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CHAPTER 6

CANADA AND THE UNITED NATIONS

I - Introduction

The resolution passed by the House of Commons on March 28, 1945, approving Canada's acceptance of the invitation to attend the San Francisco Conference contained these words: "The establishment of an effective international organization for the maintenance of international peace and security is of vital importance to Canada...and it is in the interests of Canada that Canada should become a member of such an organization". With its approval of this resolution by an overwhelming majority, Parliament provided tangible evidence of Canada's desire to see drawn up what Mr. King termed at the San Francisco Conference "a charter of world security" in which Canadians could place their trust and hopes for peace in order that the horrors, sacrifices and destruction of another world war might be avoided.

2. Underlying this resolution were factors which served to explain why Canada's best hope for permanent security was thought to lie in the development of a firm structure of international organization in which all nations pledged themselves to meet collectively any threat to the security of any one nation or group of nations. Some of these factors were not new in the sense that they had also determined Canada's desire to become a member of, and to give support to the League of Nations but the nature of the post-war world gave these factors a greater degree of urgency and importance. Others stemmed directly from Canada's war effort, which she considered entitled her to a voice in the conduct of post-war affairs and from her proven willingness as a responsible nation to fulfil international obligations. Taken together, these factors grouped themselves into two principal ones. In the first place there was a growing realization that as a result of their participation in two world wars Canadians could no longer remain unaffected by a development in any part of the world likely to threaten the peace. In an interdependent age of atomic weapons, guided missiles and long-range aircraft no nation could seriously consider isolating itself from the rest of the world, nor could any nation hope to withstand any threat to its security by means of its own resources. Secondly, as a middle power, Canada could make a more effective contribution to the preservation of peace as a member of a world organization such as the United Nations where her less substantial material and military resources (compared to those of Great Power) could to some extent be made up for, provided her actions were characterized by a high degree of responsibility and supported by a willingness to meet her obligations as fully as possible when called upon to do so. Not only could the United Nations supply that additional measure of security to a middle power which the Great Powers did not require to the same degree or extent but the potential contribution which a middle power such as Canada could make to the work of the United Nations would redound to the benefit of the organizations as well. This factor was clearly in Mr. King's mind at San Francisco when he pleaded for a greater measure of responsibility to be accorded the lesser powers. Although, he said, Canada recognized that primary responsibility must lie with the "Big Five", power should not exclusively be concentrated in their hands for "experience has shown that the contribution of smaller powers is not a negligible one either to the preservation of peace or to its restoration when peace has been disturbed". The alternative was what Mr. King called "the development of a new type of isolationism, a feeling that the task of preserving the peace could be left exclusively to Great Powers".



3. Although Canadians, generally, held out great hopes for the success of the United Nations, the results of the San Francisco Conference, of the First Session of the General Assembly in 1946, and of the early operations of the main organs were not such as to justify the feeling that the United Nations would be able to fulfil its primary purpose without difficulty. The growing division between the Great Powers and the relative impotence of the Security Council as a result of the Soviet abuse of the veto, only served to bring out the faults and weaknesses of the Charter and give rise to many doubts. Public apprehension was echoed within the Department. Mr. Wrong's confidential account of the London meeting of the General Assembly in 1946, for example, was frankly pessimistic. The confidential introduction to the commentary prepared for the delegation to the second part of the First Session held in New York later that year noted that even at that early date the United Nations was "very much on trial". The same introduction, however, struck a note which was constantly to run through similar papers prepared for later sessions of the General Assembly to the effect that Canadian delegations should constantly bear in mind the importance of preventing any further weakening of the United Nations and that they should do what they could to strengthen its authority and prestige and not allow long-range issues to be obscured by considerations of immediate national advantage. This introduction concluded with the following words:

" The most that can be done at meetings of the United Nations is to try to make the machinery work as smoothly as possible without expecting quick results of seeking ideal solutions".

Little more could be hoped for since obviously no revision of the Charter of any consequence could be undertaken, at least for some time. For this reason the Department considered that it was important at the outset of the United Nations activities to secure acceptance of certain principles of conduct designed to enable delegations to derive a maximum benefit from the Charter such as the development of sound constitutional precedents in the interpretation of the Charter, the adoption of clear rules of procedure and practices to fill out the framework and the necessity of realizing that decisions made by any organ or body of the United Nations should only be taken when bearing in mind their long-term implications.

4. In his address in the general debate following the opening of the second part of the General Assembly in 1946, Mr. St. Laurent as Chairman of the Canadian Delegation, outlined some of the reasons for which Canada could not be very sanguine as to the future of the United Nations. The Minister began by referring to "the failure of the United Nations to make a more rapid progress" and of the public consciousness of its "shortcomings". He recognized that some of the accomplishments of the United Nations had been "impressive" but he thought it more important to take steps to remedy the shortcomings than to derive too great satisfaction from what had been accomplished. He noted in particular the failure of the Security Council and the Military Staff Committee to make substantial progress toward concluding the special agreements under Article 43. Not only was it necessary for the Security Council to be equipped and ready in fact to enforce proper decisions for the maintenance of world peace but it was also in the interests of all members that serious consideration should be given to the reduction of national armaments. He also deplored the impression which the Security Council had given to the world at large in not taking "positive action to promote the peaceful settlement of disputes". Canada recognized that while the time had not yet come to amend the Charter, the Assembly

should nevertheless make practical recommendations as to how the Security Council might more effectively discharge its functions. As inevitably the Assembly would be interpreting some of the more important provisions of the Charter, Mr. St. Laurent suggested that delegations should interpret it in such a way as to "encourage its growth and adaptation to changing circumstances" and "in the way best calculated to strengthen the authority and prestige of the United Nations".

5. By 1947 the Department's thinking on the possibility of the United Nations providing an effective organ for the maintenance of world peace followed an even more pessimistic trend. A statement approved by Cabinet on September 11, 1947, for the guidance of the delegation to the Second Session of the General Assembly noted for example that the Government was "aware that there is a possibility that issues will emerge ... which may destroy the United Nations in the form in which it was conceived and established". It recognized that some major states might endeavour to force the Assembly to take a decision on an important question such as the veto, the net result of which might be to force one or more states to withdraw from the United Nations. It also recognized that the proceedings of the Assembly could be impeded to the extent that little or nothing would be accomplished and that, as a consequence, the United Nations would fall into disrepute both in the eyes of the public and of member governments.

6. Although Canada, in the words of this statement, did not consider "that the time had yet been reached when any of the issues dividing members of the United Nations should be pressed to a conclusion which would destroy the organization as it is at present constituted", the Government nevertheless thought that "the realities of the situation should be faced" and that on appropriate occasions the delegation should not hesitate to state that the "inevitable final results" of either development mentioned above would destroy the United Nations. The statement then went on:

" It should be the policy of the Canadian delegation to contribute as much as possible to the constructive work of the Assembly and to assist in offsetting the influence of delegations which seek to stand in the way of its business. It should endeavour to avoid the premature development of any issue to the point when it is likely to destroy the United Nations or to drive any of its members to withdraw immediately. This is not to say that the delegation should refrain from expressing clearly and vigorously its criticisms of weaknesses either in the organization of the United Nations or the conduct of its members. It would, nevertheless, be unfortunate if amendments to the Charter or alternatives in procedure, however desirable they may be, were obtained at this time only at the expense of defeating the larger purpose of building a universal organization. The time may be approaching when changes may have to be made in the Charter against the wishes or even against the threat of withdrawal of say the USSR but that time ... has not yet been reached. In short ... the emphasis should be on warning what may happen rather than on forcing issues to the point where things will happen."

7. In the opening debate of the Second Session of the General Assembly in September, 1947, Mr. St. Laurent touched upon some of these points. Once more, he expressed Canada's feeling that because of the record of the Security Council, the United Nations was not discharging its primary task. The continued abuse of the veto power, he thought represented a real

danger to the United Nations as it would "destroy all confidence" in the Security Council's ability to act "internationally", "efficiently" and "in time" in the event of an open breach of the peace. It was for this reason that Canada welcomed the United States proposal for the creation of an Interim Committee which would extend the usefulness of the General Assembly and "infuse new life and vigor into the whole organization". Furthermore, it would put the Assembly to "greater use for the solution of problems that are not solved elsewhere". It was not conceivable Mr. St. Laurent went on, that a member of the Security Council would "flout clearly expressed world opinion by obstinately preventing change and thus become responsible for prejudicing and possibly destroying the organization which is now man's greatest hope for the future". Mr. St. Laurent then said:

" Nations, in their search for peace and co-operation will not and cannot accept indefinitely as unaltered a Council which was set up to ensure their security, and which, so many feel, has become frozen in futility, and divided by dissension. If forced, they may seek greater safety in an association of democratic and peace-loving states willing to accept more specific international obligations in return for greater national security. Such associations, if consistent with the principles and purposes of the Charter, can be formed within the United Nations. It is to be hoped that such a development will not be necessary. If it is unnecessary, it will be undesirable. If, however, it is made necessary, it will take place. Let us not forget that the provisions of the Charter are a floor under, rather than a ceiling over, the responsibilities of Member States. If some prefer to go even below that floor, others need not be prevented from moving upwards.

" Two, or more, apartments in the structure of peace are undoubtedly less desirable than one family of nations dwelling together in amity, undivided by curtains or even more substantial pieces of political furniture. They are, however, to be preferred to the alternative of wholly separate structures".

The larger significance of this statement, indicating the Canadian Government's willingness to participate in a regional security arrangement, has been examined in Chapter 3; it is noted here as an indication of the Government's desire, shared by other western governments, that if the United Nations were unable to fulfil its primary purpose and provide an effective system of international security, measures should be adopted within the framework of the Charter to enable such nations to provide for their security on a basis more intimately related to their needs.

8. In the same year, 1947, the Government was faced with the question of whether Canada should stand for election to the Security Council. Although on August 30, 1946, Mr. St. Laurent was reported in a memorandum from Mr. Wrong to Mr. Reid to have said that he was "opposed to our standing for the Security Council as he thought that we could do nothing to make it less impotent than it is now", there were questions of principle involved which the Government found difficult to ignore, despite its none-too-optimistic view of the United Nations achievements up to that date. A brief account of Canada's election to the Security Council may illustrate this point.

9. In the first part of the First Session of the General Assembly Canada received 33 votes on the first ballot for one of the non-permanent seats of the Security Council, one vote less than the required two-third majority. <sup>1</sup> On the second ballot Canada and Australia (which had received 28 votes on the first ballot) received 23 and 27 votes respectively. After the third ballot, in which Canada received 33 votes and Australia 28, Mr. St. Laurent proposed that in order to avoid a contest between the two members of the Commonwealth, Australia be elected unanimously. While this gesture was well received by the Assembly it also faced the Government with something of a dilemma. If Canada did not seek election at the following session of the General Assembly, would not in fact her chances for election be prejudiced for several years to come?

10. In April, 1947, the Department began its attempt to find the answer. On April 26th Mr. Pearson instructed Mr. Reid to prepare a memorandum for the Minister, setting out the pros and cons. Mr. Pearson in his memorandum said that he was afraid lest "abstention at this time might be misinterpreted ... and might also mean far more than abstention for a year". It was his feeling that although there were a variety of valid arguments against running, Canada should, nevertheless, stand if her candidature appeared to have a good chance of success. It was evident, however, that there was no great enthusiasm for the idea among the senior officers of the Department. Mr. Wrong, in a letter of April 25, 1947, to Mr. Pearson, said that on balance he favoured our standing but that "it would not take a great deal of pressure to argue (him) out of that position". Mr. Reid's memorandum, as it finally emerged after consultation with Mr. Wrong in Washington, Mr. Ignatieff in New York, Mr. Robertson in London, and, of course, the interested divisions, was dated May 30th and listed the following principal arguments against standing:

- (a) The record of achievement of the Security Council had been poor and membership on it was not considered to be so important from the point of view of influence and prestige as it had once been thought;
- (b) The work of the Department would be considerably increased and the Delegation in New York would require instructions for the purpose of voting on matters concerning which Canadian interests were not directly involved;
- (c) Because of the Canadian view that membership on the Security Council imposed on each individual member "the obligation to exercise its rights and responsibilities as a member of the Council not in defence of its own special national interests but in defence of the interests of the United Nations as a whole", it would be necessary to make decisions on policy in regard to questions which do not directly affect Canada;
- (d) As Canada was due to go off the Economic and Social Council at the end of 1948, the chances of re-election to that body might be prejudiced;

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1 Actually Canada got 34 votes, but the Nicaraguan delegate spoilt his ballot by signing it.

- (e) A second defeat after the experience in London in January, 1946, would be "distasteful".

11. The arguments in favour of standing were:

- (a) It had been a basic principle of Canadian foreign policy to strengthen the United Nations as an instrument for maintaining international peace and security; a refusal to accept membership on one of the principal organs of the United Nations would appear inconsistent with that principle;
- (b) Canada had upheld the functional principle of representation on bodies such as the Security Council and it would, therefore, be difficult to reconcile this view with an unwillingness to accept responsibility of membership on the Security Council. Of all the states which up to that date had not served on the Security Council Canada most fully met the tests of paragraph 1 of article 23 of the Charter; <sup>1</sup>
- (c) There was a general expectation that Canada would stand and be elected;
- (d) Within Canada it would be difficult to explain that the reason why Canada was not a candidate was that the government considered the Council to be an ineffective body;
- (e) If Canada failed to stand, India or some other state which would be more susceptible to the influence of the USSR might be elected;
- (f) The Security Council would be dealing with a number of questions such as Disarmament and Atomic Energy in which Canada had a special interest. Canadian delegations had also been urging reforms in the practices and procedure of the Security Council and the Canadian representative on the Security Council would have an opportunity to press for their adoption.

