-Commission.

Yours sincerely,

"W.W. Woods"

Commissioner for Public Utilities.

Colonel the Hon. C.G. Gibson, M.C.,
Minister of National Revenue,
Government of Canada.

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MEMORANDUM

SECRET April 24th, 1941.

C.A.S.

Training of Pilots for the R.A.F. in the United States.

1. The procedure to be followed and the accommodation required in connection with the scheme for training pilots for the Royal Air Force in the United States was discussed this morning and it is recommended that the following arrangement be adopted:

Organization

It is considered that a Depot, for the reception of personnel from the United Kingdom and their return upon completion of their training, should be established as a separate entity.

Site

It is highly desirable that the site selected be in the Maritimes in order that the railway facilities of Central Canada will not be further taxed and in order that the Depot will be adjacent to the port of debarkation and embarkation.

After careful consideration, it was decided that Debert would be the most logical point at which to localize the Depot. In this regard, the United Kingdom authorities will be requested as a general principle, to have personnel proceeding to Canada for subsequent training in the United States debark at Halifax.

This Unit will be utilized for receiving personnel arriving from overseas and also as an embarkation depot when they have completed their training in the United States. In the event that an overflow of personnel returning to the United Kingdom occurs at any time, the proximity of Debert to the embarkation depot at Halifax will permit advantage being taken of the facilities of the latter.

Accommodation

Bearing in mind that this Unit will be utilized both for personnel arriving in Canada and those returning to the United Kingdom upon completion of their training, it is considered that accommodation should be provided for approximately 600 personnel.

D.M. (A)
The attached memorandum indicates how RAF trainees for civil schools in the States could be handled by the RAF and what would be required therefor.

Dartmouth is being considered as an alternative site to Debert mentioned in the memorandum.

(sgd.) L.S.Breadner.
Air Vice Marshal
C.A.S.
Apr.24,1941.

N.B.

Advice has been received by the U.K. Air Liaison Mission that the first pupils are to be held up one month in Iceland.

L.S.B.

Minister

I concur in procedure and arrangements proposed herein with the further comment that Dartmouth may prove a better site than Debert.

(Sgd.) S.L. deC.
D.M. (A)

24/4/41.

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The following accommodation should, therefore, be provided and sited in such a manner as to permit expansion in the event that such becomes necessary:

4 Standard pattern Barrack Blocks
Messing facilities for approximately 600
Facilities for the storage of the kit of those personnel undergoing training in the United States.
1 Standard Recreational Building
1 Standard Administration Building
An 18 or 20 bed addition to the existing hospital accommodation at Debert.
Canteen

M.T. Vehicles

Suitable vehicles will be required for the transportation of personnel.

Staff

The necessary staff should be provided by the R.C.A.F. but, since R.A.F. documentation procedure will be followed, it might be desirable to have the R.A.F. provide a portion of the clerical staff.

Financial

The personnel will receive pay and allowances at R.A.F. rates. The pay procedure and financial arrangements in effect for the R.A.F. Special Schools will apply to this Unit.

It is proposed to make arrangements with the British Air Attache in the United States for the issue of pay to personnel whilst in the U.S., and advice of payments made forwarded to the R.C.A.F. authorities who will maintain pay records for these personnel during theperiod that they are in Canada and the U.S.

Passports

The R.C.A.F. will accept the responsibility for passports. It is felt that suitable arrangements can be made for obtaining passports by means of nominal rolls and steps will be taken to ensure that passports are collected upon the return of the personnel concerned from the U.S.

The question of visas is now in hand and it is not expected that any difficulties in this connection will be experienced.

The matter of passports will be dealt with by the A.M.P., in collaboration with Mr. Jones, upon the latter's return from his visit to Washington.

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Procedure

Personnel arriving from the United Kingdom will be accommodated at Debert until they are required to proceed to the United States.

They will be issued with transportation, passports, advances of pay, etc.

Their kit will be stored at Debert until their return to Canada.

Suitable arrangements will be made for the issue of pay and allowances to these personnel whilst in the U.S.

Upon completion of their training, they will be returned to Debert, their kit re-issued and arrangements made for their return to the United Kingdom.

(Sgd.) L.D.D. McKean.
Air Vice-Marshal.

(Sgd.) H. Edwards.
Air Commodore.

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Apr 22/41

N.S. 1017-10-30

SECRET

THE MINISTERS.

1. As a result of recent meetings of the Permanent Canadian - United States Joint Board on Defence, certain proposals by the United States Service members of that Board have been brought to the attention of the Chiefs of Staff by their respective representatives. These proposals concern questions of higher policy with which the Services alone are not competent to deal. The Chiefs of Staff Committee, therefore, have carefully studied these proposals, and in accordance with your verbal instructions, now desire to bring forward their recommendations in this regard.

2. In order to clarify the situation and, in particular, the important issues at stake, the Committee have prepared the following brief resume of the Joint Board negotiations so far as they have gone.

3. The Permanent Joint Board on Canadian - United States Defence have completed preparation of their first plan, originally entitled "Joint Canadian - United States Basic Defence Plan - 1940", and now called "BASIC PLAN 1". The Board is now engaged in preparing a second plan, to be entitled "BASIC PLAN 2". These two plans envisage entirely different sets of circumstances in which they would require to be brought into effect, and are therefore dealt with separately.

"BASIC PLAN 1"

4. Briefly, "BASIC PLAN 1" is intended for use in the unlikely event of Great Britain being over-run by the enemy or if the British Navy ceases to control the North Atlantic, in which case the North American Continent will be open to direct attack by the enemy.

5. The object of "BASIC PLAN 1" is "To defend Canada and the United States against direct attack by European and/or Asiatic Powers".

6. This "BASIC PLAN 1", comprising a number of clearly-defined tasks, has already been accepted by the Canadian and United States Governments, and preliminary measures are in hand by both Governments to implement its provisions.

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7. "OPERATIONAL PLAN 1" for each Service, based on "BASIC PLAN 1", is now being prepared by the respective Service Members of the Board.

8. It was the intention of the Board to include the question of Command Relations in the "OPERATIONAL PLAN 1" rather than in the "BASIC PLAN 1". In view of the fact that Command Relations involve important issues of higher policy, and because so far the United States and Canadian Service Members have found themselves unable to agree upon this difficult question, the Chiefs of Staff strongly recommend that Command Relations should be included in "BASIC PLAN 1".

9. If this recommendation is accepted, it will be necessary to direct the Board to prepare an Addendum to "BASIC PLAN 1", which Addendum will of course also require to be accepted by the Governments of Canada and the United States.

"BASIC PLAN 2"

10. Since "BASIC PLAN 1" was prepared, the general situation has changed considerably. The Lease-Lend Bill has been passed, and the possibility of United States entry into the war is far less remote than it was six months ago.

11. It was therefore decided that the Joint Board should prepare a plan visualising the entry of the United States into the war as an Associate of the British Commonwealth and Allied Powers. This plan, now in course of preparation by the Board, is known as "BASIC PLAN 2".

12. Preparation of this Plan was delayed at the desire of the United States, in order that they might first ascertain their commitments as a result of United Kingdom - United States Conversations lately completed in Washington.

13. These United Kingdom - United States Staff Conversations were instituted in order "to determine the best methods by which the armed forces of the United States and the British Commonwealth, with its present Allies, could defeat Germany and the Powers allied with her, should the United States be compelled to resort to war: to co-ordinate, on broad lines, plans for the employment of the forces of the Associated Powers: and to reach agreements concerning the methods and nature of Military Co-operation between the two nations, including the allocation of the principal areas of responsibility, the major lines of the Military strategy to be pursued by both nations, the strength of

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the forces which each may be able to commit, and the determination of satisfactory command arrangements, both as to supreme Military control, and as to unity of field command in cases of strategic or tactical joint operations."

14. Agreements between the representatives of the United Kingdom and United States were reached. They are however subject to confirmation by the Chiefs of Staff and the Governments of the respective countries.

15. The completed Agreements include a clear understanding as to the Strategic Objective, Strategic Defence Policies, Principles of Command, and a detailed "United States - British Commonwealth Joint Basic War Plan."

16. The Canada - United States Joint Board's "BASIC PLAN 2" is predicated on the United Kingdom - United States Agreements, which, as might be expected, deal very largely with Naval Forces. Air and Land Forces are only involved by virtue of the question of strategic control in "islands and contiguous continental land areas west of longitude 30° West" with the exception of "waters and territories in which Canada assumes responsibility for the strategic direction of Military Forces, as may be defined in U.S. - Canada Joint Agreements".

17. As previously noted, in the United Kingdom - United States Agreements, certain "Principles of Command" were laid down and agreed to. A study of these Principles clearly shows that as far as the Navy is concerned the United Kingdom recognises the existence of our present agreement with the Admiralty whereby Canada assumes strategic control in her Coastal areas, and further also indicates that the United Kingdom assumes that Canada will continue to exercise such control under any agreement with the United States. As regards land forces, the United States Army Member was clearly desirous of obtaining agreement for strategic direction by the United States, but agreed that the object in view could also be attained by co-operation.

18. During the course of preparation of "BASIC PLAN 2", the Canadian Members of the Joint Board proposed that Canada should retain strategical and operational control of its own forces operating from Canadian bases, and that the United States retain similar rights over their forces operating from our bases or in waters adjacent to Canada and Newfoundland. It should be noted that this proposal is similar in all respects to the arrangements made with the British Admiralty for the operation of British forces in Canadian waters. These arrangements have

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worked with complete success for nearly eighteen months.

19. The United States Members of the Board were unable to agree with this proposal as regards naval and naval air forces, and desired to limit Canada to the strategic direction of her own forces only in those areas already laid down in "BASIC PLAN 1". These are briefly the Gulf of St. Lawrence, the Bay of Fundy, and an area within a radius of 30 miles from each Canadian and Newfoundland Defended Port.

20. While there is no definite interpretation of the term "Strategic Control" or "Strategic Direction", it has been generally agreed by the Service Members of the Joint Board to mean "The higher direction of war, including the assignment of missions and the allocation of the means required to accomplish them".

21. In regard to "BASIC PLAN 1", the Chiefs of Staff are of the opinion that in the circumstances in which this Plan would be put into effect, namely "North America versus The Rest", strategic direction by the United States, subject to consultation with Canada, would be the most practicable solution. They therefore recommend that such qualified control by the United States should be accepted under "BASIC PLAN 1".