12. The memorandum, which was prepared in the form of a draft memorandum for Cabinet, contained no recommendation. Mr. St. Laurent noted on his copy, however, that because he considered the decision involved to be one of "major importance" he wished first to obtain Mr. King's "considered views". Although Mr. King received this memorandum in the course of the first week in June, it was not until August that the decision to stand was taken. As far as can be judged from the files, this decision was taken only by Mr. King upon Mr. St. Laurent's favourable recommendation. It was not discussed in Cabinet although Cabinet at a meeting held on September 11th was informed of the decision which it "noted with approval".

13. All members of the United Nations were informed of Canada's candidature through Canadian representatives abroad. Member governments were merely asked to give the question "sympathetic consideration". The circular telegram warned that

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1 "... The General Assembly shall elect six other Members of the United Nations to be non-permanent members of the Security Council, due regard being specially paid, in the first instance to the contribution of Members of the United Nations to the maintenance of international peace and security and to the other purposes of the Organization, and also to equitable geographical distribution".

Canada was not asking for a "pledge of support since in similar circumstances our policy is not to give any pledge in advance of an election". The response was heartening and indicated general approval of the intention to stand.

14. On September 12, 1947, on the eve of his departure for the Second Session of the General Assembly, Mr. St. Laurent made public the decision to stand in a speech before the United Nations Society in Ottawa. After referring to Canada's candidature as "one further evidence of the seriousness with which we view our obligations in the United Nations", he went on to say;

" This decision in respect of the Security Council has been made only after the most careful consideration. We realize, in the first place, that if we are elected the people of Canada will be confronted with new and onerous responsibilities. We realize also that we shall have the weaknesses and difficulties from which the United Nations suffers brought home to us in an urgent and direct manner that will test to the utmost our confidence in that organization...We shall be forced as never before in Canada in times of peace, to make decisions on major questions of policy arising from situations which exist far from our shores and which some may feel do not directly affect us."

After reiterating Canada's disappointment that the United Nations had fallen short of realizing the expectations placed in it, Mr. St. Laurent said that the Government was not unaware of the weaknesses of the Security Council and that "our influence on that body will be limited by the superior voting powers which are enjoyed by some members of that body". Canada's willingness to serve, however, was determined by the fact that "we in this country continue to believe that the best hope for mankind lies in the establishment of a world organization for the maintenance of peace" and that if Canadians wished to enjoy the benefits of such an organization they must also accept its responsibilities.

15. Following Canada's election, the Department began the preparation of instructions for General McNaughton as Canadian representative on the Council. This document<sup>1</sup> which was approved by the Cabinet on February 12, 1948, did not take the form of the usual letter of instruction which the department customarily addressed to a Head of Mission; instead it was a broad statement of general principles covering the role Canada was expected to play on the Council. Echoing the sentiments expressed by Mr. St. Laurent in his speech before the United Nations Society, it was recognized that Canada had been placed in a "position of responsibility" and had been given "increased opportunities to influence the course of international developments". These same instructions, however, gave clear evidence that the Government appreciated that General McNaughton's ability to influence the discussions and decisions of the Council would not be made easier by Canada's status as a middle power and its special relations with two of the permanent members, the United States and the United Kingdom. Thus, for example, although it was desirable that Canada should follow a policy of its own, it would "not be easy to secure credit for independence of argument

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1 The complete text of this document entitled "Statement for the guidance of the Canadian Permanent Delegate to the United Nations and Representative on the Security Council" will be found in Appendix 8.



and decision". Moreover, this end had to be reconciled with the hard fact that questions before the Council "will necessarily have to be judged not only on their merits but also with reference to the way in which the present distribution of power in the world will be affected by a decision one way or the other" and that "on fundamental questions which may involve peace and war, we cannot afford to be on the opposite side from the United States and the United Kingdom when they are in agreement".

16. The final paragraphs of the statement provided an analysis of some of the weaknesses of the Security Council which its operations had revealed and of practices which had developed to the detriment of the Council's effectiveness, as for example, the tendency of certain States to "regard the United Nations as little more than an instrument for the attainment of narrow national objectives", and states raising in the Security Council "problems in their relations with other States which they have not been able to solve to their own satisfaction and hope that by doing so they will gain the sanction of international support". Related to these tendencies was the "irresponsible use of the Security Council ... for the purpose of making propaganda". The net result was to lead the Security Council into a discussion of minor questions which should not appear on its agenda at all. The Security Council should not be asked to accept commitments which it could not fulfil for, in the:

" Absence of military agreements under Article 43 of the Charter or alternative arrangements for similar purposes, the Security Council is not in a position to enforce its decisions or to give military support to commissions or other agencies which it may appoint".

The statement also noted a tendency on the part of the Great Powers to expect the smaller powers on the Security Council to "accept responsibilities which they themselves are anxious to avoid". The reason which the Great Powers gave for this practice was that they were too directly concerned with the dispute under consideration. This, the statement noted, was not wholly valid since in theory at least, every member of the Security Council should act in the interests of the United Nations as a whole, but in practice it were:

" Impossible for the members of the Security Council to detach themselves from their national interests sufficiently ... it is doubtful if the Council can go far towards the solution of major problems".

17. The year 1948 marked the beginning of a shift in emphasis in the Department's thinking on the problems of security away from the United Nations and towards the proposed North Atlantic Treaty. In a forthright speech delivered before the Toronto Board of Trade on January 28 of that year, Mr. Pearson referred to "the lack of concrete accomplishments that provokes grave doubts about the capability of the organization to do the job it was given, to keep the peace". He pointed out that the United Nations had been founded "on the ability and desire of the Great Powers to work together for peace" but that because of the "embitterment and intensification of ideological and political conflicts between the two super powers, the United States and the Soviet Union, each watched the other across a widening chasm of suspicion and mistrust". The resultant political climate brought out the structural weaknesses of the Charter, although he doubted that even a perfect Charter in such a climate could guard peace and security. The abuse of the veto

power, he said, was but one symptom of a disease which was the "division of one co-operating world into two parts"; the emphasis in the United Nations had been transferred from "collective responsibility" to "individual sovereignty" and debates reduced to "ideological brawls". These difficulties, while serious, did not mean that Canada should "give up the United Nations as a too difficult, if not too good a job". The long-run answer, he thought, consisted in the provision of the United Nations with adequate forces to carry out decisions and to serve as a deterrent to any would-be aggressor. This, he realized, would take a long time to accomplish. He foresaw three possible courses: "to carry on as we have in the hope that the international situation would improve and that great power unity would once more become a reality"; to amend the Charter or, if this did not prove possible, to form another organization which would work. As opposed to these extremes, Mr. Pearson suggested a limited collective security system within the United Nations and in accordance with the letter and spirit of the Charter. His actual words were:

" There is a third way which is much to be preferred ... though it is not nearly so satisfactory as an agreed limitation of the veto by convention or by amendment of the Charter but would frankly recognize that within the present United Nations certain members were determined to form a collective system which would really guarantee their own collective security, even if this could only be done on a limited basis of membership ... such a limited association for collective security - within the letter and spirit of the Charter - would not be an offensive and defensive alliance of the old type. There could be nothing 'offensive' about it because it would be bound by all the obligations of the Charter."

18. Three months later, in the House of Commons on April 29, Mr. St. Laurent went somewhat further, saying that some of the free nations of the world might soon find it necessary to consult together as to how they might establish a collective security league composed of states which were willing to accept more specific and onerous obligations than those contained in the Charter, in return for greater national security than the United Nations could give. At the same time he promised that Canada would continue to give every assistance to constructive efforts to make the United Nations into the instrument for security and co-operation which it was originally designed to be and would utilize its possibilities to the fullest extent. Canada's faith in the United Nations as an effective organization for peace and security had been "severely shaken" but it was nevertheless important that the United Nations be kept in existence and that every possible use be made of the high degree of vitality it had shown.

19. The statement for the guidance of the Delegation to the Third Session of the General Assembly in 1948 reflected the discussions which had already begun leading to the signature of the North Atlantic Pact. The statement began by noting that the United Nations had "reached the point where progress is impossible in any political undertaking which depends for its success upon the co-operation of the Government of the Soviet Union". Despite this attitude, the Delegation was instructed to give expression to the following points:

- (a) "The Government intends to fulfil its obligations under the Charter and is willing in company with other Members of the United Nations to enter into agreements and commitments toward the progressive establishment of a system of collective security".



- (b) "In the absence of provisions for collective security within the United Nations Member States may be expected to seek arrangements elsewhere for their mutual defence."
- (c) "The Canadian Government continues to regard the United Nations as the best available instrument for the development of a system of international co-operation and eventual collective security on the basis of universal participation."

In this respect the statement noted that the United Nations had showed itself capable of effective action in two or three important political questions, but recognized that these lay outside the area of direct conflict between the Soviet and non-Soviet States. The Delegation was again cautioned to do nothing to weaken the United Nations or to allow any issue to be forced, unless it should be a vital question of principle, to the point where the unity of the organization might be impaired.

20. Mr. King, as Chairman of the Delegation, spoke for Canada during the opening general debate and the kernel of his speech was his reference to the North Atlantic discussions in which connection he said that:

" Security for individual nations, under such circumstances, can be assured only by the effective co-operation, and the united power of those nations whose determination to maintain their freedom constitutes a strong bond of community between them. It is not surprising therefore that certain nations, knowing that their security depends on collective action in some form, and which are not yet able to achieve that security on the universal basis which the United Nations contemplates, should, pending this large accomplishment, seek to achieve their security on a less than universal basis".

21. The Government's attitude to the United Nations in 1949 reflected an even more marked dependence on the North Atlantic Treaty to enable Canada to achieve security. Although Mr. St. Laurent was to declare in a radio speech on November 11, 1948, that "the external policy of Canada is based on the principles of the San Francisco Charter", it was clear from the debates in the House of Commons on the proposed Atlantic Pact and from the files of the Department that the emphasis in thinking on security matters had shifted sharply away from the United Nations. In part this was no doubt due to the fact that the senior officials of the Department found their time increasingly taken up with the negotiations for the Pact, but this in itself was tangible evidence of the greater importance attached to it. It did not necessarily follow, however, that such a shift represented any lessening of the Government's desire to see the United Nations made into an effective instrument for the achievement of its purposes, let alone any desire to abandon it completely. In the course of his speech in the House of Commons on March 28, in the debate on the North Atlantic Pact, Mr. Pearson was at pains to point out that

" Canada's support of this Pact ... is not in any sense a change in our policy towards the United Nations and what it stands for. The Canadian Government still hopes that the problems of post-war settlements which have prevented the United Nations from becoming what it was intended to be may be solved ... we hope moreover that the United Nations itself will contribute towards that solution."

The North Atlantic Pact, he suggested, would not only strengthen the United Nations but was "fully compatible with the letter and the spirit of the Charter". "We are", he added,

" prepared to support every effort in every council, every conference, committee, working group, or whatever agency of negotiation may be suggested to solve the problems which exist between the Western World and the Soviet Union. More than that, we believe that by those methods the long-term problem of security can be solved, but in the meantime the North Atlantic Treaty will serve as an instrument which, by strengthening the freedom of the free democracies will make it possible for them to use the United Nations with greater confidence and more hope of success ... Nor does it in any way conflict with the Charter of the United Nations. So far as this Government is concerned ... it pledges itself not to take part in any activity under the North Atlantic Treaty which contravenes the principles and purposes of the United Nations Charter or which is provocative and aggressive in character. The aims and purposes of the North Atlantic Treaty are precisely the same as stated in the Charter and the effect of the proposed alliance can strengthen the United Nations by creating conditions in which it can do more effective work."

22. The instructions to the Delegation of the Fourth Session of the General Assembly in 1949 contained some parallel thoughts. The introductory paragraph read as follows:

" The fundamental principle which should guide the Delegation is the belief that, in spite of its limitations, the United Nations is the best available instrument for the development of a system of international collaboration and, eventually, of collective security on a basis of universal participation. It is particularly important at this time to make clear that, although the Canadian Government believes that the North Atlantic Alliance is essential to security and in no way incompatible with the United Nations Charter, Canada has no intention of doing anything to weaken the United Nations. On the contrary, the Canadian Government wishes to strengthen the United Nations by (a) encouraging it to continue the use of procedures of conciliation with which it has already had considerable success. (b) discouraging the acceptance by the United Nations of tasks which are beyond its present competence, (c) restoring the prestige of the Assembly by improving its efficiency and by reducing the time devoted to propaganda attacks and counter-attacks, and (d) seeking to improve its methods within the framework of the present Charter rather than by risking its existence in futile efforts to alter the Charter at the present early stage of its experience."

23. The signature of the North Atlantic Treaty on April 4, 1949, had a number of implications for Canada, affecting her attitude towards the United Nations, some of which Mr. Pearson outlined in his Commencement Day address at the University of Syracuse, on June 6, 1949. It was his belief that in spite of all difficulties the universal character of the organization should be preserved; although he recognized that Soviet objectives were different from those of the Western World.