22. In the case of "BASIC PLAN 2", the circumstances in which this plan would be brought into effect are entirely different. "BASIC PLAN 1" is primarily 'defensive'; "BASIC PLAN 2" is essentially 'offensive'. In one case the 'Front Line' is in the Western Hemisphere; in the other it is in Europe. In "BASIC PLAN 1", the United States, with Armed Forces in the proportion of about twelve to one as compared to those of Canada, is obviously the major partner, and it is eminently reasonable that she should initiate strategic direction of the combined forces. In "BASIC PLAN 2" the primary object of the entry of the United States into the war will not be the defence of the North American Continent but to assist in the destruction of the enemy in any part of the world where Allied Forces may be sent to operate.

23. In the circumstances in which "BASIC PLAN 2" is operative, the Chiefs of Staff therefore desire to advise most strongly against the acceptance by Canada of any proposal giving the United States unqualified strategic control of Canadian Armed Forces.

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24. Instead, they wish to recommend the following basic principles governing Command Relations in the preparation of "BASIC PLAN 2":-

(i) That Canada retain strategic direction over its forces based on Canadian and Newfoundland territory and waters.

(ii) That the United States retain similar control over its forces similarly based.

(iii) That specific Navy, Army and Air Force operational tasks be assigned to the United States and Canada respectively, and the co-ordination of responsibilities be attained by the same mutual co-operation which has been so evident between United Kingdom and Canadian Forces now operating in the Atlantic Area.

25. The Chiefs of Staff Committee recommend that, in the event the Canadian Government accept the recommendations given in paragraphs 8, 21 and 24 above, these views should be transmitted through the appropriate Channels to the Joint Board. It is believed that if the Canadian Members of the Board are in possession of definite guidance in these matters that concurrence of the United States Members of the Board to these proposals will be obtained.

26. Submitted for consideration and approval.

.....Rear-Admiral,
Chief of the Naval Staff.

.....Major-General,
Chief of the General Staff.

.....Air Vice-Marshal,
Chief of the Air Staff.

22nd April 1941.

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D-19-2

CANADA UNITED STATES OF AMERICA

PERMANENT JOINT BOARD ON DEFENCE

CANADIAN SECTION

OFFICE OF THE SECRETARY
EAST BLOCK, PARLIAMENT BUILDINGS
OTTAWA

April 18, 1941.

SECRET

My dear Heeney,

On March 15th you wrote to me stating that the Cabinet War Committee had approved a recommendation from the Chiefs of Staff Committee and the Defence Council to the effect that four anti-aircraft guns be transferred from Halifax to the vicinity of Arvida, Quebec. You added that in recommending this action to the Cabinet War Committee the Defence Council expressed the view that the possibility of obtaining additional guns from the United States should be explored, and you remarked that, as Secretary of the Canadian Section of the Permanent Joint Board on Defence, I might make note of this suggestion.

At the meeting of the Board, which has just ended in Montreal, this suggestion was brought to the attention of the United States members and we were informed that it would be impossible to obtain any additional assistance along this line at the present time from the United States as their own requirements are being very inadequately filled. I regret that it is necessary to record this decision.

Yours sincerely,

H. L. Keenleyside

A.D.P. Heeney, Esq., K.C.,
Secretary to the
Cabinet War Committee,
OTTAWA.

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CONSULATE GENERAL OF
THE REPULBIC OF POLAND
OTTAWA

URGENT

Ottawa, April 19th, 1941.

Sir,-

Acting upon instructions received from my Government, I have the honour to extend best appreciation on their behalf of the Canadian Government's understanding attitude towards our difficult problem of evacuating our refugees.

The Polish Government, however, has been unable to secure from the British authorities permission to effect a transfer of funds for the prospective evacuees who would be admitted to Canada for the duration of the war. For this reason the Polish Government is not in a position to guarantee the maintenance of this category of its nationals.

I have, therefore, been instructed to approach the Government of Canada with the request that they remove the condition attached to their permission to admit these persons to this Dominion, as was done by the Brazilian Government which has granted 2000 visas to Polish evacuees without guarantee of maintenance on the part of the Polish Government.

I would add that I have already approached - through our Consuls in Canada - the various Polish and Jewish organizations, and am in touch with refugee committees, in order to ascertain to what extent employment or maintenance could be secured for the prospective Polish evacuees. The Canadian Friends of Poland in Toronto are taking up the matter of material assistance with the National Council of the Canadian Red Cross.

The situation is serious and urgent, as Portugal, on April 1st, ordered the internment in camps of all refugees who up to May 1st fail to secure admission to other countries.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
Ottawa.

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Under the circumstances the Government of Poland would like to direct to Canada about 300 persons from Portugal. If it could be arranged, their passage would be paid for by the Polish Government in pounds sterling.

I should be very much obliged if you were good enough to let me know the attitude of the Government of Canada in this connection at your earliest convenience.

I have the honour to be,
Sir,
Your obedient servant,

(sgd) VICTOR PODOSKI

Consul General of Poland

Copy to:
F.C.Blair, Esq.,
Director of Immigration,
Ottawa.

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D-19-1
NAR/SR
23.4.41

Confidential

MEMORANDUM FOR THE PRIME MINISTER

Control of Exports to Japan

Export permits are now required for all exports to Japan and are being refused for all "strategic materials", including copper, nickel, lead, zinc, antimony, cadmium, iron and steel. The only mineral product for which permits continue to be granted in any volume is asbestos. Since the beginning of this year no permits have been issued for the export to Japan of long fibred asbestos (Grades 1 and 2) and exports of lower grades have been limited to 50 per cent of pre-war average shipments. The United States has recently stiffened its export licensing requirement for asbestos, so that United States export licences which are required by Canadian asbestos passing in transit through the United States to Japan are not being granted for Grade 3 or for a good deal of Grade 4 asbestos - grades for which we have hitherto been issuing a limited number of export permits.

The Japanese have ceased to protest against their inability to get essential metals from Canada. They are, however, very indignant about our embargo on the export of wheat and hemlock logs and are apprehensive about the anticipated refusal of licences for the export of rayon pulp, which the United States has recently added to its export licensing list. They have been pressing the Legation in Tokyo and the Department of External Affairs here very hard in recent weeks to secure permission to complete export transactions in respect of pulp logs and wheat which were virtually completed when

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the export permit requirement was introduced. In neither case can we plead the necessity of conserving supplies as an explanation of our refusal to permit exports, nor are there any compelling "economic warfare" reasons for totally prohibiting shipments of these commodities.

Our policy in respect of these commodities has been determined, primarily, by domestic political considerations. Public opinion in Canada is undoubtedly strongly opposed to the export of anything to Japan which could remotely or indirectly be useful for military purposes, and there is a certain risk that the export of wheat from Vancouver or pulp logs from Vancouver Island points would provoke local demonstrations which could easily exacerbate the strong anti-Japanese sentiments in British Columbia. We have represented to the Japanese Minister, in reply to his protests, that our refusal to grant export permits for wheat and logs has successfully prevented the occurrence of incidents in British Colubmia which might easily prejudice the position of Japanese nationals in Canada and lead to a serious deterioration of relations between Canada and Japan.

The Japanese contend that the risk of local disorders is less than we suggest and that in any case normal rules of international intercourse require us to permit the completion of export contracts entered into by both parties. They say that the pulp logs exported from Canada to Japan are used in the manufacture of newsprint and rayon pulp and not high explosives as some of our news-

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papers have suggested, and they urge further that the wheat they wish to buy is to be manufactured into flour in Japan for consumption by the Chinese population in North China, which is badly in need of food.

The Japanese Minister has been summoned to Washington this week for consultation with the Japanese Ambassador and expects to return on Saturday. He is anxious to have a personal interview with you on his return. He expects to have the Japanese Consul in Vancouver with him at that time and has enquired whether he could bring the Consul with him when he calls. I think he is relying on his Consul to convince us that the local situation in British Columbia is much steadier and that our fears of demonstrations attending the export of wheat or logs to Japan are exaggerated.

As regards wheat and logs we are imposing restrictions on exports to Japan which have no counterpart in the United States or other Commonwealth countries. We are, therefore, in a rather exposed position as compared with the other Commonwealth countries and the United States. The Japanese have seized on this situation to press us for a modification of our policy. As Mr. Churchill said yesterday in Westminster with reference to the control of exports to Spain, none of us at the present moment are in a position to pursue a "rough, reckless or debonair policy". I am inclined to believe that we should, for the time being, make some modification of our policy and grant some export permits for shipments to Japan which have hitherto been withheld. Possible modifications are:-

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(1) granting of export permits for pulp logs, firm orders for which had been placed before the export permit requirement was introduced; and

(2) granting of export permits for wheat up to the quantity which had been purchased on Japanese account before the export permit requirement was introduced. (This would amount to about 70,000 tons).

In deciding to grant permission for the export of a certain amount of wheat to Japan, consideration might be given to selling it to Japan ex elevator in Prince Rupert rather than Vancouver. I understand there would be less likelihood of longshoring difficulties or other local demonstrations if the export was effected from Prince Rupert instead of Vancouver. In granting permission for the export of wheat to Japan a stipulation could be secured, for what it was worth, that the wheat was intended to be ground into flour for famine relief in Japanese controlled China.

In their representations against the application of our export control policy to Japan, the Japanese Government have made it very clear that they regard the long vacancy in our Legation in Tokyo as an indication that we are not trying very hard to smooth out diplomatic difficulties between our two countries. In delivering a note of protest to our Charge d'Affaires in Tokyo last week, the Japanese Vice Minister for Foreign Affairs went so far as to suggest that, with the virtual ending of commercial relations between Canada and Japan, the principal reason for our exchanging diplomatic missions was itself disappearing. In the circumstances it might be easier to continue to refuse to export commodities to Japan if we

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took the initiative of exporting a new Minister to our Legation in Tokyo.

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April 19th, 1941.

Copy for Mr. Heeney

MEMORANDUM FOR THE PRIME MINISTER

Mr. Keenleyside and I received the Japanese Minister this morning when he called to enter a further and stronger protest against our refusal of export permits for the shipment of wheat and pulp logs to Japan.