" an international organization like the United Nations represents the application of a principle which all nations must recognize as valid in international affairs, that no nation can live in peace and attain its own national security save in collective action maintain international peace and security. The alternative would take us back to the position which existed before 1939. During those earlier years an attempt was made to establish an international organization which did not include all the great centres of material strength and military power in the world ... Decisions which depend on the co-operation or at least the acquiescence of all the great powers, if they are taken in an organization in which those powers are not all present will inevitably be unreal and impractical".

The signature of the North Atlantic Treaty was in essence an admission of the existence of a divided world but was also a provision against the deficiencies of the United Nations. The recognition of such a difference would make it "a good deal easier for us to devise practical means of coming to terms with it". It was still possible, Mr. Pearson thought, to "reaffirm our belief in the integrity of the experiment of the United Nations" and to consider the United Nations as a "useful and practical instrument ... in immediate circumstances for the prevention or settlement of international disputes," provided there is a clear understanding of the limits within which it is possible for the United Nations to operate. Already the United Nations had shown itself capable of taking effective though not spectacular action in the cases of Palestine, Indonesia and Kashmir in the sense that it had been able to avoid a major conflict. Mr. Pearson then went on to outline three principles which, in his opinion, could serve as a guide for future United Nations action in the circumstances of the moment. These principles were restated and enlarged upon in his address before the General Assembly in September, 1949. Although derived from Canada's experience as a member of the Security Council, they represented in essence the view that until such time as the international situation was able to permit the United Nations to function along the lines intended by the framers of the Charter, and the inadequacies of the Security Council had in large part been overcome, this body should aim at the achievement of more limited objectives. As outlined to the General Assembly, Mr. Pearson's principles, which are worth quoting in full, were as follows:

" These principles, in default of an improvement in relations between the communist and democratic worlds, would seem to mark the limits that we can now reach. To attempt to go beyond these limits in present circumstances is merely inviting failure. The first is that the Security Council shall not initiate action that it cannot complete with its present resources. There have often been demands that the Security Council should intervene in some area or another with force, and that when fighting occurs, the Security Council should take steps to suppress it. There would be a great deal to recommend such intervention if it could be carried out firmly and quickly, but the fact is, of course, that the Security Council has at present no effective way of imposing its will. In consequence in many cases it can do little more in the first instance than call upon the parties engaged in the dispute to stop fighting and start talking, offering them the means by which they can work out a settlement by negotiation rather than by conflict. This is not a dramatic or spectacular method of procedure, but in the circumstances it has served fairly well.

" The second principle which, in our opinion, should guide the actions of the Security Council is that to the greatest extent possible the responsibility for solving a political problem should be left with the people who are immediately affected by it. In respect of Palestine, Indonesia and Kashmir, for instance, it is still the case that the parties directly concerned and the people who live in the area must seek to determine the measures by which peace will be maintained in these areas. This is not only the most practical principle of action, it revives and strengthens a sense of responsibility at the point where it is most vital to healthy political life, and it sets the objectives of an agreed, rather than an imposed solution.

" The third general principle which seems to us to have emerged is that the Security Council should in all cases immediately concentrate its influence on putting an end to hostilities or disorders whenever they occur. By insisting on this principle, and by insisting equally that fighting shall be stopped without prejudice to the ultimate political solution, the Security Council has been on strong ground. It has not, of course, been able to command complete obedience. Fighting has recurred even in areas where a firm truce seemed to have been established, and it has not been possible to guarantee absolutely that the ultimate outcome of a dispute would not be affected by the military action which had taken place. In general, however, the primary concern of the Security Council, that peace should be kept while negotiations proceed, has been respected and has contributed materially to the progress which has been made in the settlement of disputes. The moral authority of our world organization--which seems to be all that it is now permitted to have--is no slight thing, and no state, great or small, lightly disregards its decisions".

24. If the United Nations had a number of limitations affecting its chances of success in dealing with a breach of the peace or an act of aggression, there were grounds for refusing to consider that it had completely failed and should therefore no longer command general support. In the first place, as the report, "Canada and the United Nations, 1948", pointed out, the United Nations was a useful forum in which public opinion could express itself and in this way become better informed of the dangers to peace. It was also a permanent table around which representatives of nearly all states could meet. Secondly, as members of the Government and the Department were to point out from time to time, the United Nations was a bridge or means of contact between the Cominform and non-Cominform states. When direct negotiations over the Berlin crisis broke down, for example, the United Nations provided an opportunity for further negotiations. As Mr. Pearson was to put it in a speech before the Canadian Bar Association, as late as March 13, 1951, "this precedent alone would be enough to warrant the hope that if the Soviet Union were convinced that ... it could not achieve its objectives by force it might secure through the United Nations at least a temporary accommodation with the countries of the West". Thirdly, the United Nations had also shown its usefulness in promoting co-operation and maintaining peace. It is true that, as already mentioned, the issues it had met successfully were on the periphery of the basic divisions between East and West, but the fact that they had not developed into war clearly demonstrated that within limited fields the United Nations could provide the means whereby such disputes could be resolved by negotiation

and compromise rather than by force. Fourthly, the Charter, by the resourcefulness of some members had been shown to be an adaptable and, up to a point, an elastic document. Mention has already been made, for example, of the trend by which the General Assembly preoccupied itself increasingly with political matters. It was not therefore beyond the realm of possibility that despite appearances to the contrary some means might be found whereby the powerlessness of the Security Council might, in large measure, be overcome. That was essentially what the "Uniting for Peace" resolution, approved by the Fifth Session of the General Assembly, was able to provide for. Finally, repeated statements by Mr. Pearson and others stressed that world wide security in itself was to be preferred to regional security and in the long run offered the best hope for peace.

25. Such, then, in general terms, was Canada's attitude to the United Nations on June 25, 1950. The United Nations had, so far at least, proved a disappointment in its failure to solve the major difficulties underlining the problems of the post-war world, but if smaller nations, as a result, had not been able to find in it the security which they could not provide for themselves it had yet to be shown that the United Nations could not be the political fire department it was originally intended to be. The North Korean aggression was to provide such an occasion.

## II - Some Problems Affecting the Establishment of A Collective Security System.

In Section I of this chapter Canada's approach to the question of seeking security through the United Nations has of necessity been dealt with in very general terms in order to provide a framework within which the Government's attitude to some of the specific problems affecting the establishment of such a system might more readily be examined. One or two of these have been briefly referred to. In this section, these and others, and the Canadian attitude to them, will be discussed in greater detail. Because of the diffuse nature of this question, no attempt will be made to examine all its facets; it is believed, however, that those selected will serve to illustrate the nature of the Canadian approach.

### A. Disarmament

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A fundamental assumption underlining the United Nations' ability to provide peace and security was that it was necessary to establish an early and general system for the regulation and reduction of armaments and armed forces. It was natural, therefore, that the subject of disarmament should have been considered by the United Nations at an early date. The first step in this direction was the establishment of the Atomic Energy Commission in January 1946. With the horrors of Hiroshima and Nagasaki still only too fresh in the public mind, it was understandable that this should be so. The use of atomic bombs, however, was only one means of waging war, and the control of atomic energy against its use for destructive purposes but one part of the general question of disarmament. Thus the second part of the First Session of the General Assembly in 1946 took up this question, and the so-called "disarmament" resolution which it passed on December 14, was one of the most important accomplishments of that session.

2. It was largely owing to the efforts of the Canadian Delegation that this resolution was passed in the form in which it finally emerged. The Soviet Delegation had introduced some disarmament proposals early in the session but unfortunately it was not until four weeks had passed that the United States Delegation considered the introduction of alternative proposals: as a result their proposed resolution was hastily put together and so badly drafted that in the words of a report prepared (but not submitted) by Mr. Reid for Mr. St. Laurent "it gave the Russians everything and more than they wanted". The debate on these resolutions coincided with the debate in the Atomic Energy Commission, which will be referred to below, precipitated by Mr. Baruch's insistence that the Atomic Energy Commission should approve his proposals before December 31. The purpose of the Canadian Delegation was of course to improve the United States draft, to remove its ambiguities and to give it greater precision. For this purpose the "battle" was fought at all levels in committees and sub-committees for it was difficult to convince the United States representatives of the dangers inherent in their resolution; at one point it was necessary for Mr. St. Laurent to enlist the support of Mr. Bevin, the United Kingdom Foreign Secretary, and to ask him to speak with Mr. Byrnes, the American Secretary of State, thus going over the heads of the United States officials and the head of Mr. Baruch.

3. In its final form the resolution set out four principles governing disarmament; these are worth quoting in full:

- (1) "An early general regulation and reduction of armaments and armed forces is necessary in order to strengthen international peace and security";
- (2) "Practical measure shall be agreed upon to assure that the regulation and reduction of armaments and armed forces will be generally observed by all participants and not by some only";
- (3) "Practical and effective safeguards by way of inspection and other means shall be provided to protect complying states against the hazards of violations and evasions";
- (4) "The international convention or conventions on disarmament shall create, within the framework of the Security Council, an international system of control and inspection, operating through special organs deriving their powers and status from the convention or conventions".

The resolution also listed four particular aspects of the disarmament problem:

1. The prohibition of atomic energy and all major weapons adaptable now and in the future for mass destruction;
2. The control of atomic energy to the extent necessary to ensure its use for peaceful purposes;
3. The placing of armed forces at the disposal of the Security Council;
4. The general regulation and reduction of armaments and armed forces.



These four aspects will be discussed below, the first two being dealt with together.

### 1. Atomic Energy

On November 15, 1945, the Prime Ministers of Canada and of the United Kingdom and the President of the United States issued a joint declaration on atomic energy which recommended the establishment of a commission under the United Nations to "prepare recommendations and draft conventions for submission to the States which are members of the United Nations and possible to other States" as the "most effective means of entirely eliminating the use of atomic energy for destructive purposes and promoting its widest use for industrial and humanitarian purposes". This declaration was followed by a decision of the meeting of Foreign Ministers of the United States, the United Kingdom and the U.S.S.R. meeting in Moscow the following month to place the proposal for the establishment of such a commission on the agenda of the First Session of the General Assembly which was to meet in London in January 1946.

4. This session of the General Assembly unanimously endorsed the resolution put before it which created the Atomic Energy Commission. Although a creation of the General Assembly, the Commission was to report and make recommendations to the Security Council in view of the Council's primary responsibility for the maintaining of international peace and security. Its terms of reference were broad; to deal with the "problems raised by the discovery of atomic energy and other related matters". More specifically, it was instructed to make proposals for "extending between all nations the exchange of basic scientific information for peaceful ends", for the "control of atomic energy to the extent necessary to ensure its use only for peaceful purposes", for the "elimination from national armaments of atomic weapons and all other weapons adaptable to mass destruction" and for "effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions".

5. A problem of concern to Canada which arose even before the Commission came into existence was its membership. Because of a particular interest in the subject, derived mainly from Canada's rich deposits of essential nuclear fuels and wartime participation with the United States and the United Kingdom in this field, the Government at an early date put forward Canada's claim for permanent membership. On November 29, 1945, Mr. King wrote to Mr. Malcolm Macdonald, the United Kingdom High Commissioner, stating in part that "it....essential that Canada, as one of the sponsors for the establishment of the Commission, should be represented on it whether or not Canada is elected to one of the non-permanent seats on the Security Council". The same view was expressed to the United States Government in an aide-memoire of November 30th which Mr. Pearson left with Mr. Byrnes. The United States and the United Kingdom readily agreed, and when the Soviet Government was approached by the United Kingdom and the United States at the Moscow conference no objection was raised. The problem however was not thereby solved, for although the Assembly resolution stipulated that the Commission was to have the same membership as the Security Council except for Canada when not a member of the Security Council it was still necessary to ensure agreement that Canada should participate in any Security Council discussions on atomic energy. The matter was raised informally with the United Kingdom and the United States delegations at the General Assembly; and they agreed to support Canadian participation under Article 31 of the Charter. When Mr. Vyshinsky

was approached he was non committal. The point was never satisfactorily settled until the Security Council meeting of June 10, 1946, when Mr. Gromyko objected to Canada taking her seat, but was overruled by the Chairman.

6. At a meeting of the Cabinet held on March 27, 1946, General McNaughton was appointed Canadian representative to the Commission; at the same meeting the Cabinet agreed to set up an Advisory Panel on Atomic Energy composed of representatives of the Departments of Reconstruction and Supply, External Affairs and National Defence and the National Research Council, to be convened and presided over by the Secretary of the Cabinet. This body was in fact to be the policy-making group and as such responsible under the Cabinet for formulating instructions to General McNaughton. It held its first meeting on April 16 to consider the drafting of formal instructions which were finally completed and approved by Cabinet on June 10th in time for the first meeting of the Commission which was held in New York on June 16th. These instructions, although provisional in nature (in view of the limited information on the policies which the United Kingdom and the United States were expected to advocate) were nevertheless fairly comprehensive. An introductory section noted that the United States was expected to "call the tune" in the Atomic Energy Commission:

" As the only possessors of atomic weapons, as the leaders in the construction of production plants and as the most powerful industrial nation in the world it is the policy pursued by the United States which will in the end be decisive".

This did not mean however that the Canadian representative should slavishly follow the United States. It was hoped that Canada would have constructive suggestions to make but it was recognized that "we shall not wish to go further or faster than the United States and the United Kingdom Governments are prepared to go in advocating international control". On the subject of exchange of information, the Canadian representative was instructed to be guided by the terms of the Washington declaration which made it clear that such exchange would be conditional on reciprocity, but that in any event the Canadian position as a source of uranium would need to be carefully safeguarded. On international control, the necessity of proceeding in stages was recognized and for this reason the Government had been impressed by the Lilienthal report as the "most constructive and imaginative approach" yet made towards a long-term policy on international control. General McNaughton was instructed that if the United States representative put forward this report as a basis for discussion it should have his support. The instructions concluded by expressing the hope that "it will be possible to concert the general line of approach of the Canadian representative with that of the United States and the United Kingdom representatives".