Mr. Yoshizawa repeated the arguments set forth in the attached note, which was delivered to our Chargé d'Affaires in Tokyo by the Japanese Foreign Office on Thursday. I told him that we had received the text of this communication from Mr. McGreer and regretted that it showed no appreciation of the special considerations regarding Canadian Government policy in this matter which had been explained to him on a number of occasions. Mr. Yoshizawa said that he had reported faithfully to his Government the various conversations he had had with us in which we had stressed the sensitiveness of the special situation obtaining in British Columbia, the increasing domestic pressure to which our Government had been subjected in respect of exports to Japan, and our feeling that under present conditions any shipment to Japan from a British Columbian port might easily be the occasion of a serious incident which would create difficulties for Japanese nationals in Canada and undoubtedly further embarrass relations between Canada and Japan which the Government hoped would remain friendly.

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We pointed out to him that every report of the actual or prospective shipment of materials to Japan had provoked bitter comment in the Canadian press and had led to scores of representations from organizations and individuals to the Government and Members of Parliament. In this atmosphere any loading of goods for shipment to Japan which might indirectly and remotely be useful for military purposes might provoke an incident which would have very serious consequences. In our judgment this was a very real risk which the Government's policy in refusing export permits was designed to avoid.

Mr. Yoshizawa said that he had explained to his Government the reasons for our policy, though he was not himself convinced that the risk of local disorders arising out of shipments to Japan was as great as we believed. He planned to have his Consul in Vancouver report to Ottawa for consultation next week and thought of going out to British Columbia himself to size up the local situation so that he could advise his Government accordingly.

Mr. Yoshizawa referred to the statement in Mr. Ohashi's note to Mr. McGreer that the Canadian restrictions on the export of wheat and pulp wood to Japan could only be taken as "a blunt manifestation of illwill entertained by Canada against Japan". We agreed that there was no doubt a deep public mistrust of recent developments of Japanese policy since the conclusion of the

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Tripartite Pact with our enemies and this mistrust had not been lessened by Mr. Matsuoka's visit to Berlin and his conclusion of an agreement with the U.S.S.R. Nevertheless, taking a long view of relations in the Pacific, we thought our preventive policy of avoiding any occasion for an incident which would provoke anti-Japanese demonstrations in British Columbia was a wise one the reasons for which his Government should appreciate.

Mr. Yoshizawa then referred to his Government's doubts about the desirability of maintaining diplomatic relations between our countries now that the economic relations which had been the principal reason for establishing them were ceasing to exist.

We told Mr. Yoshizawa that his representations and those which his Government had addressed to Mr. McGreer would be brought to your attention immediately on your return. In the meantime there was nothing we could add to the explanations we had already given him.

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HLK/DF., April 9, 1941. D-19-1 Nfld

NOTE FOR MR. HEENEY:

Attached you will find a copy of the telegram from the Hon. Mr. Gibson to the Hon. Mr. Power with reference to the negotiations now proceeding in Newfoundland.

On a first reading I have no particular comments to make with reference to the first part of the draft agreement which is set out in this telegram. You will note that other parts are to follow shortly.

H.L.K.

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COPY

SECRET April 8th, 1941.

(From Gibson to Power) (Number 1).

The following is partial text of proposed agreement. Further texts will be despatched at intervals.

Text begins. 1.

(1) Subject to the fundamental points set out in the succeeding paragraph and subject to such agreed arrangements with regard to specific activities as are hereinafter set forth and for purposes of defence, the Government of Newfoundland will transfer to the Government of Canada for the duration of the war the control of the Newfoundland Airport (as set out in the annexed plan) and of the seaplane bases situated at Botwood and Gleneagles; and the Government of Canada shall undertake in the place of the Government of Newfoundland the responsibility for the operation of the said air bases.

(2) The responsibility for operation of the said air bases to be assumed by the Canadian Government shall include normal airbase facilities for trans-atlantic movement of aircraft in accordance with established air ministry practice.

2. The Government of Canada agrees that:

(1) No part of the said air bases shall be handed over to control of a third party without prior consent of the Newfoundland Government.

(2) No alterations shall be made in the existing layout of the air bases without prior consent of the Newfoundland Government.

(3) Any damage to the air bases while controlled by the Government of Canada shall be repaired.

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(4) Control of the air bases shall be handed back to the Newfoundland Government on the termination of hostilities.

(5) Control over the Newfoundland airport area vested in the Commissioner for Public Utilities by Act number 19 of 1938 shall not be affected.

Amend. sec. 1(d) #2 b3

(6) (A) Newfoundland personnel will be employed and (B) the present staffs at the air bases will be retained in employment so far as practicable.

(7) Materials manufactured or produced in Newfoundland and sold at competitive prices will be given preference.

(8) The facilities at the air bases including the civil hangar at the Newfoundland airport will continue to be made available as required for British civil aircraft operating across the North Atlantic or undertaking local flights and plans for delivery by air of military aircraft across the Atlantic will be facilitated. The Canadian Government will not object to the provision of suitable ground space as required for the erection at the expense of the United Kingdom of accommodation for aircraft and personnel.

TEXT ENDS.

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COPY MESSAGE FORM

PART ONE OF
NUMBER TWO.

Apr. 8 1941.

TO: POWER

FROM: GIBSON NEWFOUNDLAND.

SECRET. NO.2. Text of proposed Agreement continues as follows. Text Begins. 3. It is agreed that as from the date of the transfer of control of the air bases H.A.L. Pattison will cease to have general charge of administration of the air bases, but that he or some other person employed by the Newfoundland Government will be employed by the Newfoundland Government as Liaison Officer between the Newfoundland Government, R.C.A.F. and the Air Ministry; and it is understood that the Liaison Officer will continue to direct the Air Ministry wireless organization in Newfoundland.

4. It is understood and agreed that the Air Ministry wireless organization and equipment will be available for all purposes connected with aviation, but that the control thereof will be retained for the duration of the war by the Air Ministry which will have first call on its use at all times. The Canadian Government will provide the power and heat required by the wireless organization, will repair ordinary wear and tear of the buildings occupied by the organization, will keep open the roads thereto and will provide messing facilities and quarters for members of the staff, provided the U.K. Government will reimburse the Canadian Government for as much of the cost thereby incurred by that Government as shall not exceed in any year the sum of $25,000.00.

5. The Atlantic Ferry Organization of the Ministry of Aircraft Production, its servants and agents, shall continue to have at the Newfoundland Airport and other bases the status of an operating company and shall be allowed to provide itself at these bases (at its own expense as to construction and maintenance) with such buildings and other facilities as the Newfoundland and Canadian Governments may agree to be reasonably required. Part one ends. Part two begins.

6. The Government of Canada shall assume and discharge any obligations of the Government of Newfoundland to another Government including the provision of ground accommodation for trans-Atlantic flights, if such obligations arise out of the Ottawa negotiations of 1935.

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7. The Newfoundland Government agrees to lease to the Canadian Government the lands at the Newfoundland Airport occupied by the hangars, works and buildings which have been constructed for the RCAF or which shall be constructed with the consent of the Newfoundland Government for the R.C.A.F at any of the air bases, for a period of fifty (50) years, provided that on or after the cessation of hostilities the Newfoundland Government shall have the right, notwithstanding any such leases to resume possession of all of the area of land situated on the North Side of No.1 Runway and between the said Runway and the Main Line of the Newfoundland Railway, but on the exercise of such rights the Newfoundland Government shall pay to the Canadian Government such reasonable compensation for buildings and erections thereon the property of the Canadian Government as shall be agreed, it was further agreed that the continued use of the air bases by the Canadian Forces after the cessation of hostilities shall be the subject of separate consultation between the Canadian and Newfoundland Governments. The Canadian Government agrees to maintain and repair the buildings now owned by the Newfoundland Government, possession of which is being transferred to the Canadian Government, and to return possession to the Newfoundland Government at the cessation of hostilities. Part two ends. Part three begins.

9. The Newfoundland Government understands that practice bombing ranges and air-firing ranges will be required by the Royal Canadian Air Force in the vicinity of the air bases and agrees to facilitate the establishment of such ranges.

9A. The Newfoundland Government agrees to permit the construction of bomb storage facilities in the V between the south side of No.3 Runway and the west side of No.4 Runway and in an area southeast of the southern end of No.2 Runway together with necessary roads and spur trackage. Final plans therefore to be made on consultation with the Newfoundland Government. (NOT TO BE PUBLISHED).

10. The Newfoundland Government agrees to transfer to the Canadian Government for the duration of the war its equipment at the three bases including surplus equipment (but not including the small power boat

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at Botwood or the power boat at Gleneagles) for use at any of the three air bases or for safe custody at those bases. The Canadian Government agrees that no movable property is to be disposed of or removed from the air bases without the consent of the United Kingdom and Newfoundland Governments and that the proceeds of any agreed sales will be the property of those two Governments.

11. It is agreed that the Canadian Government shall not be responsible for providing marine facilities at the base on Gander Lake to be operated by the Atlantic Ferry Organization. Text ends.

Number 3. Begins. 1. Further text of proposed agreement will be forwarded in subsequent despatches which will be ready today or tomorrow. 2. Meanwhile the text of paragraph 2 subparagraph 6 now reads as follows quote, so far as practicable (A) Newfoundland personnel will be employed and (B) the present staffs at the air bases will be retained in employment. Unquote. Ends.

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R.C.A.F. S. 5
(R.A.F. 96A.)
26M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 188

Call IN / and :— / Preface OUT

SECRET

No. of Groups GR

Office Date Stamp: Air Force Headquarters APR 9 1941 SIGNAL OFFICE

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number | Date | In reply to Number and Date

(Write horizontally)

(FROM GIBSON TO POWER NUMBER 4) 1. THE TEXT OF THE PROPOSED AGREEMENT CONTINUES AS FOLLOWS, TEXT BEGINS. 12. IT IS AGREED THAT AS FROM THE DATE OF TRANSFER THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF NEWFOUNDLAND SHALL EACH PAY TO THE GOVERNMENT OF CANADA, WHILE IT IS IN CONTROL OF THE AIR BASES, AN ANNUAL CONTRIBUTION OF 25,000 DOLLARS TOWARDS THE COST OF THE MAINTENANCE AND OPERATION OF THE FACILITIES AT THE AIR BASES, AND THAT THE GOVERNMENT OF CANADA SHALL BE RESPONSIBLE FOR THE BALANCE OF SUCH COST, EXCLUSIVE OF THE COST OF MAINTAINING AND OPERATING AIR MINISTRY WIRELESS ORGANISATION. THE CANADIAN GOVERNMENT WILL BE ENTITLED TO RECEIVE ALL RENTALS AND OTHER ITEMS OF REVENUE ACCRUING DURING SUCH PERIOD.