7. At the Commission's first meeting, Mr. Baruch, the Chairman of the United States delegation, put forward his proposals, based in large part on the Lilienthal report, for the creation of an International Atomic Development Authority which would be entrusted with all phases of the production and use of atomic energy. The proposals also included the reunification of the atomic bomb as a weapon of war and suggested that when an adequate system of control had been established the manufacture of atomic bombs should stop and existing bombs be disposed of. In addition, Mr. Baruch proposed that "there must be no veto to protect those who violate their solemn agreements not to develop or use atomic energy for destructive purposes".



8. In a telegram of June 19, 1946, General McNaughton was informed that the Canadian Government was "favourably impressed" with these proposals "as a constructive contribution on the part of the United States Government ... (and) as a goal to be aimed at". This telegram also recognized that there were "formidable obstacles" in the way of their fulfilment and that the proposals raised a number of important questions such as the relationship of the authority to the United Nations, the double standard for the use of the veto - its abandonment in questions relating to atomic energy but its retention for sanctions purposes - and so forth. General McNaughton was nevertheless instructed to "endorse the general principles while bearing in mind that we were aware of the difficulties ahead". This was the line which General McNaughton followed when he spoke at the second meeting of the Commission of June 19th. The General suggested in addition that the proposals be accepted as a basis for discussion. Referring to the veto question he suggested that the Commission should not concern itself unduly over it at that stage but concentrate on those aspects of the United States proposals on which agreement could be reached before the Authority could be brought into being. He referred also to our general attitude regarding exchange of information and stressed the necessity of establishing mutual confidence to insure success in the task ahead.

9. All the other members of the Commission accepted the Baruch plan as a basis for discussion with the exception of Poland and the Soviet Union. Mr. Gromyko put forward a Soviet plan which contained the only other proposals made at this early stage. Without referring to Mr. Baruch's statement, Mr. Gromyko proposed an international multilateral convention to outlaw weapons based upon the use of atomic energy and to forbid their production; all such weapons were to be destroyed three months after ratification of the convention. No method was suggested for enforcing the agreement other than a declaration to be made by signatory states that a violation of it would constitute a "most serious crime against humanity".

10. By August 1st the Commission had entered into its work, operating mainly through three committees, one of which dealt with general questions of policy, a legal committee and a scientific and technical committee. Progress, however, was extremely slow because of Soviet intransigence; the central problem was Mr. Gromyko's insistence that the manufacture, use and possession of the atomic bomb should be banned, and his refusal to admit the need for any special system of international control which in his opinion would constitute a violation of sovereignty. While admitting the need for certain safeguards he wished the Security Council to be responsible for dealing with enforcement, a position which, of course, would preserve the Soviet veto.

11. The general tactics which General McNaughton had been instructed to follow were well summed up in a letter from Mr. Wrong to Mr. Howe of August 1, 1946. These were to seek to avoid a showdown with the Russians, partly in the hope that Mr. Gromyko might alter his rigid position and partly as the Government did not wish the talks to break down before the Paris Conference. The General's difficulties however lay not only with Mr. Gromyko but also with Mr. Baruch who was growing increasingly impatient with the Russians. He wished to force a vote on his original proposals which of course the Soviet Union would be certain to reject out of hand thus causing a breakdown in the efforts to control atomic energy and a further increase in international tension.

12. This problem was very much in the minds of the delegates to the second part of the First Session of the General Assembly. Mr. Molotoff's speech made no reference to atomic energy and therefore gave no hope of any change of attitude. Writing to Mr. Pearson in this connection from New York, Mr. Reid said that in his opinion the "break in the Atomic Energy Commission is going to come before the end of the year", but he added "if it is to come we must surely make every effort to insure that the issue on which the breakdown comes is one carefully chosen by the United States as being best calculated to put the Soviet Union in the wrong". To avoid a break, Mr. St. Laurent encouraged General McNaughton to continue his efforts along this line and to try to work out a system for the effective control of atomic energy which went no further than discussions had shown to be essential. Mr. St. Laurent was anxious that the Western Powers be in a position to show that they had explored every avenue of possible agreement with the Soviet Union and that the proposals finally rejected by the Soviet Union be the ones which would commend themselves to most other Governments as practical.

13. In order to avoid a premature breakdown an effort was made to turn the discussions in the Commission away from the broad political questions of principle into a consideration of the most precise forms of international obligations which governments might assume if an effective system of international control were established and to an examination of the technical and scientific facts in relation to the feasibility or otherwise of international control. The Scientific and Technical Committee began therefore the preparation of a report describing the processes involved in the peaceful application of atomic energy. It found that such energy could be controlled. It could not however agree on methods owing to Soviet insistence that this was a political question with which the Committee was not competent to deal. Formal and informal discussions failed to break the deadlock on this point.

14. In the course of a conversation with General McNaughton on June 26 Mr. Pearson suggested that a possible method of:

" ... breaking through the developing jam would be to accept at once the U.S.S.R. proposal to outlaw the use of atomic energy for destructive purposes and even sign a convention immediately for that purpose, pending the working out of the more far reaching measures for control, inspection etc., embodied in the United States plan".

Such a course he thought would "meet the Russians up to a point and certainly could do no harm" though he recognized that without further measures outlawry would be of no value. Neither Mr. Wrong, nor Mr. Robertson, were attracted to this idea, as from the point of view of American security, the Russian proposals reversed the American order of priority and Mr. Wrong doubted whether it would "influence the Russians much as the main object of their proposal was to argue that the American bombs should be destroyed". Mr. Pearson's proposal was not followed up.

15. The virtual impasse which the Commission had reached by November 1946 was considered by the Advisory Panel. A paper prepared in the Department for the Panel, after summarizing the developments on the work of the Commission, noted that it was difficult to assess with any degree of assurance what the next stage should be; it recognized the possibility that the Soviet government might clarify its attitude in relation to control, but the officer who drafted the paper did not expect any significant change. It was however thought possible that the Commission might consider aspects such as the functions and

powers of the International Authority and the relations of such an Authority to the United Nations in order to prepare the ground for the drafting of an international treaty classifying the obligations of signatory states, the functions and powers of the authority and the question of benefits which members would derive from a system of international control. The paper went on to note that the future work of the Commission must in any event be considered in terms of the general relations between the Soviet Union and the Western World, and that "a breakdown in negotiations might precipitate a crisis in the entire structure of the United Nations". In this connection the paper referred to the efforts made by the Canadian Delegation to avoid bringing to a head basic differences, the endeavours made to maintain an orderly procedure and to maintain a spirit of cordial relations. Finally, the paper recommended that approval be given to the general tactics which the Canadian Delegation had been following, that it should continue to support all efforts to avoid a breakdown but that it should continue to give support to the principles of the United States plan "as an ultimate objective".

16. Meanwhile, the General Assembly was also considering the question of atomic energy; the resolution adopted December 14, 1946, dealing with the general regulations and reduction of armaments, already referred to, (see para. 3 above), included several important clauses affecting the Commission. This resolution stated that the prohibition of atomic weapons and the control of atomic energy to insure its use only for peaceful purposes was an essential part of any overall scheme to regulate and reduce armaments generally. It urged the expeditions fulfilment by the Atomic Energy Commission of its task under the previous resolution of January 24, 1946, and urged the Security Council to expedite the question of a draft convention for the creation of an international system of control which would include provisions calling for the prohibition of atomic weapons. The Canadian Delegation voted in favour of this resolution, which, in the Government's view, clearly meant that the United Nations was committed to the total prohibition of the use of atomic weapons. At a later stage it became apparent that the United States did not consider this resolution in the same way, and in a telegram to General McNaughton on July 10, 1947 Mr. Heeney pointed out that while it was

" not difficult to appreciate the United States' reluctance to accept the principle of complete prohibition of atomic energy, the difference between acceptance of the principle and signature of an agreement is surely great enough, to make it worthwhile for the United States, at least for tactical reasons, to admit the principle".

Subsequently, General McNaughton was able to persuade the United States representatives on the Commission of this fact.

17. The discussions in the Commission during the month of December in connection with the adoption of the Commission's first report to the Security Council finally brought to a head the issue which the Canadian Delegation had fought to avoid. Mr. Baruch insisted that a decision be reached on his proposals and recommendations and that they be included in the report. He was confident that he could secure sufficient support to carry them by a majority of votes. The Canadian Delegation, together with the United Kingdom and the French Delegations, had some misgivings about them, in particular the question of eliminating the veto which, in the Government's view, would provide grounds for the Soviet Union to vote against the report. The Canadian Delegation also wished to tighten up some of the details of the proposals which had been very loosely drafted and which in its opinion required more careful consideration. The report and the

proposals were finally voted on December 30. Ten nations, including Canada, voted in favour, but the Soviet Union and Poland abstained. Despite the Government's misgivings, the Cabinet instructed General McNaughton on December 27 to vote in this way on the ground not only that the resolution had been greatly improved by the delegation's efforts, but also brought it into greater harmony with the General Assembly resolution on disarmament; moreover it clearly represented the best resolution that could be obtained. Although the Canadian Delegation had been remarkably successful in putting off this vote over a period of time, the expected breakdown did come about and the government's worst fears were confirmed for to an increasing degree the atmosphere was to become less and less conducive to agreement.

18. Briefly, the Commission's first report answered affirmatively the question as to whether international control of atomic energy was feasible from a scientific and technical point of view. Certain safeguards to be applied at each stage in the production and use of atomic energy were recommended by the report which expressly stated that these safeguards did not represent a plan for control but merely some of the elements which should be incorporated in an effective plan. In his report to the Minister, General McNaughton noted that adoption of the Commission's first report ended the first phase of its work; while stressing as did the report the preliminary nature of the proposals, he regretted Mr. Baruch's "precipitate action and inflexible attitude" which prevented the Commission obtaining any real clarification of the Soviet attitude. He was, however, heartened by the thought that the U.S.S.R. had not closed the door to further negotiations.

19. During the subsequent months of January and February the Security Council discussed the Commission's report but the debates merely reflected the same basic differences expressed in the Commission. Although the Soviet Delegation tabled 12 proposed amendments to the report, the Council finally decided that these amendments should more appropriately be dealt with in the Commission itself, and on March 10, 1947, instructed the Commission to continue its inquiries, to prepare draft treaties, and to report to the Security Council before the next session of the General Assembly.

20. Mr. St. Laurent made a report on the work of the Commission to the House of Commons on March 26, at the conclusion of which he expressed the Government's hope that further examination by the Commission of the proposals placed before it "may lead to a realization on the part of all governments represented on the Commission of the manifest advantage to be reaped under a system of effective control". Such a system would not only make a greater contribution to peace but would make it possible for the peoples of the world to share the benefits to be derived from the peaceful use of atomic energy.

21. When the Commission resumed its sessions following the adoption of its first report, its members endeavoured to consider some of the broader aspects of the problem, particularly from the standpoint of what was necessary in the matter of control. On June 11, 1947, Mr. Gromyko submitted additional proposals whereby his proposed convention to outlaw the use and manufacture of atomic bombs would be supplemented by a further convention establishing a system of control based on periodic inspection only. Under this Soviet plan any nation would be free to plan and execute its own atomic energy programmes, subject only to a periodic check by inspectors from the International Control Agency; its powers would be restricted to making representations to governments and the Security Council. In the view

of the Canadian Government, these proposals were highly unsatisfactory, as the control agency would only be set up after the convention had been signed. Moreover, since the functions of the agency would be limited to checking and investigating, nations would be free to accumulate dangerous quantities of atomic materials directly convertible into bombs. It was felt that something more than periodic inspection and special investigations in case of suspicion was required. General McNaughton therefore introduced a resolution which was adopted by 10 favourable votes which said that the Soviet proposals, as they then stood, did not provide "an adequate basis for the development by the Committee of specific proposals for an effective system of international control".

22. No appreciable progress was made by the time the Commission submitted its second report to the Security Council on September 11, 1947. This report noted that the Commission had considered some of the broader aspects of the problem and added that, in the opinion of the Commission, nations should not be left free to develop their individual programmes of atomic energy for peaceful purposes; it proposed instead the establishment of an authority which would "own, operate and manage" in trust for all nations all dangerous substances from the time they were taken from the ground and all plants required to process them. Production would be strictly related to consumption and there would be no accumulations of stocks. The proposed authority would in effect be a trust acting on behalf of signatory states. The report also recommended that the principles which were to govern the production, distribution, location and so forth of atomic materials should be designated by international agreement.

23. This report was not considered by the Security Council because of pressure of other business, but the Commission nevertheless continued to endeavour to work out the terms of the treaties required to implement its second report. The second report had gone a great deal further than the Soviet Government was prepared to go, however, and it had soon become apparent that the Commission could do little more of useful work in the absence of Soviet cooperation. As General McNaughton put it in a despatch to the Department on June 14, 1948,

" it was conceded by all that no control scheme would be satisfactory if it was not universally applicable and enforceable ... but the debates in the Commission had served only to show that there was not even agreement on what was understood by 'effective international control' let alone the essential requirements of that control, and the realization grew that the work of the Commission was approaching an impasse."