France

This message must be sent AS WRITTEN and may‡.....be sent by W/T. Signature

This message must be sent IN CYPHER and may‡.....be sent by W/T Signature

Originator's Instructions* Degree of Priority* IMPORTANT

TIME OF ORIGIN 1744 6/9

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

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CANADA

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 224

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters APR 9 194 SIGNAL OFFICE

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

(FROM GIBSON TO POKER NO. 4) 13. IT IS AGREED THAT THE GOVT OF CANADA WILL TAKE OVER AS FROM THE DATE OF TRANSFER OF THE BASES THE RIGHTS AND OBLIGATIONS UNDER THE THREE SUBSISTING CONTRACTS BETWEEN THE COMMISSIONER FOR PUBLIC UTILITIES AND THE GOODYEAR RUBBER STORES LTD. HEREINAFTER DESCRIBED. VIZ. (1) CONTRACT FOR THE SUPPLY OF MEALS AT THE ADMINISTRATION BUILDING OF THE NEWFOUNDLAND AIRPORT; TERMINABLE ON ONE MONTHS NOTICE. (2) CONTRACT FOR OPERATION OF THE AIRPORT STORE, TERMINABLE ON ONE MONTHS NOTICE. (3) CONTRACT FOR THE OPERATION OF A BAKERY, TERMINABLE ON THREE MONTHS NOTICE. 14. THE NEWFOUNDLAND GOVT IS INFORMED THAT THE CANADIAN GOVT IS DESIROUS OF ESTABLISHING AN AERODROME IN THE VICINITY OF TORBAY WITH ACCOMMODATION FOR NECESSARY AIRCRAFT AND PERSONNEL AND THAT PLANS ARE AT PRESENT BEING PREPARED THEREFOR. THE EXPENSES OF THIS DEVELOPMENT WILL BE BORNE EXCLUSIVELY BY THE CANADIAN GOVT. THE NEWFOUNDLAND GOVT AGREES SUBJECT TO THE SETTLEMENT OF DETAILS WITH THE

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MESSAGE FORM

Office Serial No.....

Call and Preface — IN / OUT

No. of Groups GR

Office Date Stamp

(Above this line is for Signals use only)

TO*

PAGE 2.

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

APPROPRIATE DEPARTMENTS OF THE GOVT OF NEWFOUNDLAND THAT THE CANADIAN GOVT MAY ACQUIRE LANDS FOR THIS PURPOSE AND MAY ESTABLISH RADIO, TELETYPE, TELEPHONE AND TELEGRAPH COMMUNICATIONS BETWEEN THIS AERODROME AND THE AIR BASES. USE OF THIS AERODROME AS A CIVIL AIRPORT WILL ONLY BE WITH THE CONSENT OF THE NEWFOUNDLAND GOVT. 15. THE NEWFOUNDLAND GOVT AGREES TO THE ESTABLISHMENT BY THE CANADIAN GOVT OF REFUELLING BASES IN NEWFOUNDLAND AND LABRADOR, THE TESTS OF WHICH SHALL BE SETTLED IN CONSULTATION WITH THE NEWFOUNDLAND GOVT. 16. THE GOVT OF CANADA AGREES THAT, SAVE WITH THE CONSENT OF THE NEWFOUNDLAND GOVT, ONLY SUCH FOREIGN UNDERTAKINGS AS ARE AT PRESENT AUTHORIZED SHALL BE PERMITTED TO USE THE AIR BASES AND ONLY TO THE EXTENT PERMITTED BY EXISTING AUTHORIZATIONS. 17. THE GOVT OF NEWFOUNDLAND AGREES IN PRINCIPLE TO THE DEVELOPMENT, AT THE EXPENSE OF THE GOVT OF CANADA, OF THE FACILITIES AT THE AIR BASES FOR THE PURPOSE OF PROVIDING ACCOMMODATION FOR UNITED STATES AIRCRAFT AND

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MESSAGE FORM

Office Serial No.....

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TO*

PAGE 3.

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PERSONNEL. THE DETAILED PLANS OF THIS DEVELOPMENT WILL BE SUBJECT TO THE APPROVAL OF THE NEWFOUNDLAND GOVERNMENT. IT IS AGREED THAT NO ADDITIONAL RIGHTS OR PRIVILEGES AT THE AIR BASES SHALL THEREBY BE ACCORDED TO THE U.S.A. IN REGARD TO CIVIL AVIATION OVER AND ABOVE THOSE WHICH THEY ALREADY POSSESS OR MAY OTHERWISE ACQUIRE. 18. THE NEWFOUNDLAND GOVERNMENT AGREES IN PRINCIPLE THAT THE CANADIAN GOVERNMENT MAY ESTABLISH; (1) A RADIO RANGE STATION AT THE NEWFOUNDLAND AIRPORT WHICH WILL BE APPROXIMATELY THREE MILES FROM THE MAIN RUNWAY AND ALONG ITS PROJECTION. (2) A SEWAGE DISPOSAL PLANT AT THE NEWFOUNDLAND AIRPORT WHICH IT IS PROPOSED TO PLACE TO THE NORTH OF THE RAILWAY AND WHICH WILL REQUIRE AN AREA OF SEVERAL ACRES. (3) A WATER SUPPLY SYSTEM INCLUDING A PUMPING STATION AT GANDER LAKE AND RESERVOIRS SITUATED IN THE VICINITY OF THE BUILDINGS AT THE NEWFOUNDLAND AIRPORT. (4) ANTI-AIRCRAFT DEFENSIVE SITES IN THE VICINITY OF THE AIR BASES INCLUDING ACCOMMODATION FOR PERSONNEL. (5) GASOLINE STORAGE

This message must be sent AS WRITTEN | This message must be sent IN CYPHER | Originator's Instructions* Degree of Priority*

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TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PLANTS AT THE AIR BASES WITH NECESSARY SPUR TRACKAGE. 19. THE NEWFOUNDLAND GOVERNMENT AGREES: (A) THAT THE PRESENT STATUS OF THE AREA OF AND SURROUNDING THE NEWFOUNDLAND AIRPORT AS A PROHIBITED AREA UNDER THE DEFENCE REGULATIONS SHALL NOT BE ALTERED EXCEPT BY PRIOR ARRANGEMENT WITH THE CANADIAN GOVERNMENT, AND (B) THAT DURING THE CONTINUANCE OF HOSTILITIES THE NEWFOUNDLAND DEPARTMENT OF CUSTOMS WILL NOT ISSUE PERMITS TO FLY OVER ANY PART OF NEWFOUNDLAND WITHOUT THE PRIOR CONSENT OF THE COMMANDING OFFICER RCAF NEWFOUNDLAND. 20. IT IS UNDERSTOOD THAT IT IS THE INTENTION OF THE NEWFOUNDLAND GOVERNMENT WHEN IT RESUMES CONTROL OF THE AIR BASES UPON CESSATION OF HOSTILITIES THAT THE BASES SHALL BE OPERATED PRIMARILY AS CIVIL AIRPORTS AND IN ACCORDANCE WITH THEIR ORIGINAL PURPOSE FOR THE DEVELOPMENT OF TRANS-ATLANTIC AVIATION. THE EXTENT OF THE CONTINUED USE OF THE BASES BY THE CANADIAN FORCES AFTER SUCH PRESUMPTION OF CONTROL SHALL THEREFORE BE THE SUBJECT OF CONSULTATION BETWEEN THE TWO GOVERNMENTS

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TO*

FROM*

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(Write horizontally)

AND REGARD SHALL THEN BE HAD TO THE RESPECTIVE INTERESTS OF THE UNITED KINGDOM AND NEWFOUNDLAND AND CANADIAN ~~XXXX~~ GOVERNMENTS IN WESTERN HEMISPHERE DEFENCE AND THEIR FINANCIAL INVESTMENT IN THE BASES. 21. THE DATE OF TRANSFER OF CONTROL OF THE ~~XX~~ AIR BASES SHALL BE AGREED UPON BETWEEN THE AERODROME CONTROL OFFICER AND THE OFFICER OF THE RCAF TAKING OVER. TEXT ENDS. 2. FOR SECURITY PURPOSES PARAGRAPH 9A IS NOT TO BE PUBLISHED. FOR THE SAME REASON PARAGRAPH NINE AND FIFTEEN AND THE ANTI-AIRCRAFT SUB PARAGRAPH OF PARAGRAPH 18 ARE SUPPRESSED IN GENERAL TERMS. 3. WITH RESPECT TO PARAGRAPH 16 THE CANADIAN REPRESENTATIVES HAVE ASKED THE NEWFOUNDLAND GOVERNMENT TO TO CONSIDER GIVING A RECIPROCAL UNDERTAKING WITH RESPECT TO FOREIGN COMMITMENTS. CONSIDERATION OF THIS POINT HAS BEEN POSTPONED FOR FURTHER DISCUSSION AT ST. JOHNS BUT WILL NOT BE MADE A PART OF THIS AGREEMENT. 4. THE MATTER OF COMMUNICATIONS GENERALLY WILL BE THE SUBJECT OF FURTHER DISCUSSIONS AT ST. JOHNS AND WILL BE

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MESSAGE FORM

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TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

OUTSIDE THIS AGREEMENT. 5. MINOR ALTERATIONS HAVE BEEN MADE IN PARAGRAPHS 1 TO 11 SINCE THEY WERE SENT TO YOU BUT DO NOT AFFECT ESSENTIAL TERMS. 6. I MADE STRONG REPRESENTATIONS WITH RESPECT TO INCREASED FINANCIAL CONTRIBUTION FROM THE NEWFOUNDLAND GOVT BUT NEWFOUNDLAND REPRESENTATIVES ARE VERY FIRM THAT $25,000 IS THE MOST THAT THEY CAN PAY IN THIS RESPECT WITHOUT CALLING GREAT BRITAIN FOR AID. 7. A MESSAGE HAS BEEN SENT TO THE CHIEF OF AIR STAFF WITH REFERENCE TO DATE OF TAKE OVER. XXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX 8. I AM GOING TO ST JOHNS ON THURSDAY APRIL 10TH. COMMUNICATE WITH ME THERE BY ARMY BOOK CYPHER TO HEADQUARTERS FORCE "W" ST. JOHNS. 9. IT IS NOT EXPECTED THAT THERE WILL BE ANY CONSIDERABLE ADDITION TO TEXT OF PROPOSED AGREEMENT. PARAGRAPH 21 IS EXPECTED TO BE THE LAST. A PREAMBLE WILL PROBABLY BE ADDED.

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Originator's Instructions* Degree of Priority*

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2205	W/T		HE/HE									

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D.19.1
nfld

COPY

Immediate

MOST SECRET

8th April, 1941.

My dear Prime Minister,

I have just been informed by telegraph by the Secretary of State for Dominion Affairs that a telegram in the following terms has been addressed to the Governor of Newfoundland:-

"The Prime Minister has received a message from President Roosevelt, stating that he was concerned at the possibility of raids by surface naval vessels against Newfoundland which might, in addition to local damage, adversely affect the construction of the United States bases. He was therefore proposing to send United States forces to St. John's on a transport leaving New York on the 16th April, arriving at St. John's on the 20th April. The forces consist of a half battery of 8 inch guns, to be mounted at St. John's, one squadron of three medium and three heavy bomber aeroplanes, 57 officers and 575 men. The United States Government propose to discuss the despatch of these forces to Newfoundland informally with the Canadian authorities and to consult with their officers at St. John's as to the mounting of the 8 inch guns there. It is added that the aeroplanes will occupy the quarters constructed for their use by the Canadian Government.

"The Prime Minister considers that the action proposed is to be welcomed as affording valuable security to the island and has informed President Roosevelt that he agrees."

Lord Cranborne adds that the United Kingdom Government recognise that the Canadian Government have assumed certain responsibilities with regard to the defence of Newfoundland. At the same time it is clearly of the highest importance that the Canadian military authorities in Newfoundland should work in close consultation with the Newfoundland Government with regard to the arrangements which are now contemplated, and I have been asked to invite the Canadian Government urgently to take the necessary steps to ensure this.

Yours sincerely,

(Sgd) MALCOLM MACDONALD

The Right Hon. W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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Office of the High Commissioner
for the United Kingdom
Earnscliffe, Ottawa.

April 8th, 1941.

516X/383.

SECRET.

IMMEDIATE.

My dear Prime Minister,

In the letter which he addressed to Mr. Hankinson on 25th March last, Mr. Norman Robertson set forth the attitude of the War Committee of the Cabinet in regard to the proposals of the United Kingdom for availing themselves of flying training facilities in the U.S.A.

It was explained in the first place that the Canadian Government recognised the desirability of taking advantage of all available training facilities wherever situated, and did not feel disposed to criticise the proposal, in view of the very favourable conditions upon which the facilities in the United States were expected to be made available. I should like to say at the outset that the United Kingdom authorities appreciate the attitude of the Canadian Government in this matter, and have been very glad to note that in principle the Canadian Government do not see fundamental objections to the course proposed.

Nevertheless it is clear from the considerations set out in the second half of Mr. Robertson's letter that the Canadian authorities are in some doubt as to the precise nature of the proposal and in regard to its effect on the arrangements already made or to be made for training in Canada, and I have been asked to make the following explanations on these points.

(a) In the first place the United Kingdom Government wish me to set out the very great advantages which will be derived from this scheme. It enables the R.A.F. to get the use of 540 additional training aircraft which could not be obtained in any other way and which their training effort most urgently needs; secondly, it enables them to obtain the services of additional instructors, of which there is an equally urgent need; thirdly it is hoped that the scheme will enable volunteers from the United States, who would not otherwise be forthcoming to be brought into training; and finally, it has political advantages, in that it will strengthen the ties of friendship and goodwill which exist between the United States and the British Commonwealth.

(b) /

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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(b) For the above reasons the United Kingdom authorities felt bound to accept the facilities offered. These were sufficient, it is estimated, to provide for the establishment of six schools in all, which it was understood could be prepared, complete with all facilities within six to twelve weeks of acceptance. I now understand that there is a possibility of more extended facilities of the same nature being offered by the United States authorities, and if this proves to be the case the United Kingdom Government will be equally obliged to accept this further assistance.

(c) At the same time, the United Kingdom Government are very sensible of the considerations set out in Mr. Robertson's letter in regard to the offers which the Canadian Government have repeatedly made to expand the training facilities available in Canada, and also of the promptness, thoroughness and efficiency with which all requests for assistance in the provision of training capacity have been met. Their acceptance of facilities in the United States is based solely on the considerations set out in paragraph (a) above, and on the fact that shortage of training aircraft and instructors is now the principle limiting factor in the expansion of our training programme.

(d) As regards the utilisation of facilities in Canada, I have been informed that the United Kingdom authorities hope in the very near future to be able to indicate the dates on which the remainder of the fourteen establishments listed in the enclosure in Mr. Robertson's letter will actually be occupied by transferred schools from the United Kingdom. Every effort is being made to hasten the arrival of these schools. Furthermore, I understand that consideration is being given to the possibility of transferring additional schools to Canada; this, however, is still in an elementary stage of examination and I am unable at present to give particulars. I am, however, in a position to say that the United Kingdom authorities have every intention of availing themselves to the fullest possible extent of the facilities which Canada can provide, and which the Canadian Government have been so ready to grant.

Yours sincerely,

Sgd. Malcolm Macdonald

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H-7

Ottawa, April 3rd, 1941.

The Honourable J. L. Ralston
The Honourable Ian Mackenzie

The Director General of Medical Services and the Deputy Minister of Pensions and National Health, pursuant to your joint instructions, met Tuesday afternoon, February 25th, 1941, to discuss the necessity for the erection of additional hospital beds called for in four submissions to Council:-

(1) Purchase of site in Calgary,

(2) The erection of a hospital on same,

(3) Alterations and additions to Lancaster Hospital, Saint John, N.B.

(4) The erection of additional beds at Camp Hill Hospital, Halifax.

Your officers recorded the opinion under date of February 26th, 1941, that purchase of the site at Calgary should be made and building erected thereon, and that the alterations and additions at Lancaster Hospital should be carried out.

In regard to the additional beds at Camp Hill Hospital, it was requested by the Director General of Medical Services that as at the time a survey was being made by the Chief Medical Officers of the Army, Navy, Air Force and the Department of Pensions and National Health, all stationed in Halifax, covering Federal Government available hospital beds in that centre, it would be better before reporting on the Halifax Submission, to await the receipt of the report of these four officers.

This report has now been received by the Director General of Medical Services and the Deputy Minister of Pensions and National Health, and the report recommends that in the opinion of the four officers concerned, the addition of 300 beds to Camp Hill Hospital is necessary, as covered by Submission now awaiting approval, and should be proceeded with for the accommodation of expected casualties returning from overseas in addition to the already existing accommodation available.

The Director General of Medical Services of the Army and the Deputy Minister of Pensions and National Health agree in recommending that the money be provided immediately to proceed with this construction.

(Sgd.) R. M. Gorssline
M. Gorssline, Brigadier
Dept. National Defence

(Sgd.) R. E. Wodehouse
R. E. Wodehouse, M.D.
Dept. Pensions and National Health.

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P-41-A

as approved by Leathwaite Law
amended by Prime Min't

App 10

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

SECRET

CYPHER

No.____ Ottawa, April 10th, 1941.

No. _____. Your telegrams Nos. 47 and 48 of March the 24th. Following for your Prime Minister, Begins:

1. I wish to acknowledge and thank you for your personal telegram to him of March the 24th.

2. The views of your military advisers, as set out in your telegram No. 48, of March the 24th, have been considered carefully by the Cabinet War Committee, and referred to our Chiefs of Staff for their examination.

3. The Canadian Chiefs of Staff have now expressed their agreement in the views of the U.K. government's military advisers, as described in your telegram No. 48, but desire to point out, with regard to Paragraph 4 of that telegram, that the statement therein, that, Quote, the Canadian Chiefs of Staff make no specific reference to strengthening anti-submarine protection of shipping near Canadian Coast, Unquote, does not appear to take into account Paragraphs 6 and 8 of the Canadian Chiefs of Staff Appreciation.

4. The Canadian Chiefs of Staff observe that all forms of attack were included in their Appreciation, although no specific reference was made to detailed defensive measures of any particular type. They desire to make it clear that Canada has spared no effort to build up and strengthen anti-submarine measures for the protection of shipping near the Canadian coasts. They draw attention, in this connection, to the fact that already large sums have been spent on this score and that every effort is being made to provide as many ships and aircraft fully equipped with anti-submarine devices, as possible.

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5. We feel it desirable to have these observations drawn to the attention of the United Kingdom government, lest there be any misunderstanding of the importance which the Canadian government and their service advisers attach to this matter, or of the extent of the measures being taken by Canada to meet this problem.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

AH/R

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D-19-A
D-19-B

N.S. 1017-10-1.

SECRET

CHIEFS OF STAFF COMMITTEE.

THE MINISTERS.

1. The Chiefs of Staff Committee have had under consideration Dominions Office Despatches Nos. 47 and 48 of the 24th March 1941, and desire to submit the following comments.

2. (a) The Committee concurs with the views expressed in these Despatches.

(b) The Committee notes, however, that the statement in paragraph 4 of Despatch No. 48, ".....the Canadian Chiefs of Staff make no specific reference to strengthening anti-submarine protection of shipping near Canadian Coast", does not appear to take into account the following statements in the original Canadian C.S.C. Appreciation: para. 6 - "The maintenance and protection of Canadian Defended ports, of focal points of shipping, and of the North Atlantic sea-routes, are essential to British victory. To ensure this we must have adequate naval and air forces to protect our shipping lanes and bases" : and in para. 8 - "..... the basing of adequate naval and air forces to provide a Striking Force adequate to protect our shipping is of the first importance".

In this connection the Committee desires to point out that while no specific reference was made to the actual measures being taken to strengthen anti submarine protection for shipping, that A/S craft to the value of forty-two million dollars are now under construction or completed in Canada : that thirty-six Fairmile A/S Motor-launches are being built at a cost of $4,500,000 : and that in addition all Canadian minesweepers are being fitted with anti-submarine devices.

The Air Measures being taken to strengthen anti-submarine protection for shipping include the establishment of additional air bases at an approximate cost of $27,000,000. There is a total of 532 additional B.R. aircraft and spares on order for the R.C.A.F. at an approximate cost of $150,000,000, all of which are being fitted with R.D.F. at an approximate cost of $606,000.

..... 2.

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(c) With regard to the statement in Despatch No. 48, paragraph 4, ".... the question of strengthening naval and air forces now available in Canada for anti-submarine duties is now under consideration between Admiralty and Naval Service Headquarters Ottawa", the following signals are of interest:

(i) N.S.H.Q. from Admiralty.