24. The Soviet attitude, however, was an uncompromising one and many efforts, which need not be gone into here, to obtain a greater precision as to the meaning and intentions of the Soviet plan were to no avail. Finally, when the divergence of views became so acute and the possibilities of bridging the gap appeared so remote, on May 17, 1948, the Commission recommended, in its third report, the suspension of its work by a vote of 9 to 2. The recommendation stated that

" the failure to achieve agreement on the international control of atomic energy arises from a situation that is beyond the competence of this Commission. In this situation the Commission concludes that no useful purpose can be served by carrying on negotiations at the Commission's level." (1)

(1) The report also recommended that the Security Council consider the possibility of submitting the Commission's three reports to the next session of the General Assembly.



25. In his report to the Department referred to above, General McNaughton pointed out that although the Commission had been unable to obtain agreement on a plan for international control, such failure did not warrant the conclusion that no agreement may ultimately be reached. He recognized, however, that to resolve the underlying political difficulties efforts to reach an understanding would have to be pursued through other methods of negotiation.

26. The Canadian Delegation, with authority given it by the Cabinet on June 10, introduced a resolution in the Security Council, approved on June 25 which rather than approve the Commission's three reports merely asked that the Secretary-General transmit them to the General Assembly "as a matter of special concern". In speaking to this resolution, General McNaughton expressed the Canadian Government's "profound disappointment" that the Commission had to report an impasse. The situation, he said, did not "call for recrimination but a serious effort to face up to reality". He blamed the divergence of views upon the insistence of the Soviet Union that a convention outlawing atomic weapons and providing for the destruction of these weapons must precede any agreement for the establishment of a system of international control. While the Soviet Delegation had advanced proposals for periodic inspection, its conception of these controls fell

" far short of what the majority of the Commission believed to be essential to ensure that atomic energy will not become a matter of international rivalry and a menace to world security".

27. The Third Session of the General Assembly considered the Commission's three reports in accordance with this resolution and a number of countries, including Canada, put forward resolutions containing proposals on atomic energy. The Canadian resolution was put forward in the belief that, in the words of the general instructions to the Delegation approved by Cabinet, "little will be gained by continuing the discussions in the present circumstances". Its operative part expressed approval of the general findings and recommendations of the first report and the specific proposals of part 2 of the second report "as constituting the necessary basis for establishing an effective system of international control of atomic energy in accordance with the terms of reference of the United Nations Atomic Energy Commission"; it also sought approval of the third report. In a second operative paragraph, the resolution called upon all nations to accept these reports as a necessary basis for control. The resolution, which had been drafted hastily and was open to amendment was considerably modified, the U.S.S.R. submitted a proposal which represented a slight alteration of position. This called for continued meetings of the Commission with a view to the preparation of two conventions, one on the prohibition of atomic weapons, the other for the establishment of international control of atomic energy, both to be signed and put into operation simultaneously. Although the previous Soviet attitude had been to demand that the convention on the prohibition of atomic weapons be concluded before the second convention, the conclusion was considered by the Department to be of little value, as the Soviet Delegation was still not prepared to accept the convention for effective inspection and control. Compromise resolutions were also put forward, particularly one from India, but the discussion in committee centered around the Canadian draft.

28. As it finally emerged, the resolution, which was opposed by the Soviet Bloc, expressed deep concern at the impasse and requested the six permanent members of the Commission to "meet together and consult in order to determine if there existed a

a basis for agreement". This group was to report to the next regular session of the Assembly. The resolution also called upon the Commission to resume its sessions and to study such subjects within its terms of reference as considered practicable and useful.

29. In view of the Assembly's decision it was necessary for the Department and the Advisory Panel of the Canadian Government to consider what further steps should be adopted and what proposals the Canadian Delegation could put forward in an effort to get out of the impasse. The Panel decided in January 1949 as a first step to request the views of the Chiefs of Staff of the military effectiveness of the atomic bomb and its uniqueness as a weapon of mass destruction. Accordingly, Mr. Heeney wrote to the secretary of the Chiefs of Staff Committee, asking for an opinion as to the military effectiveness of fissionable materials for war and a comparison of the effectiveness of atomic weapons with other methods of mass destruction. In this letter, Mr. Heeney noted that the reasons for the impasse reached in the Commission were partly political and partly technical. The political reasons for the Commission's inability to continue its work had been in part cause and in part effect of the wider disagreement between the Soviet Union and the principal western powers on almost all questions of major political importance. On the technical side there was fundamental disagreement as to the nature and scope of the controls which the Soviet Government on the one hand, and other governments permanently represented on the Commission on the other hand, would agree to accept. It noted that the original United States proposal had been modified in certain important aspects and that these modifications, agreed to by the majority of the governments represented on the Commission, constituted the essential elements of the plan which the Commission recommended. (1) The Canadian Government had not as yet attempted to make an individual appraisal of the plan and the assumptions upon which it was based and in view of the deadlock it was considered advisable to re-examine the problem afresh. (2)

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(1) There were four principal differences between the Baruch Plan and the "Majority Plan". First, Mr. Baruch's original suggestion contemplated that the ownership of all uranium and thorium would be vested in the International Authority which would itself undertake all mining operations; in the "Majority Plan" it was recognized that the international agency would need to have all available information in respect to the actual or likely occurrences of ores of these minerals and that their mining should not however be necessary for the agency to own the mineral properties. Secondly, the agency would determine national quotas by negotiation rather than by arbitrary settlement. Thirdly, the "Majority Plan" contained proposals not foreseen in the Baruch Plan for provision against any possible abuse of power by international agency or its international inspectorate acting in its name. Fourthly, the Baruch proposals made no specific provision with regard to stock piling. The Commission accepted a proposal by the United Kingdom that the production of nuclear fuels should be restricted to the quantity required for plants actually entering into production.

(2) No reply appears to have been made - if it was it would not be found on the Departmental files.

30. At the same time, informal meetings were begun in New York between representatives of the United States, United Kingdom, France, China and Canada; to explore what further work the Commission might be able to undertake. The U.S.S.R. also introduced into the Security Council a resolution embodying the proposals it had made at the previous session of the General Assembly, but after they were defeated, the Soviet representative, Mr. Malik, gave notice that they would be re-introduced at the next meeting of the Atomic Energy Commission. The Commission met on February 18, the first meeting held since May when it reported to the Security Council that it had reached a deadlock. At its first session, the Commission adopted a resolution introduced by General MacNaughton, instructing the Secretariat of the Commission to prepare a working paper summarizing the recommendations of the Commission's previous reports as a basis for further study and a comparative table showing the positions of the majority and minority in the Commission upon the topics so far discussed. Mr. Malik reintroduced the substance of the Soviet resolution submitted to the Security Council February 25. The Commission decided, however, to return to a consideration of the General Assembly resolution and of the topics which it would be "practicable and useful" for them to discuss. It did not reject the Soviet proposals outright, as the Commission agreed to examine them in detail to see whether they indicated a new way out of the impasse. It was apparent to the other members of the Commission, as it had been to the majority of the delegations in the General Assembly, that these proposals were vague and unsatisfactory. Lengthy speeches by Mr. Malik and other Soviet representatives failed to produce any satisfactory elucidation or justification of the Soviet case, and finally, on July 29, the Commission agreed that no useful purpose would be served by further debate; it agreed to adjourn until the Six Powers talks had found a basis for further discussion. The Commission, at the same time, made a fourth report to the Security Council stating that the impasse still existed and that further discussion in the Commission:

" would only tend to harden differences and would serve no useful purpose until the sponsoring powers had reported that a basis for agreement did exist."

Although the first meeting of the six sponsoring powers was held on August 9, informal meetings between the representatives of Canada, China, France, the United Kingdom and the United States were held as early as May to discuss a draft statement of principles which could be agreed to beforehand to serve as a basis for talks.

31. Some of the more important paragraphs of this statement of principles might be quoted here.

1. International system of control:

(a) There should be a strong and comprehensive international system for the control of atomic energy and the prohibition of atomic weapons aimed at attaining the objectives set forth in the resolution of the General Assembly of 24th January 1946. Such an international system should be established, and its scope and functions defined by an enforceable multilateral treaty in which all nations should participate on fair and equitable terms.

.....



2. International control agency:

(a) There should be established, within the framework of the Security Council, an international control agency, deriving its powers and status from the treaty under which it is established. The agency should possess powers and be charged with responsibility necessary and appropriate for the prompt and effective discharge of the duties imposed upon it by the terms of the treaty. Its powers should be sufficiently broad and flexible to enable it to deal with new developments that may hereafter arise in the field of atomic energy.

.....

(c) The duly accredited representatives of the agency should be afforded unimpeded rights of ingress, egress, and access for the performance of their inspections and other duties into, from and within the territory of every participating nation, unhindered by national or local authorities.

3. Exchange of Information:

(a) The agency and the participating nations should be guided by the general principle that there should be no secrecy concerning scientific and technical information on atomic energy.

(b) The agency should promote among all nations the exchange of basic scientific information on atomic energy for peaceful ends.

4. Prohibition of atomic weapons:

(a) International agreement to outlaw the national production and use of atomic weapons is an essential part of this international system of control.

(b) The manufacture, possession and use of atomic weapons by all nations and by all persons under their jurisdiction should be forbidden.

(c) Any existing stocks of atomic weapons should be disposed of, and proper use should be made of nuclear fuel for peaceful purposes.

5. Development of Atomic Energy:

(a) The development and use of atomic energy even for peaceful purposes are not exclusively matters of domestic concern of individual nations, but rather have predominantly international implications and repercussions. The development of atomic energy must be made an international cooperative enterprise in all its phases.

.....

6. Control Over Atomic Materials and Facilities:

(a) The agency should hold all atomic source materials, nuclear fuels and dangerous facilities in trust for the participating nations and be responsible for ensuring that the provisions of the treaty in regard to their disposition are executed.

(b) The agency should have the exclusive right to operate and manage all dangerous atomic facilities.

(c) In any matters affecting security, nations cannot have any proprietary right or rights of decision arising therefrom over atomic source materials, nuclear fuels or dangerous facilities located within their territories.

(d) The agency must be given indisputable control of the source materials promptly after their separation from their natural deposits, and on taking possession should give fair and equitable compensation determined by agreement with the national concerned.

(e) Activities related to atomic energy, which are non-dangerous to security, such as mining and milling of source material, and research may be operated by nations or persons under license from the agency.

#### 7. Means of Detecting and Preventing Clandestine Activities:

The agency should have the duty of seeking out any clandestine activities or facilities involving source material or nuclear fuel; to this end it should have the power to require reports on relevant matters, to verify these reports and obtain such other information as it deems necessary by direct inspection or other means, all subject to appropriate limitations.

#### 8. Stages:

The treaty should embrace the entire programme for putting the international system of control into effect, and should provide a schedule for the completion of the transitional process over a period of time, step by step, in an orderly and agreed sequence leading to the full and effective establishment of international control of atomic energy and prohibition of atomic weapons.

32. These principles were introduced by the United Kingdom representative, Sir Alexander Cadogan, who pointed out that the statement covered the essential topics with which any plans for the prohibition of atomic weapons and the control of atomic energy would have to deal. The statement was adopted as a basis for discussion and the Western representatives, including that of Canada, made it clear that their Governments accepted them. They also expressed readiness to consider alternative proposals which might be put forward although emphasizing at the same time that they would continue to support the plan approved by the General Assembly unless and until proposals were made which would provide for equally or more effective means of control or prohibition. The conversations, however, did not succeed in bringing about agreement, for the basic differences remained. The group made an interim report to the General Assembly on October 25.

33. The discussion by the Fourth Session of the General Assembly of the question of atomic energy were naturally overshadowed by President Truman's announcement of September 23, 1949, that "within recent weeks an atomic explosion occurred in the U.S.S.R.". In the Department's view it was considered essential that something better than a negative report on the work of the Commission and of the six sponsoring powers should be presented to the General Assembly. In the early stages of the debates on atomic energy in the various bodies of the United Nations, Canada had invariably emphasized the technical and political aspects. However, with the "peace offensive" being developed

by the Cominform and its particular emphasis on "banning the bomb", increased consideration was given by the Department and members of the Advisory Panel to meet the Soviet Government on its own ground in order to derive as much propaganda value as possible from the "Majority Plan" and the general western attitude towards international control in an effort to win over the smaller countries which might be tempted to adopt a neutral attitude. As a partial expression of this feeling a resolution was drafted in the Department which proposed the prohibition of atomic weapons except in a case of aggression as determined by the majority of the Security Council. A second course of action considered was to have the United States reaffirm its declaration that it would never wage an aggressive war. Underlying these suggestions was a general feeling to be found particularly among North Atlantic countries, that to a large extent their security rested, for a moment at least, upon the only potent strategic weapon on their side; although the bomb was the main deterrent to aggression and would remain so for some years, it was realized that this would not always be the case.

34. It was partly for this reason that at the Fourth Session of the General Assembly the Canadian Delegation co-sponsored with France a resolution requesting:

" the permanent members of the United Nations Atomic Energy Commission to continue their consultations to explore all possible avenues and examine all concrete suggestions with a view to determining whether they might lead to an agreement securing the basic objectives of the General Assembly in this question,"

and recommending that

" all nations join in mutual agreement to renounce the individual exercise of such rights of sovereignty in the control of atomic energy as...are incompatible with the promotion of world security and peace."