" The possibility of enemy U-boat warfare being extended to Western Side of Atlantic has always existed.

Recently there have been indications that preliminary moves by enemy may even now be in progress. It is fully appreciated that your forces are slender. It is requested you will report:

(a) Details of surface and air forces that will be available in immediate future.

(b) Minimum additional forces required to augment those now available to ensure adequate protection to approaches to Halifax, and extent to which this requirement can be met from Canadian resources.

2244/14. "

(ii) Admiralty from N.S.H.Q.

" Your 2244/14. Reference para. (a). One town class destroyer and four corvettes immediately available. Two town class refitting available early May. "SKEENA" and "ST. LAURENT" complete refit mid-May. Three more corvettes available mid-April from West Coast and eight additional by mid-May. We also have a few A/S equipped auxiliary patrol vessels of doubtful effectiveness except for close patrols off harbours. Air Force have five Digby aircraft at Newfoundland Airport, ten Digby, nine Stranraer and fifteen Hudsons at Halifax. Reference para. (b). (i) Consider minimum forces required to ensure adequate A/S protection of approaches to Halifax are nine destroyers and fifteen corvettes. This will comprise provision of local escort for convoys, capital ships, and fast troop convoys. (ii) We accordingly require at least four more destroyers to ensure having nine in operation by mid-May. It is therefore requested that the four river class Canadian destroyers now operating in U.K. be sent to make up this deficiency observing that they are suitable for operation under Canadian conditions. (iii) The corvette situation will be satisfactory mid-May

..... 3.

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but in order that these ships may have trained crews without delay, it is requested that the ten R.C.N. crews now serving in R.N. corvettes may be returned to Canada by end of April at latest. (iv) Further signal regarding additional air forces required follows.

1501/17. "

(iii) Admiralty from N.S.H.Q.

" My 1501/17 para (b) (iv). Estimated adequate protection for convoys three additional long range flying boat squadrons of 12 aircraft each, based at Halifax, Sydney and Botwood. None of the additional requirements are available from Canada until late 1941 and the amount that can then be supplied cannot be determined at present. In meantime would be grateful for further consideration of C.N.S. Canada's 1626/11/12/40 to Admiralty for First Sea Lord.

0948/18. "

(iv) Admiralty from N.S.H.Q.

" My 0948/18. R.C.A.F. request that 12 P.B.Y. flying boats be provided from your quota in U.S.A. We concur that they are needed.

1437/19. "

(v) To N.S.H.Q. from Admiralty.

" The U-boat threat to Canada's Atlantic approach has not at present materialised. (ii) It is suggested therefore that for present the following precautionary action only should be taken:- (a) The next 12 Corvettes to complete in Canada be retained in Dominion (b) The town class destroyers refitting in Canada also to be retained. These ships should provide a very considerable anti-submarine reinforcement on Western Atlantic seaboard in near future. (iii) It is further suggested any withdrawal of destroyers from vitally important north western approaches to this country should be deferred. Arrangements are being made for such time as submarine campaign on Western Atlantic seaboard actually develops. (iv) Further signal will be made on subject of personnel and air requirements.

2254/29. "

...../.... 4.

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(vi) The signal referred to (iii) was as follows:-

Admiralty from N.S.H.Q.

- Personal for First Sea Lord from Chief of the Naval Staff, Canada -

" Considered essential that not less than 6 P.B.Y. flying boats be in operation Nova Scotia Newfoundland area by 1st April 1941. The above force being used to counter enemy raiders surface or submarine in Western Atlantic and to cover convoys as far east as practical.

As over half of early production of P.B.Y.'s in United States have been allocated to U.K. the U.S. do not feel they can make 6 boats available from U.S. quota. They offered, however, to make three boats available if similar number can be released by U.K. for convoy patrol Western Atlantic early Spring 1941.

This has been placed before C.A.S. by Air Commodore Slessor with recommendation that allocation be discussed by Navy and Air Staffs.

Would be grateful if you could render assistance in this respect.

1626/11. "

(vii) The following signal clearly indicates the intention of the United Kingdom Government to ensure the protection of shipping in the Western Atlantic:-

To Various Authorities from Admiralty.

" It is intended H.M.S. "HOOD" will escort T.C. 10 to United Kingdom leaving Halifax about April 6th. (ii) H.M.S. "RODNEY" is returning to Halifax from Hvalfiord. H.M.S. "REVENGE" should arrive Halifax 2nd April. This should ensure 4 battleships being available in Halifax escort force in immediate future.

1031/27. "

2. Submitted for consideration.

Percy Nelles
.....Rear-Admiral,
Chief of the Naval Staff

.....Major-General,
Chief of the General Staff.

P.C. Sandman
.....Air Vice-Marshal,
Chief of the Air Staff.

3rd April 1941.

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Minister's Office Copy

M. Heeney

File:- 898-1-142

Department of National Defence

"Air Service"

Ottawa, Ont., April 7, 1941.

MEMORANDUM.

The Minister (through C.A.S)

Subject:- Extension of the J.A.T.P.

1. As requested at the last Meeting of Air Council the following notes are put forward for your consideration:-

Under the present agreement the Air Training Plan will on the 1st of April, 1943, be running at full capacity, but there will be no aircraft on order to look after wastage after that date, no provision of spare parts beyond that date, all stocks of aircraft spares and other materials will be consumed, etc.Whilst the majority of the items required to keep the Training Plan running can be purchased without very great delay the situation is by no means as easy when we consider aircraft and aircraft spares.

The United States Government has already compiled the aircraft program ending June, 1943, and we should even today have the greatest difficulty in obtaining any aircraft equipment (not already provided for) before that date. We should, therefore, in a very short time be prepared to put forward a program for aircraft to be delivered in the fiscal year 1943, particularly as with no aircraft engines being manufactured in this country it is probable that all the engines required during that year must of necessity come from the United States.

Before any commitments for the Joint Air Training Plan beyond the date of March 31st, 1943, can be made it will be necessary to have a new agreement. Therefore, in view of the necessity for making provision for the aircraft program after that date it is suggested that negotiations towards the completion of the new agreement should be started at once.

(E.W. Stedman),
Air Vice-Marshal,
A.M.A.E.

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April

THE UNDERSIGNED HAVE THE HONOUR TO REPRESENT:

THAT the Board of Directors of the Canadian National Railway Company at a meeting held on February 24, 1941, resolved as follows:

"WHEREAS it is essential in the war effort the Port of Halifax should be developed to its fullest practical capacity in the shortest possible time in order to permit the transfer of Canadian and American war materials to the United Kingdom and thus to use to the utmost the available ship tonnage on the Atlantic;

AND WHEREAS the Railway Company has and is expending large sums of money increasing the capacity of its haulage and terminal facilities to 20,000 daily tons;

AND WHEREAS the harbour facilities with the improvements presently contemplated will not permit of the handling of more than 10,000 daily tons through the Port thereby creating a bottle-neck which will progressively tie up the terminal and immobilize a corresponding number of freight cars essential to the moving of the results of Canada's war efforts;

AND WHEREAS a detailed study of the situation has been made by officers of the Railway Company;

AND WHEREAS the Canadian National Railway Company is willing, if the recommended additional improvements in the harbour facilities as a special item of war cost are provided by the Government of Canada, to absorb the cost of transhipment from cars to lighters and from lighters to shipside and would be responsible for the freight stored in lighters until moved to shipside, the Board of Directors of the Canadian National Railway Company hereby recommend the following:

(1) Construct 3000 feet of double-track trestle near Rockingham on Bedford Basin with a minimum of 10 feet of water at low tide.

(2) Construct or procure 200 lighters of approximately 400 tons capacity each, one-third of which should have hatch covers and two-thirds would be ordinary scow construction.

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"(3) Build or procure 10 small tugs.

(4) Provide anchorage for lighters in Bedford Basin near Rockingham.

(5) Provide housing accommodation for additional freight handlers and stevedores.

(6) Capital cost of the facilities to be found as a special item of war cost.

(7) Ordinary maintenance of lighters and lightering facilities to be the responsibility of the National Harbours Board.

(8) The Railway to absorb the cost of transhipping from cars to lighters.

(9) The Railway to be responsible for freight stored in lighters until moved to shipside.

(10) The Railway to absorb the cost of towing the lighters when the movement arises from the transhipment of freight over the Rockingham lighterage facilities.

(11) When the lighter has been delivered to shipside, the responsibility and expenses of the Railway in connection with freight is terminated."

THE MINISTER OF TRANSPORT REPRESENTS:

THAT the facilities referred to in the Resolution received from the Canadian National Railway Company and which are estimated to cost approximately $4,000,000 are not facilities which are required for the ordinary peacetime operations of that Company.

THAT in view of the fact that such facilities are a combination of "transportation" and "harbour" facilities which can not be severed, the design, supervision and construction of same should be entrusted to the Canadian National Railway Company rather than to the National Harbours Board, but that the 3000 ft. double track trestle on the harbour front near Rockingham on Bedford Basin or other suitable location should not be so constructed by the Canadian National Railway Company without consultation with National Harbours Board which shall give the Canadian National Railway Company all assistance in the undertaking.

THE MINISTER OF MUNITIONS AND SUPPLY REPRESENTS:

THAT the maximum possible trans-shipping capacity of the Port of Halifax is urgently required for the transportation of munitions of war; and

THAT to the extent that such facilities must be increased for war purposes, the cost thereof (estimated at $4,000,000) is a proper charge to the War Appropriation.

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NOW THEREFORE, the undersigned, on the advice of the Canadian National Railway Company, recommend that pursuant to the provisions of the Department of Munitions and Supply Act and of the War Measures Act, the undersigned be authorized to enter into an appropriate agreement with the Canadian National Railway Company to design, construct and operate the facilities referred to in the Resolution of the Board of Directors of the Canadian National Railway Company hereinbefore quoted, and to charge the cost thereof up to a maximum of $4,000,000 to the funds available under the War Appropriation Act.

MINISTER OF TRANSPORT

MINISTER OF MUNITIONS AND SUPPLY

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W-30

K.

OTTAWA, Canada,
March 14, 1941

MEMORANDUM TO:

Hon. Jas. G. Gardiner,
Minister of National War Services.

(1) There has grown up spontaneously in Canada a large number of women's voluntary service organizations. Some of them are semi-military in character, the members wearing uniforms which they select and decide upon. Some members of these semi-military bodies engage in drilling and I understand take courses as truck and ambulance drivers, also motor mechanics and a multitude of other things. Other organizations teach the rudimentary principles of home nursing. I expect that other types of possible service are taught in conjunction with these voluntary organizations which have sprung up across Canada.

(2) The Red Cross Society, the I.O.D.E., the Y.W.C.A. and innumerable other women's organizations provide an opportunity for women to carry out the types of activity associated with the war, which are generally rendered by these organizations.

(3) We therefore, have one group of women knitting, making surgical appliances, preparing clothing and rendering service of this type through such bodies as the I.O.D.E., Red Cross, etc.

(4) We have another group who attempt to render service through association with these isolated service corps.

(5) I think it is a broad statement of fact that the older women render their service through organizations such as the Red Cross, whereas younger women to a great extent desire to serve through the medium of these service corps.

(continued.....)

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Hon. Jas. G. Gardiner March 14, 1941.

(6) The government has never granted official recognition of any of these service corps which have sprung up in Canada.

(7) In Great Britain Lady Reading, with four Associates, started the Women's Voluntary Service Corps. This body now has 800,000 women associated with it on a voluntary basis. Units of this Corps are to be found in every community in Britain and they act on a community basis in conjunction with local municipal authorities. They render the following types of service: instructions in A.R.P. work and rendering A.R.P. service; provision of cars and drivers for hospital evacuation; taking care of evacuated children; recruit ambulance drivers, cooks, clerks, typists, bookkeepers, telephone operators, messengers, nurses, photographers, dispensers, laundry workers, social workers, canteen staff and innumerable other activities.

(8) This Organization in Britain also operates as a sort of manning pool. Women desirous of serving are recorded and when organizations desire voluntary help the Service Corps directs women to those needing assistance.

(9) The Adjutant-General in a report to the Minister of Defence, dated November 8th, recommended that there should be set up under the Department of Defence an organization to be known as the Canadian Women's Volunteer Corps. This Corps would consist of a headquarters and such units and detachments as might be, from time to time, authorized by the Minister. The Corps would be a Reserve Corps similar to the N.P.A.M. and on occasion the members thereof would be absorbed into full time employment in the various Defence Departments. The objective would be to get women to do such jobs as they could do in connection with the military effort and release men for other duties. It was the intention that these women would be in uniform.

(10) No action has yet been taken to implement this suggestion.

(11) On the 31st day of October, 1940, Her Royal Highness, the Princess Alice, called in a number of representatives of National Organizations to discuss possible co-ordination of activities of women and women's organizations in Canada. She felt that there was possibly overlapping of

(continued.....)

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activity in some fields and lack of attention in other fields.

(12) There was a general discussion and as a result of this a small Committee consisting of Senator Wilson, Senator Fallis and Mrs. Spencer, President of The National Council of Women, was set up.

(13) This Committee has been canvassing the situation ever since and have had a good many meetings.

(14) As a result of developments which have intervened since this meeting and the present and further canvassing of the situation, Her Royal Highness desired to have a further discussion and a few days ago invited Senator Wilson, Hon. Marguerite Shaughnessy, General LaFleche and myself to Government House.

(15) The idea which has now evolved from these discussions is as follows:

(a) That a National Voluntary Organization be set up and that this National Organization ask women to enlist as members of it. The proposed organization might be known as, "The Women's Voluntary Services of Canada." Consideration would be given to an age limit and medical qualification for enlistment in this body. It would be a reserve similar to the N.P.A.M. Members would have some method of identification to show that they were members of the Organization, possibly an arm band. Members would not be paid.

(b) The objects of the organization would be as follows:

(1) To have courses of instruction carried on throughout Canada whereby women could be instructed in the following:

1. First aid and home nursing
2. Motor transport
3. Motor mechanics
4. Other work including cooking and nutrition
5. A. R. P. training
6. Office administration and secretarial work
7. The Production and Preservation of food including canning and preserving practices.

(continued.....)

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Hon. Jas. G. Gardiner March 14, 1941

(b)

(2) To act as a manning pool or clearing house for women who desire to render voluntary service and to direct them to other organizations where their services could be utilized to the best advantage.

(16) It is felt that Her Royal Highness would be willing to assume responsibility for the initiation of this National body but before doing so she would naturally like to know if the general idea meets with the approval of the government. It would not be wise to give such approval if the Department of Defence were giving serious consideration to the proposal of the Adjutant-General. It would be most unwise to have two similar organizations functioning at the same time.

(17) I think Her Royal Highness would call in a small representative group of women and ask them to incorporate this body and undertake the initial steps of organization across Canada. Provision would be made for the affiliation of all the existing local organizations with this National Body.

(18) When this Provisional Group had the organization well set up then steps would be taken, in accordance with the Constitution of the Organization, to elect the permanent officers of it.

(19) The adoption of this suggestion might perhaps deal with this problem without the setting up of a women's organization under the direct auspices of the government.

(20) It might be that, if, in the future, it is necessary to carry on any large scale of training of women for industry, such training could be given under the auspices of this proposed National organization.

(21) I think the government would have to undertake to seek any women it desires for service in the Defence Departments from the Reserve which would be created by this Organization. I expect that there would have to be an understanding with the Civil Service Commission.

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(22) It might be that hand in hand with this voluntary organization certain types of women employees in the Defence Departments would have to be put into uniform. Those occupying such uniform jobs could be treated as enlisted persons and therefore separate and apart from the control of the Civil Service Commission which, as yet, does not have to pass upon persons enlisting in the Armed Forces of the Nation. These persons could wear the same type of uniform as those which might be used by members of this volunteer service but could be identified as full time employees. This, however, is a matter of detail.

(23) You will remember the Women's Voluntary Registration conducted under the direction of Miss Hyndman. All the material gathered by this Organization of voluntary women workers could be turned over to the National Organization herein proposed.

T. C. Davis,
Associate Deputy Minister.

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D-271

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, March 17th, 1941.

CONFIDENTIAL

CODE

NO. 456

No.456. British Council desires to invite party of Canadian journalists for a short visit to this country, leaving if possible next month. Duration to be about three weeks with party flying both ways. All expenses to be met by Council. Purpose to give journalists an opportunity of judging the strength and temper of war effort of Great Britain. Following names suggested for first party:

J.L. Gagnon, L. Richer, J. Hewelcke, O. Mayrand, Gregory Clark, Jean Armstrong, H. Surplus, D. Rogers, B. Hutchinson..

It is hoped that second party might accept invitation at a later date.

Would like to have your views on this matter, also whether you have any alterations to suggest to above list, which is purely tentative. Council anxious to give invitations as soon as possible. Early cable reply would be appreciated.

MASSEY

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MINISTER OF AGRICULTURE
CANADA

W

O T T A W A,
March 15th, 1941.

A.D.P. Heeney, Esq.,
Secretary to the
War Committee of the Cabinet,
O T T A W A.

Dear Mr. Heeney;

Attached is copy of correspondence which passed between Mr. G.H. Lash, Director of Public Information and myself relative to certain information which reaches him at regular intervals from the Department of External Affairs.

I may say that I am inclined to think that some good might come from sending such information forward to editors across Canada, and would like to recommend Mr. Lash's proposal to the War Committee for consideration.

Yours sincerely,

James G. Gardiner.

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O T T A W A .
March 15th, 1941.

MEMORANDUM FOR G.H. LASH

I am in receipt of your memorandum of March 10th, attaching samples of confidential information which reaches you at regular intervals from the Department of External Affairs.

I have decided to have your proposal discussed at War Committee of council at the earliest possible date, and shall communicate with you further after that discussion has taken place.

James G. Gardiner.

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DIRECTOR OF PUBLIC INFORMATION

OTTAWA.
March 10th, 1941.

MEMORANDUM TO:

Honourable J.G. Gardiner,
Minister of National War Services.

On the tissues attached you will find samples of confidential information which reaches me at regular intervals from the Department of External Affairs.

I have felt for some time that this material would be welcomed by newspaper editors in their work. I have discussed the matter with Dr. Robertson, who is somewhat uncertain about the advisability of making this material known to anyone. However, as most of our directions to newspaper editors, up to the moment, have been negative, I believe that they would welcome something positive.

Accordingly, I have taken the information out of the tissues attached and have prepared a sample of the kind of report I would send to the newspapers, together with a proposed covering letter.

I may say that I discussed this matter confidentially with a couple of editors and they assured me that they would welcome such information. I would not send this material to all editors but would confine it to those papers which may be regarded as papers of opinion. These would include the largest of our daily papers. The material would be sent under personal and confidential cover and in all cases, it would be addressed to an individual, by name.

Dr. Robertson has suggested that I bring this matter before you and that after you have studied it you might like to take it up at Council.

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Frankly, I am very much in favour of this service which I do not think can do any harm and might do much good, especially as at some later period the Canadian Government might consider it advisable to extend the information to cover Canadian affairs as well.

G.H. Lash.
Director.

G.H. Lash/MAM

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CONFIDENTIAL

(Sample of type of material to be sent)

The following material which is based on information received from Great Britain is sent to you solely for your confidential information and in the belief that it may be helpful to you in interpreting the trend of events:

(1) A shortage of skilled labour and raw material are likely to affect German production. It is doubtful whether the population can stand any further restrictions on consumption. It is also believed that occupied territories which, for nine months, have been an asset to Germany's reserve position will become an increasing liability.

(2) The attitude of the United States, Netherlands East Indies and British Governments towards Japan and the increase in British military strength in the Far East are believed to have been responsible for the easing of tension in this area. Accordingly, it is suggested that care be taken not to place emphasis upon the J apanese menace, for the moment, since this might strengthen the position of the Japanese war party.

(3) In order to prevent Germany from using the material to provide arguments to support efforts to break the British blockade, it is suggested that any news of a food shortage in Germany should be treated with caution.

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(Sample covering letter)

CONFIDENTIAL

Dr. J.W. Dafoe,
Editor, The Winnipeg Free Press,
WINNIPEG, Manitoba.

Dear Dr. Dafoe:-

From time to time we have been receiving confidential information from overseas on various matters connected with the war. It has seemed to me that some of this material would prove useful to news editors and editorial writers as guides in their work and I have been given permission to send this matter, from time to time, to a selected list of editors.

You will understand that the matter is not for publication under any circumstances and I hope you will also realize that no attempt is being made, through this material to impose any censorship. It is merely our desire to give the editors of the important dailies of this country the benefit of advice which we have received in the sincere hope that it will be helpful to them.

Very truly yours,

G.H. Lash,
DIRECTOR.