In introducing this resolution, Mr. Pearson restated the Canadian Government's position. He said that in common with most members of the United Nations, Canada was prepared to accept the "Majority Plan" as Canada was convinced it was a good plan. He added, however, that Canadian thinking concerning it was not rigid or inflexible and that:

" if any new proposals are made or new approaches suggested that gave promise of an effective and agreed solution to this problem, then my Government will welcome them and examine them with all the care which they deserve."

Referring to the atomic explosion in the Soviet Union, Mr. Pearson said that this event pointed out dramatically the validity of the thesis that security can be found only in effective international control. With regard to the joint resolution, he said that one of the principles embodied in it was that no door should be closed, that every channel for consultation and negotiation must be left open. It was important, he said, that the world should not be misled on this major issue:

" it would be no contribution to the peace of the world in present conditions of international mistrust and fear to encourage illusions of peace based merely on unsupported declarations against the use of atomic energy and war, if the situation was such that such declarations could accomplish their purpose, then there really would not be any need for them at all."

In the course of the debate on this resolution, the text was somewhat modified, particularly the second paragraph of the operative part, when at the particular instance of the Mexican Delegation the word "renounce" was removed and the sentence revised to read that:

"all nations in the use of their rights of sovereignty join in mutual agreement to limit the individual exercise of those rights in the control of atomic energy to the extent required."

In an effort to minimize the difficulty and to obtain as wide support as possible, the delegation agreed to the paragraph being amended accordingly. Although the emphasis was now on using sovereignty rather than losing it, the meaning remained unchanged. This resolution was carried by a large majority, and the Soviet Bloc, as expected, voted against.

35. The six permanent members of the Commission resumed their discussions on December 20 under the chairmanship of General McNaughton, but this was the only meeting held until January 19, at which time, the representative of the Soviet Union announced that because of presence of the representative of Nationalist China, it could not take part in any discussion. Accordingly, a letter was sent to the Secretary-General stating that so long as the Soviet Government refused to participate in them it was impossible for the group to fulfil the mandate given them by the General Assembly. The remaining five permanent members, however, undertook to remain in close contact with one another to meet and consult on such limit objectives as were possible of achievement under the circumstances. Since that day, no formal session of the six permanent members of the Atomic Energy Commission has been held. The Canadian Government, however, was not satisfied to leave the entire questions of international control of atomic energy suspended like Mahomed's coffin in mid air. A meeting of the Advisory Panel, held on March 21, 1950, considered the desirability of resuming the talks informally until the question of Chinese representation had been settled. In particular, the Panel considered the possibility of ascertaining whether any further modifications could be made to the "Majority Plan" which Canada would be willing to support and the possibility of drawing up a radically different plan which admittedly would only be a half measure and which would provide for a much less adequate system of international inspection. A telegram to Mr. Wrong on March 27, 1950, said that if the Canadian Government could secure assurance beforehand that the Governments of the United States and of the United Kingdom would be prepared to send representatives to informal meetings of the six, without China, it would be prepared to take the initiative of issuing the invitations. Both the State Department and the Foreign Office had been thinking on similar lines but had reached no conclusions. The United States for its part, as matters turned out, was not taken on the possibility of evolving a new plan as it considered, in the words of a letter from Mr. Wrong to Mr. Robertson on April 21,

"the real difficulty in the atomic talks with the Russians is not any particular element in the "Majority Plan", but the continued attitude of the Soviet Government on the question of international co-operation generally, and that unless this attitude changes to seek agreement on any particular aspect in the international control plan would lead nowhere and might only increase the sense of public frustration."

No final decision was ever received from London, owing to Mr. Bevin's continued illness, and the matter rested until the Fifth Session of the General Assembly. The only action taken by the Assembly, however, was the passage of a resolution, of which Canada was a co-sponsor, establishing a committee of 12 members to examine the possibility of merging the Atomic Energy Commission with the Commission for Conventional Armaments.

## 2. Military Staff Committee

1. The concept of an international police force to implement collective decisions was formally endorsed at the San Francisco Conference when provision was made for the establishment of the Military Staff Committee. As the military organ of the Security Council, this Committee was, in a sense, to constitute an international general staff, whose task under the Council's authority was to:

"advise and assist (it) on all questions relating to the Security Council's military requirements for the maintenance of international peace and security, the employment and command of forces placed at its disposal, the regulation of armaments and possible disarmament."

The Committee was to be made up of the Chiefs of Staff of the permanent members of the Security Council or their representatives. Canada was therefore not eligible for membership, although by paragraph 2 of Article 47, which the Canadian delegation at San Francisco has strongly supported, a representative of a non-permanent member could be associated with the Committee if the "efficient discharge" of its responsibilities should require that country's participation, i.e. if the use of all or part of its armed forces was at all likely in the event that the Security Council should call for assistance to enforce a decision. The Canadian Government, therefore, had a general interest in the Committee's work.

2. The Committee held its first meeting in London on September 4, 1946. As its first task it was instructed by the Security Council to examine from the military point of view the provisions of Article 43 which called for special agreements between member states and the Security Council for the placing of national armed forces at the Council's disposal. A year later, on April 30, 1947 the Committee forwarded its first report to the Council consisting of 41 articles, of which 25 were agreed upon. On the remaining sixteen, however, there was a wide difference of opinion between the Soviet Delegation on the one hand, and the other four delegations on the other hand. These differences included the vital points of comparable contributions as opposed to equality of contributions, the respective military obligations of member states, the employment and location of armed forces, bases for such forces, rights of passage, withdrawal upon completion of the mission, and so forth. The report was considered by the Security Council in the months of June and July, 1947, but no decision on it was reached and the report has not been discussed since that date. The differences of opinions and attitudes evident in the meetings of the Military Staff Committee were naturally reflected in the discussions in the Security Council and made clearly evident the impossibility of any basis of agreement ever being reached, a fear which was to be realized when on July 2, 1948, the Military Staff Committee reported to the Security Council failure to agree on its second item of work, the question of overall strength of national armed forces. Other items were reported on from time to time, but none of these was ever discussed by the Security Council.



Finally, the Military Staff Committee ceased its meetings in January 1950 following the walk out of the Soviet delegate on the issue of Chinese representation.

3. As a member of the United Nations, Canada's main concern with Article 43 was, of course, the desire to know what forces, and in what amount, the Government would have to place at the Security Council's disposal. The failure to agree on an overall plan naturally meant failure to decide what individual nations should contribute. This concern was expressed by Mr. St. Laurent in the Second Part of the First Session of the General Assembly in 1946. He said in part as follows:

" We are particularly concerned that the Security Council and the Military Staff Committee have so far failed to make substantial progress towards a conclusion of the special agreements with individual members required to implement Article 43 and those following of the Charter, and thus make armed forces and other facilities available to the Security Council. We are all of us bound under the Charter to refrain from using armed forces except as provided for by the Charter. The Government and people of Canada are anxious to know what armed forces, in common with other members of the United Nations, Canada should maintain as our share of the burden of putting world force behind world law. It is only when the special agreements with the Council have been concluded that we will be able to determine how large a proportion of the total annual production of our country can properly be devoted to improving the living conditions of the Canadian people. Canada therefore urges that the Security Council and the Military Staff Committee go ahead with all possible steps in the constructive work of negotiating the special agreements and of organizing the military and economic measures of enforcement."

4. Canada's particular concern with the work of the Committee and over this stalemate arose in two ways: first as a member of the Security Council in 1948-49, and secondly as a member of the United Nations whose forces might be used by the Security Council in the discharge of its functions. In January 1949, General McNaughton raised with the Department, with a view to his presidency for the following month, the desirability of the Security Council holding a discussion of the work of the Military Staff Committee. The view expressed to him was that it would not be expedient for him to do so, as an open debate on the subject might provide the Soviet Union with an opportunity for attributing the inactivity of the Committee to the other four delegations. The Department also thought that any further discussions had better await progress by the Atomic Energy Commission and the Commission for Conventional Armaments. The Canadian Chiefs of Staff concurred in this view. When General McNaughton sounded out the delegations of the "majority" member Governments on the Military Staff Committee, he found that they too were reluctant to have the question raised unless there was a good chance of reaching an agreement. In December 1949 General McNaughton took up the matter again with the majority members, but found that their attitude had not changed.

5. Although the Government may not have wished to take any initiative in raising this matter in the Security Council, it was still necessary for it to determine what attitude it should adopt on the question of providing military forces to the Security Council, either in anticipation of any appeal for such assistance or in the unlikely event that the "majority" members of the Security Council should decide to discuss the work of the Military Staff Committee after all. Accordingly,

in September 1948 the Joint Planning Committee of the Chiefs of Staff considered the Military Staff Committee's first report and recommended to the Chiefs of Staff that the Security Council and the Military Staff Committee consider.

" the immediate provision of a small force as an interim measure with the contribution of the five permanent members to be assessed on the principle of equality of contribution based on the capabilities of the permanent members having the least immediate potential."

The minimum military contribution the Committee recommended would be a brigade group regimental combat team with naval and air force contributions scaled down accordingly. Since the Canadian Army would have been unable at that time to make any contribution towards such a force, the Chief of the General Staff expressed doubts about Canada putting forward proposals of this nature. Mr. Reid pointed out, however, that Canada was "already committed in principle" and that the Security Council had been asked for guidance by the Military Staff Committee when submitting its report. The suggestion, although agreed to, was never put forward.

### 3. Conventional Armaments

The resolution of December 14, 1947 referred to above set out four stages for the achievement of general disarmament: the first, mentioned at the outset of this section, was the step taken by the General Assembly in adopting principles which should govern the general regulations on reduction of armaments. The second was the formulation by the Security Council under Article 26 of plans for the establishment of a system of regulations for the reduction of armaments. Thirdly, the convocation of a special session of the General Assembly to consider the plans formulated by the Security Council. Fourthly, ratification of disarmament treaties.

2. The onus for the implementation of these stages was placed by the Assembly on the Security Council which, after considerable discussion, established on the 13th of February, 1947, the Commission for Conventional Armaments. This Commission was instructed to submit to the Security Council proposals "for the general regulation and reduction of armaments and armed forces" and "for practical and effective safeguards in connection with the regulation of armaments". The resolution specifically excluded from the jurisdiction of the Commission all matters falling within the competence of the Atomic Energy Commission. The Commission's membership was to be identical to that of the Security Council. Canada, therefore, became a member when she took the seat on the Security Council in January 1948. Although the Commission held its first meeting on March 24, 1947, it was not until June 18 that a plan of work could be

agreed upon. (1)

3. In the debates on this plan the familiar differences between the Soviet Union and other States in other fields immediately became evident. The Soviet plan linked consideration of the prohibition of atomic weapons and other kinds of arms adaptable to mass destruction to the consideration of general principles on disarmament. The United States plan was based on the assumption that atomic energy and conventional armaments were two distinct and separate fields.

4. The Canadian Government as evidenced by the part played by the Delegation in the adoption of the General Assembly resolution was actively concerned with the Commission's problems; a particular concern was of course to protect Canada's position with regard to atomic energy. Its thinking, however, was not confined to this narrower aspect of the whole disarmament question. In answer to a telegram from the Commonwealth Relations Office of March 27, 1947, in which the United Kingdom requested the views of the Canadian Government on general disarmament proposals, Cabinet approved a reply sent on May 5, containing preliminary comments. In the view of the Government "nothing should be put forward for consideration which envisages less than what is contemplated by the General Assembly resolution of December 14, 1946". By this the Government understood that the

"reduction and regulation of armaments must be considered as dual aspects of one problem... that practical measures must be devised to convince the peoples of all nations that their security can be assured through reliance on means other than national armaments.... that the conclusion of agreements envisaged under Article 43 should be expedited by every possible means".

The telegram added that a "primary consideration in any development of security" was that the "prohibition of weapons of mass destruction will be carried out". The Government did not see much prospect of progress through budgetary limitations or by limitation and control of raw materials and manufacturing capacity.

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This plan was as follows:

- (1) Consider and make recommendations to the Security Council concerning armaments and armed forces which fall within the jurisdiction of the Commission for Conventional Armaments.
- (2) Consideration and determination of general principles in connection with the regulation and reduction of armaments and armed forces.
- (3) Consideration of practical and effective safeguards by means of an international system of control operating through special organs (and by other means) to protect complying States against the hazards of violations and evasions.
- (4) Formulate practical proposals for the regulation and reduction of armaments and armed forces.
- (5) Extension of the principles and proposals set forth in paragraphs 2, 3 and 4 above to States which are not Members of the United Nations.
- (6) Submission of a report or reports to the Security Council including, if possible, a Draft Convention.



5. Although the Canadian Delegation to the Atomic Energy Commission in New York kept in close touch with the progress of the Commission it did not participate directly in its work until Canada became eligible for membership on it. At that time the Commission was studying the second item of its plan of work. The Commission had before it an Australian resolution which envisaged that any system of regulation of armaments and armed forces could only be put into effect in an atmosphere of international confidence. It stipulated that before any such international confidence could be obtained it was essential that an adequate system of agreements be worked out under Article 43, that international control of atomic energy be established, that peace treaties be concluded with Germany and Japan, and that provision be made for an adequate system of safeguards. This draft was attacked by Mr. Gromyko on the grounds that it was irrelevant to discuss the establishment of international confidence prior to commencing a reduction of armaments, as disarmament was in itself a major factor in creating such an atmosphere of confidence. The United Kingdom submitted a revised resolution which although it did not affect the substance of the Australian draft was adopted on August 12, 1948, the Canadian Delegation supporting it.

6. The discussion on this resolution revealed a basic difference of approach and attitude. The United Kingdom and the United States took the view that the relationship between national security and disarmament was important and that only the strengthening of the United Nations could lead to a mutual confidence which was a prior requisite to any progress in disarmament. Furthermore, in their view, an international system of control and inspection was an essential requirement for any practical disarmament scheme and the study of disarmament should take place in conjunction with the study of arrangements contemplated by Article 43. It was thought that these should be completed before measures for the reduction and regulation of armed forces were brought into force. The Soviet Union, on the other hand, maintained that any proposals providing that international security must precede disarmament would be contrary to the General Assembly resolution of December 14, 1946, nor did it consider agreements under Article 43 were a necessary preliminary to general disarmament.

7. The Canadian attitude was expressed by General McNaughton on the adoption of the United Kingdom draft resolution. He indicated Canadian support for the views embodied in it and the principle that no agreement on effective regulation could be devised until conditions existed which would make it unnecessary for nations to depend on national armaments solely for their security. He reiterated Canada's concern that no steps had been taken to implement Article 43 and in this connection quoted from Mr. St. Laurent's speech at the opening of the Assembly. (1) Implementation of this article, General McNaughton said, was an "essential step" which had to be taken before disarmament measures could be agreed on. Similarly, General McNaughton expressed support for the establishment of "full international confidence" as a "necessary antecedent to disarmament".

8. At the same time consideration was being given within the Department to the question of drawing the maximum propaganda value of the disarmament discussions since it had now become fully apparent that the Soviet Union was using the Commission for such a purpose. Concurrently with the discussions on Item 2, informal discussions were held with representatives of the United Kingdom, France and Canada on Item 3, on safeguards. In commenting on the United States draft paper on this subject, Mr. Reid noted in a memorandum to the United Nations Division on March 20, 1948 that

(1) paragraph 3, page 56.

"clearly there is not going to be in the foreseeable future any international agreement to regulate and reduce conventional or any other armaments. The paramount question, therefore, is that the Western Powers should win a propaganda victory in any public discussion of this question. For this reason we should take a leaf out of Litvinov's book and not worry very much about declaring our firm intention to accept substantial reduction of international armaments and effective international inspection".

The United Nations Division was instructed to consider what amendments might be made to the American draft "to make it the most effective propaganda document possible" Mr. Reid went on:

"the objective should be to get a resolution which all the nine members of the security Council other than the two Soviet States can vote for and which will be good propaganda material"...

Mr. Reid went further in a memorandum of the same day to Mr. Heeney when he said

"we should not be particularly concerned with getting ourselves involved in commitments to accept the very drastic limitation of armaments and a very tough system of international control; the main purpose should be to get far-reaching proposals which the Soviet Union will be bound to veto."

This was in effect the policy which Canadian representatives were henceforth to follow.

9. The question of disarmament was introduced by the Soviet Delegation to the Third Session of the General Assembly in 1948. The Soviet resolution proposed three main steps towards general disarmament to be taken immediately: the reduction by one-third during one year of the present strength of the land, naval and air forces for permanent members of the Security Council, the prohibition of atomic weapons intended for purposes of aggression, and the establishment within the framework of the Security Council of an international control both for the purpose of supervision and control of the implementation of these two measures. A telegram of October 1 to the Delegation stated that in the Department's view these proposals "should be regarded as propaganda" and pointed out the obvious defects in the "highly ambiguous provision for international control over the implementation of measures of disarmament and the absence of any provision for international inspection". The telegram stressed the Canadian view that adequate preliminary inspection was a matter of first importance and a necessary pre-requisite. Mr. Chevrier as Canada's spokesman criticized the Soviet resolution on the grounds that there should be qualitative as well as quantitative disarmament. He pointed to the failure to provide a clear workable system for enforcement and inspection measures, and the implication that the veto could be applied to prevent any action on enforcement. Mr. Chevrier also referred to the overall number of forces maintained by the Soviet Union, the failure of the Soviet Union to co-operate in the establishment of collective forces under Article 43 and in the establishment of control of atomic energy.

10. The debate ended with the rejection of the Soviet proposal and adoption of a Franco-Belgian resolution which called upon the Security Council to pursue its studies for the regulation and reduction of armaments through the Commission for Conventional

Armaments. One paragraph of the resolution suggested that in carrying out its plan of work the Commission should devote its attention to formulating proposals for the receipt, checking and publication by an international organ of control of full information concerning the armaments and armed forces of Member States. This resolution was satisfactory to the Department and the delegation was authorized to vote in favour of it, in spite of the Government's regret that "the language failed to reflect the necessity for propaganda reasons of making a clear and un-ambiguous answer to the Soviet proposal for a cut in armaments and armed forces."

11. The Commission met again on February 15, 1949, to receive formal notification from the Security Council of the new task assigned to it by the General Assembly, and referred the problem to its working committee. Specifically the working committee's task was to formulate "proposals for the receipt, checking and publication by an international organ of control within the framework of the Security Council of full information to be supplied by member states with regard to their effective and their conventional armaments." The Soviet representative reintroduced the disarmament proposals which the Third Session of the General Assembly had rejected. At a number of informal meetings held between February and August, 1949, the Western majority of the Commission discussed an alternative plan for the exchange and verification of information. The initiative in this matter was largely taken by the delegations of Canada, France, the United Kingdom and the United States.

12. Meanwhile the Canadian Chiefs of Staff considered the original United States draft working paper at the request of the Department; in particular the Chiefs were asked to state what military information Canada would be prepared to register with the United Nations in accordance with the Assembly's resolution. In the letter submitting this request it was pointed out that in the Department's view it was important that the Western Powers demonstrate their "sincere intention of meeting the terms of the resolution" and at the same time that their "detailed proposals go further than the USSR would be prepared to go in order to demonstrate the insincerity of the original Soviet resolution and so take the initiative in disarmament discussions". At its meeting of April 26, 1949, the Chiefs agreed that the Canadian military authorities would be prepared to table the total strength of personnel of the active and reserve elements of the armed forces, broken down in each case to a total of officers and other ranks, to table the terms of service and periods of engagement of personnel of the armed forces and to offer facilities for verification which, without compromising security would satisfy a reasonable inspector that he was in fact inspecting the records maintained for the Government's use. Finally the Chiefs recommended that

"in the matter of classified information the Canadian delegate be instructed to discuss this subject with the United States, the United Kingdom and French authorities with a view to producing a statement which would indicate that the Western Powers were not only willing to register classified information, but were prepared to match any proposal put forward by the USSR concerning the registration of information, particularly that concerning military equipment."

13. In the course of the informal discussions France put forward a paper suggesting that, in addition to the provision of information on armed forces, information should be tabled on manpower engaged in manufacturing conventional armaments, raw materials and certain finished products having a bearing on the manufacture of arms. This information would have involved disclosure of vital

economic and industrial statistics, and at a meeting held on May 11, 1949, the Canadian Chiefs of Staff recommended against its adoption. It considered the United States paper preferable even though it called for the tabling of information on holdings of war stores which in the case of Canada had not been made available either to the Canadian Parliament or to the United Kingdom or the United States. The Chiefs agreed to accept the United States paper as a basis of discussion on condition that information on material should not be tabled until information on the personnel census had been "satisfactorily verified". A telegram to General McNaughton transmitted this recommendation and added that by "including this proviso in their recommendation the Chiefs were allowing for the remote possibility that the USSR might decide to match the eventual joint offer of the four delegations". The telegram went on to say that this recommendation

"reflects the Chiefs' suspicion that in the event of their having to assist in implementing a joint proposal we might find that the USSR was not adhering to the agreed terms and was exploiting the agreement to the disadvantage of the Western Powers. To guard against this, the Chiefs favoured using the less vital personnel census as a way of testing the good faith of the Russians."

The Department was not entirely happy with the scheme suggested by the Chiefs as in its view it was extremely unlikely that the Soviet Union would agree to the contemplated joint proposals and the propaganda value would be reduced if a scheme were to be put forward that would operate only by stages. General McNaughton was informed that if Canada were the only country wishing to place this limitation upon the composite paper, the Department would be willing to ask the Chiefs to reconsider their decision.

14. The working committee met again on May 26 for the first time since August 9, 1948. The French paper, much watered down, contained no reference to material. But as the preliminary discussions indicated that the recommendation of the Chiefs of Staff was somewhat out of step with the attitude of other western delegations, the Chiefs were asked to reconsider their attitude. A further meeting was held on June 8, at which Mr. Heeney pointed out that the sole purpose of the present project was to produce an arrangement which would be "so clear cut and simple that a rejection by the Russians would place them in an unfavourable propaganda light". He reiterated the Department's view that there was little possibility of the USSR accepting the terms of the paper. The meeting agreed that Canada should subscribe to the terms of the paper and that its terms should be implemented if the need should arise. Thus, in effect, the Chiefs reversed their position and on June 21, General McNaughton was able to announce Canada's support of the paper as a basis for discussion.

15. The proposals contained in this paper were outlined in two sections; the first elaborated on the aims of the Assembly resolution and described the nature, scope and limitation of the proposals which were considered capable of implementation under existing political conditions but were not designed to provide of themselves the safeguards essential to security. The second section listed the categories of armed forces and armaments on which information was to be supplied to an international control organ and outlined the verification procedure. The Soviet representative reiterated his insistence on linking the limitation of conventional armaments with the control of atomic energy and this insistence made increasingly clear the virtual impossibility of the Commission ever agreeing to effective plans.

16. The fourth Session of the General Assembly which met in New York in September 1949 received from the Security Council the second progress report on conventional armaments and the French paper on the international control agency, and held an extended debate. A Franco-Norwegian proposal that the General Assembly should approve the plans formulated by the Commission for the exchange of information on armed forces and verification of this information was approved. The same resolution recommended that the Security Council continue its study of the regulation of reduction of conventional armaments through the Commission. However no further meetings of the Commission were held until April 27, 1950, at which the Soviet representative walked out on the issue of Chinese representation. The Commission nevertheless asked its working committee to consider the Assembly resolution and to proceed to the next item, Item 3 on safeguards. Although three meetings were held on this subject no further developments took place in its work until the Fifth Session of the General Assembly passed the resolution referred to above, (1) establishing a committee of twelve members to examine the possible merging of the Atomic Energy Commission with the Commission for Conventional Armaments.

### B. The Veto

1. The extensive use of the veto power by the Soviet representatives on the Security Council epitomized in the public mind the frustration and failure of the Security Council to solve the major problems placed before it.

2. At San Francisco, the Canadian Delegation, in common with others representing the middle and small countries, viewed with misgivings the Great Powers' insistence on the inclusion of the veto in the Charter. The discussions there made amply clear the fact that none of the Great Powers would be willing to accept a collective security system in which their special, even privileged, position would in any way be diminished, or their primary responsibility as permanent members of the Security Council for the maintenance of peace undermined. They did not wish to see adopted, for example, any provision by virtue of which their forces could be used without their consent, or the forces of other countries used against one or any of them. The veto was in part a protection against such eventualities. While many states were prepared to admit the necessity for the unanimity of the Great Powers in applying coercive measures for the maintenance of peace, they were opposed to many aspects of the veto power. The Canadian Delegation, for example, did not go so far as to object to each of the Great Powers possessing it for questions involving enforcement action, but it did endeavour to remove it from the provisions of the Charter dealing with peaceful settlement. The effort, however, was unsuccessful and in the words of Mr. Pearson's memorandum of October 3, 1946,

"the Canadian Delegation, like many other delegations at San Francisco, swallowed the veto only after it had been sugar-coated by the assurances of the Great Powers that their veto would be used sparingly."

3. Although at first the Department thought that the veto provision might be removed from the Charter when the time came to amend it, it became apparent at an early date that the price of its removal would be the virtual destruction of the United Nations and that to circumvent it, recourse should be had, not to the simple device of amending the Charter, but in the words of the Commentary for the Delegation to the Second Part of the First Session of the Assembly in 1946, the

(1) Para. 35, page 54.



"development in its place of some more effective and more acceptable method of making the constitutional authority of the member states inside the organization correspond more closely to their authority in international affairs".

4. The Delegation was instructed to propose that the Assembly might express the hope that when the Charter was being amended, the veto might be applied only to the single question of the application of sanctions rather than to a series of questions such as peaceful settlements, the election of the Secretary-General and the admission of new members, but the same commentary expressed the Government's awareness of the problems involved. It read in part as follows:

"The Canadian Government has never been reconciled to the veto provisions of the Charter of the United Nations and its dislike of these provisions has been increased by the manner in which the veto has been used by the permanent members of the Security Council. The delegation should, therefore, lose no opportunity to make known its dislike, both of the veto provisions themselves and, even more, of the manner in which they have been used. It should also give its support to any proposal, which has a reasonable chance of adoption, aimed at qualifying by regulations the use of the veto power or eliminating it by the amendment of the Charter. It should be recognized, however, that there is little possibility at the present time of securing an amendment to the Charter which would materially alter the voting privileges of the Great Powers. Neither is it likely at this stage that any alteration in the procedure of the Security Council will materially affect the unsatisfactory situation which has developed. Demands for the modification of the veto power should not, therefore, be made in terms which can do nothing but discredit further the Security Council if they fail to be adopted."

5. The second part of the First Assembly witnessed the first strong attacks by smaller states on the abuse of the veto by the Soviet Union. The Assembly, however, passed only a mild resolution which, inter alia called upon the Security Council to develop practices which would help solve the problem. The resolution accomplished nothing and the insistence of the Soviet Union upon retention of the veto power and its continued abuse of it only served to rankle.