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Office of the High Commissioner

for the United Kingdom,

OTTAWA .

25th February, 1941.

Dear Mr. Robertson:

I enclose the substance of a further telegram in the "Ministry of Information" series.

Yours sincerely,

W.C. Hankinson.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
O T T A W A .

(Referred to Capt. Brand,
Col. Murray,
Wing Commander Walker,
Public Information.)

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Deterioration of Italian resistance is seen in greater R.A.F. and Fleet Air Arm activity in central Mediterranean and above all on Greek front. It can be said that we now possess strong air reserves.

Balkan diplomatic situation especially regarding Greece may develop rapidly. Immediate military moves against Greece by Germany are less likely. Turkish good faith remains a relatively stable factor.

Parachute troops in Italy, first daylight air raids on French aerodromes and successful operations by Abyssinian patriots are emphasized more as a foretaste of British offensive than for their immediate military importance.

German shortage of skilled labour and raw material are likely to affect production. It is doubtful whether the population can stand any further restrictions on consumption and from now on occupied territories which for nine months have constituted an asset to Germany's reserve position will become an increasing liability.

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Office of the High Commissioner
for the United Kingdom
OTTAWA.

3rd March, 1941.

My dear Mr. Robertson:-

I enclose the substance of a further telegram in the "Ministry of Information" series.

Yours sincerely,

W.C. Hankinson.

N.A. Robertson, Esq.,
Acting Under-Secretary of State
for External Affairs,
O T T A W A.

Referred to: Public Information
Capt. Brand,
Col. Murray.
Wing Commander Walker.

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Copy of Ministry of Information Telegram received 2nd March.

1. Balkans. It is still considered that the Germans may wish to terminate the Italo-Greek war without becoming involved themselves. Desirable to emphasize the Germans statement that they wish for peace in the Balkans; if they should ultimately embark upon hostilities there such statements can be used against them.

2. Far East. It is believed that recent indications of our attitude and that of the U.S. and the Netherlands East Indies Governments towards Japan and the increase in our military strength in the Far East have been responsible for the easing of tension in this area. Not desirable at present to emphasize J apanese menance further since this might incite Japanese war party.

3. News of food shortage in Germany should be presented cautiously in order to avoid providing arguments in support of Hoover campaign.

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C-10,3-D

OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

CLERK OF THE PRIVY COUNCIL
FEB 20 1941

Ottawa,
February 15, 1941.

A. D. P. Heeney, Esq.,
Secretary to the War Committee of the Cabinet,
OTTAWA.

Dear Mr. Heeney:

The Bureau of Public Information at one time maintained a service which consisted of listening to foreign broadcasts, particularly German and Italian. Interesting excerpts thereof were mailed to the leading Canadian newspapers for their information.

The Director informs me that for some reason of which he has no knowledge instructions were received, as he recalls, from the Department of External Affairs, to discontinue this. About a month ago the Canadian Broadcasting Corporation resumed this work as an experiment, and I understand are concluding the conduct of the experiment as of February 15th. It is felt that this is a service which should be continued, as a great deal of information secured is of interest to the Defence Council and also the Bureau of Public Information.

It is felt that this matter should be discussed in the War Committee of Cabinet, with a view to arranging to have it continued.

Yours sincerely,

James G. Gardiner.

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C-10-3-D

OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

W.

O T T A W A,
March 31st, 1941.

A.D.P. Heeney, Esq.,
Secretary, to the
Cabinet War Committee,
O T T A W A.

Dear Mr. Heeney;

Attached is a proposal which has been submitted to me by Associate Deputy Minister, T. C. Davis, providing alternative service for Mennonites, Dukhobors and Conscientious Objectors.

I may say that I think this plan one which might be worked out to the satisfaction of all concerned but I personally take some exception to paying these men the same rate of pay as is paid to soldiers. With that reservation, I would like to see the matter discussed by War Committee at its first meeting.

Yours sincerely,

James G. Gardiner.

Enclosure.

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OFFICE OF THE
DEPUTY MINISTER

CANADA

K.

DEPARTMENT OF NATIONAL WAR SERVICES

OTTAWA, Canada,
March 26, 1941

MEMORANDUM TO:

Hon. Jas. G. Gardiner,
Minister of National War Services.

Re: Alternative Service for Mennonites, Dukhobors and Conscientious Objectors.

Pursuant to your instructions, I have been canvassing with the National Parks Bureau of the Department of Mines and Resources the question of the utilisation of the services of Mennonites, Doukhobors and Conscientious Objectors in some constructive work, which, otherwise, would not be done.

I think it is essential that if anything is to be done the work imposed upon these people must be of a type that would otherwise not be done, because if they were used on some job that was going to be done, there would be a tremendous outcry about taking away jobs from available local men.

It is estimated that there is in the above mentioned three classes, the following number of persons, who would, except for the exemption clause in the Compulsory Military Training Plan, be subject to training. These figures include only those who have reached the age of 21 years since the First day of July, 1940, or, who, at the time of national registration, had reached the age of 21, but not the age of 22:

(continued.....)

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Hon. J. G. Gardiner March 26, 1941

Ontario..... 100
Saskatchewan)
Manitoba) 300
Alberta 100
British Columbia 200

The Director of this Branch of the Department of Mines and Resources has considered this problem and his recommendation is that these men be utilised as follows:

" The above figures are apparently only considered by the Department of National War Services as tentative and it is possible that there might be a slight increase in the number to be taken care of in our Western Parks. I am therefore proposing that the total of 700 men be distributed as follows in the Western Parks:

Banff National Park 150
Jasper National Park.....150
Elk Island National Park..... 50
Kootenay National Park 50
Riding Mountain National Park.....150
Prince Albert National Park.....150."

Since the above list was prepared Mr. Gibson has telephoned me and says he has had an interview with the Chairman of the Ottawa District Improvement Committee and that his Committee is doing certain work up the Gatineau in the beautification of some lands and forests which the government has acquired there and which are under control of the Commission. He is told by the Commission that 100 men could advantageously be used on that work, which would otherwise not be done.

The estimated cost is as follows:

" The following is a summary of the costs covering Head Office supervision and the operations to be carried out in each Park to absorb the number of men suggested above:-

(continued....)

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Head Office supervision costs.....	$ 4,500.00
Banff National Park.....	63,385.00
Jasper National Park.....	63,385.00
Elk Island National Park.....	20,355.00
Kootenay National Park.....	21,025.00
Riding Mountain National Park.....	61,565.00
Prince Albert National Park.....	61,565.00
Total.....	$295,780.00

" These are based on the information that the conscientious objectors will be paid at the regular army rate of a private and at regular prevailing rates for the number of key men required for the general supervision of the camps, and for four months employment. "

If 100 men were to be used in the Ottawa area I presume that another $50,000.00 would have to be added.

Some years ago, under The Youth Training Plan, camps were set up in the National Parks where young men spent the summer in working on forestry projects, such as thinning out timber, underbrushing and other works of this kind. It is proposed that these men be used on similar projects.

They would also be used in the construction of trails, roads, etc., within the parks and on other useful work which otherwise would not be done.

In British Columbia it is suggested that we enter into an arrangement with the British Columbia Government to construct a piece of road south of Nelson, in lieu of sending men from that province to the National Parks, and this might be a more useful piece of work. This work would otherwise not be done.

If we can get a decision on the following facts, we can work out the details:

(1) Is the government prepared to authorize the expenditure of approximately $350,000.00

(continued.....)

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to provide four months alternative service for the Mennonites, Doukhobors and Conscientious Objectors in the 21 year old class, who are exempt from military service, and to continue this same policy with a further appropriated expenditure as other classes are called out?

(2) Should we confine work to be done to work which would otherwise not be done and should we, in the main, restrict our activities to work in National Parks, deviating therefrom in such provinces where the provincial government desires to co-operate in some road construction project?

I have a full and detailed report from the Parks Branch of the actual work which would be done by these men in every park but you will not be concerned with this detail. The decision on the policy principles will be sufficient for us to proceed.

T. C. Davis,
Associate Deputy Minister

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OFFICE OF THE MINISTER

CANADA

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DEPARTMENT OF NATIONAL WAR SERVICES

O t t a w a,
April 1, 1941.

A. D. P. Heeney, Esq.,
Secretary to the
Cabinet War Committee,
O T T A W A.

Dear Mr. Heeney:

Attached is a memorandum submitted to me by Associate Deputy Minister T. C. Davis, with regard to Mr. Frank Dojacek, President of the National Publishers Limited, Winnipeg, and the matter of financial assistance to these publications.

I would like to see this discussed by War Committee at its first meeting.

Yours sincerely,

James G. Gardiner

James G. Gardiner.

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OFFICE OF THE
DEPUTY MINISTER

CANADA

K.

DEPARTMENT OF NATIONAL WAR SERVICES

OTTAWA, Canada,
March 26, 1941

MEMORANDUM TO:

Hon. Jas. G. Gardiner,
Minister of National War Services.

Frank Dojacek is the President of the National Publishers Limited, Winnipeg. He is a Czech and a very bright and intelligent man. The Honourable Mr. Crerar knows all about him and is very favourably disposed towards him.

Mr. Dojacek publishes a Ukrainian paper and a German paper, namely, "The Ukrainian Voice" and "Der Norwesten". Both papers are highly patriotic and strongly support the national war effort. The circulation of each is about 10,000.

Mr. Dojacek is prepared to go out and materially increase the circulation of his papers by offering very low club rates, but to do so he will need some financial support.

I already sent you a memorandum about the government advertising in the Foreign Language Press and you sent this on to the Honourable Mr. Casgrain, who, no doubt, will attend to it.

I am trying to get the National Advertisers' Association to support this Press by directing national advertising to them.

Dojacek would like to get financial assistance to carry out his plan of increasing circulation and would like to receive a subsidy of $6000.00 to enable him to do so.

I think it is highly desirable that this type of

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newspaper, expressing the viewpoint which it does express, should be encouraged to the limit and it is possible that a subsidy of this kind could be provided through the Vote which the R. C. M. Police have and which is not subject to publication or public enquiries.

Would you please discuss this and let me know the reaction of the government to the proposal. I presume that you would have to discuss it in the first place with the Minister of Justice, who might want to discuss it, in turn, with the Commissioner of the R. C. M. Police.

T. C. Davis,
Associate Deputy Minister

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Minutes of the Cabinet War Committee

Volume VI, 10 July 1941 - 29 October 1941

(R.G. 2, 7 C, Volume 5)

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