6. The particular contribution of the Canadian Delegation to this question made at this session was in two directions. First, a successful attempt was made to obtain several modifications of a United Kingdom memorandum on the veto which had been prepared by Sir Alexander Cadogan as a basis of discussion between the Big Five, with the object of obtaining agreement among themselves as to possible restrictions as to its use. The United Kingdom memorandum appeared to the Delegation to be a retrogression from the position which the United Kingdom had adopted at San Francisco, as well as a retrogression from the Four Power statement issued at that same conference. A second effort, which was not as successful, was a memorandum drafted by Mr. Reid for circulation to members of the General Assembly, aimed at qualifying the rules of procedure involved in the implementation of Chapter VI of the Charter, dealing with the role of the Security Council in the pacific settlement of disputes. This memorandum was not immediately circulated as it was thought preferable to await the outcome of the consultations being held between the permanent members of the

Security Council. When these discussions broke down, Mr. Reid's memorandum was circulated to all members of the Security Council as well as to all delegations to the General Assembly. The Canadian memorandum was discussed in a sub-committee and was generally well received. Although only one suggestion was adopted, that contained in paragraph 3, it has nevertheless been judged by the Department to be of continuing importance.

Its principle points were as follows:

1. The Charter has imposed on each individual member of the Security Council the obligation to exercise its rights and responsibilities as a member of the Council, not in defence of its own special national interests, but in defence of the interests of the U.N. as a whole.
2. Permanent members have special responsibilities since failure by any one of them to agree with certain decisions supported by the requisite number of other members of the Council might prevent the Council from exercising its functions as the supreme agency of international conciliation.
3. In order that a permanent member may not have to veto a proposal which it feels it cannot actively support, the right of a permanent member to refrain from supporting a proposal, without by so doing exercising a veto shall be formally recognized in the rules of procedure of the Security Council.
4. The rules of procedure should further provide that, when a state brings a dispute or situation to the attention of the Security Council, it should submit in writing a preliminary statement showing in what manner the continuance of the dispute or situation might endanger the maintenance of international peace and security and setting forth the steps which have been taken by the states concerned to carry out their obligation under the Charter to seek a solution by peaceful means of their own choice before coming to the Security Council.
5. Since the Security Council's jurisdiction (except on reference by both parties to a dispute) is restricted by the Charter to disputes and situations which are likely to endanger the maintenance of international peace and security, the Security Council should work out agreed procedures to ensure that the early stages of its consideration of a dispute or situation are directed towards settling the preliminary question of the Council's jurisdiction to deal with the matter.
6. Since the primary responsibility of the Security Council for the maintenance of international peace and security was conferred on it by the Members of the United Nations to ensure prompt and effective action, the rules and practices of the Council should be based on a recognition

of the Security Council's obligation to deal with disputes and situations once it has decided that they come within its jurisdiction.

7. The Security Council should work out agreed procedures to ensure that no state is judge in its own cause.

7. The Second Session of the General Assembly, held in 1947, being aware that a frontal attack on the Soviet veto was certain to arouse stiff opposition, considered a United States proposal for the creation of some machinery in the operations of which the veto would not be used. The device, which became generally known as the "Little Assembly" or Interim Committee of the General Assembly had two main purposes to which Mr. Pearson referred when announcing Canadian support for this initiative. In the first place, it represented one way of escaping from the frustration attendant upon the "Security Council's failure to agree within itself". It was, he pointed out, "primarily the paralysis of the Security Council that led us to contemplate its establishment" and its main function would be to "stand as a second line of defence when the Security Council has failed". Secondly, it was designed to be a means whereby the functions of the General Assembly could be expanded and strengthened. The Interim Committee did not live up to the hopes placed in it, nor had it even fulfilled its purposes. Not only were its meetings boycotted by the Cominform countries, but other states were reluctant to make full use of it, presumably as it appeared to be a device whereby such items as the Chinese charges of aggression by the Soviet Union, which some states were reluctant to discuss, could be conveniently shelved. Its second purpose, however, was to bear fruit in another direction, for beginning in 1947 the General Assembly began to take upon itself the discussion of many important political questions such as Greece, Korea and Palestine, and in so doing, strengthened itself at the expense of the Security Council. Although this development did not directly interfere with the exercise by the Security Council of the functions allotted it by the Charter, it provided greater scope for the General Assembly to play a part in the settlement of world issues, without being hindered by the rule of unanimity. In this connection, the Department's report on the work of the United Nations in 1947 noted:

"The effort to provide for greater use of the Assembly in relation to these three subjects proved a difficult and contentious task. The result, however, was a constructive one. It represented the beginnings of a process of constitutional development which may in time greatly alter the relationships between the various organs of the United Nations.

"The desire to make more effective the authority of the General Assembly was more than an expression of concern over the inadequate functioning of other branches of the United Nations. It was also an indication that member states were disturbed because the United Nations had fallen short of providing the guarantee for their security which had originally been anticipated. In the minds of many delegates therefore the question was raised whether, by some means within the structure of the United Nations, the machinery for collective security could not be strengthened and developed in a manner which would, without weakening the organization, enable it to provide benefits, which until the present, have been lacking."

In this way began a steady pattern of development which the Canadian Government strongly favoured to increase the authority of the General Assembly, a development which was to culminate with the passing of the resolution "Uniting for Peace" by the Fifth Session of the General Assembly. This will be examined in Section III below.

### C. Elections to U.N. Bodies

1. On July 9, 1943, Mr. King, speaking in the House of Commons, first enunciated the so-called functional principle which has been of some importance to Canada's approach to the question of representation on United Nations bodies. Mr. King said in part as follows:

".....Authority in international affairs must not be concentrated exclusively in the largest powers. On the other hand, authority cannot be divided equally among all the thirty or more sovereign states that comprise the United Nations, or all effective authority will disappear.....In the view of the government, effective representation...should neither be restricted to the largest states nor necessarily extended to all states. Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question."

2. At the San Francisco Conference, the Canadian Delegation pressed strongly for the adoption of this principle and its efforts were rewarded by the inclusion of what was to become the final phrase of the first paragraph of Article 23 of the Charter. Similarly, in connection with the Economic and Social Council the Canadian Delegation suggested that states should be elected to it with "due regard to the necessity of arranging for the adequate representation of states of major economic importance". This proposal was not accepted but the principle was reflected, so notes the Department's report on the San Francisco Conference, in the provision which was adopted to the effect that retiring members of the Economic and Social Council could be eligible for re-election.

3. The basis of this principle was sound. In the case of the Economic and Social Council, for example, the Government hoped that half its membership would be drawn from the dozen or so states of chief economic importance, some of which would be steadily re-elected. The Economic and Social Council was seen as made up of states best able to contribute to the social and economic well-being of both member and non-member states; in the same way the Security Council was looked upon as a body composed of states best able to contribute to general security.

4. At the first part of the First Session of the General Assembly, Mr. Ilesley said that Canada hoped

"membership in the various organs and agencies of the United Nations will always be regarded as no mere prize or token of prestige but as an honourable and arduous responsibility to the world community".

Yet during the course of this same meeting Mr. Wrong was to report that "the functional principle may be accepted in theory but in electoral practice it was mainly honoured in the breach".

At this session the Latin American and Arab states were anxious to make certain that one of their respective groups should be elected on the honour-sharing basis. When Brazil and Mexico were elected to the Security Council they agreed not to stand for the Economic and Social Council although of all the Latin American states they had the most to contribute to its work. This precedent unfortunately gave rise to the principle that no nation should be a member of two of the principal organs of the United Nations at the same time. Thus a great deal of pressure was placed on Canada as a candidate for both the Security Council and the Economic and Social Council to stand down for the latter. (1) The principle of geographic distribution emerged clearly as the primary rather than subordinate criterion. The Latin American states, for example, met together to select their own candidates for both Councils and the Great Power slate for the Security Council was an agreed one. Thus Mr. Pearson was able to comment in a letter to Mr. Robertson of January 23, 1946, from Washington, that

"our cherished functional principle seems to have been thrown out the window...I am afraid that the election pattern which is developing in the UNO, in spite of our efforts at San Francisco and of our speeches on functional representation, will not be any better than that which prevailed in Geneva in the old days".

5. The principle of geographic distribution held many disadvantages for Canada which were apparent from the outset. As Mr. W.A. Riddell pointed out in a letter of January 23, 1946, to Mr. Robertson, Canada did not belong to any regional group of a political or geographic nature. She could never claim any seat as a North American nation if the United States was to be a member, nor could Canada ever replace Mexico on the Security Council, as an arrangement along this line would involve the Government in "horse-trading" arrangements with the Latin American states. To seek election as a Commonwealth candidate would mean in effect that Canada could only hope to achieve office every seven years on the one body.

6. The commentary for the Delegation to the second part of the First Session of the General Assembly took note of these difficulties and urged the Delegation to resist developments taking place in elections which tended towards the general acceptance of four conventions which were considered undesirable both on the grounds of the general interest of the United Nations and on the grounds of Canada's special interest. These were: the convention that the Assembly can properly disregard in elections to the Security Council the principle of functionalism set forth in Article 23; the convention that a state is ineligible for election to the Security Council if it is already a member of the Economic and Social Council; the convention that a number of regions of the world have a right to be represented on the Council by the state designated by them no matter what the qualifications of that state may be; the convention that only one member of the British Commonwealth other than from the United Kingdom should sit on the Security Council.

7. The various commentary articles on this question and the departmental files, although reflecting a continuing attachment to the functional principle, betray an apparent resignation to continued breaches of Article 23 and a division of spoils between members of a geographical area. Although Canada has never in theory accepted the principle that any of the non-permanent seats

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(1) Although Canada's subsequent election to the Security Council while a member of ECOSOC provided a "counter-precedent", the statement in the previous sentence remains true.



on the Security Council, for example, is reserved for any particular geographical or political entity, the Department has had to face the fact that the great majority of members of the United Nations have. Nor has Canada ever officially recognized the existence of a Commonwealth seat as such, or that it would be improper for two members of the Commonwealth, in addition to the United Kingdom, to sit on the Security Council at the same time. The practice has grown, however, that, of the non-permanent seats, one should be occupied by a member of the Commonwealth, two by Latin-American, one by an Arab state, one by a West European state and one by an Eastern European state. The Department has generally and increasingly taken this arrangement into account in considering which countries Canada would wish to support. Serious consideration has only been given to the Western European, Asian and Middle Eastern candidates. The Latin American and Soviet bloc nominees (with, of course, the famous exception of Yugoslavia) have invariably been accepted without the same close examination being given their candidature.

8. To some extent, therefore, while championing the functional principle, the Government has not invariably adhered to it, for in supporting candidates it has had to admit the more numerous following of the geographical principle. Moreover, when putting forth Canada's candidature for the Security Council it was generally considered within the Department that Canada would be replacing Australia. There are numerous telegrams to London and Washington to this effect. This quasi-recognition of the existence of a Commonwealth seat was also the basis of the Department's concern over the fact that in 1949 both India and New Zealand might be candidates for the Security Council.

9. The conclusion which must be drawn is that while the functional principle represents a sound approach its appeal is limited by its nature to a minority of states such as Brazil which, like Canada, could be classed as middle powers, and which stand to benefit by it. It could not, for the same reason, have any appeal to smaller states who provide the bulk of the membership of the United Nations and who, to overcome an inferiority complex, have had to have recourse to the divine theory of the equality of sovereign states.

### III. Collective Security in Action: Korea

Although member governments had been conducting a continuous diagnosis of the weaknesses of the Charter and attempts had been made to spell out and tighten its general provisions for the establishment of an efficient system of collective security, there existed no detailed plan under which collective resistance could be organized, and police action undertaken. As neither the League of Nations nor the United Nations, up to June 1950, had ever been called upon to undertake a collective military action there were no precedents to serve as a guide. There was, of course, a general understanding on the part of all members that by virtue of their signature of the Charter they had a collective as well as individual obligation to assist the United Nations in meeting an act of aggression if called upon to do so, but as Mr. Pearson pointed out in the House of Commons on August 31, 1950 "we did not, nor indeed did any country, know what was involved in our United Nations obligation". Thus in the absence of any collective machinery to provide for a response to a call to meet an aggression, it was obvious that the United Nations could be compelled to fall back on the determination and ability of an individual member or members acting under the

United Nations' auspices to resist that aggression and to improvise measures to meet each situation as it arose with the means which seemed most feasible at the moment. Thus a number of important precedents were set up which may have significance in the future. Some of these, their political implications and the Canadian attitude to them, form the principal themes of this section.

2. If the United Nations was unprepared to deal with an act of aggression in Korea, it could not be said that it was unaware of the dangers which the Korean question presented. In point of time, the North Korean attack on the morning of June 25 on the Republic of Korea came as a complete surprise, but the unstable and unsatisfactory situation in Korea as a whole and the constant friction between the artificially divided North and South had long been recognized as a threat to the peace in that area. It was in large part for this reason that the United Nations was first seized with the question in 1947. In that year the General Assembly created the United Nations Temporary Commission (1) on Korea to provide the means by which early elections could be held and a national government for the whole of Korea established under United Nations observation. The United Nations long term aims were declared to be to assist the Korean people to achieve their aspiration of national independence and unity under a freely elected government. The efforts made to achieve this purpose, however, were to be frustrated by the Soviet Union and its unwillingness to accept the procedures laid down by the General Assembly.

3. A second resolution, approved by the General Assembly the following year, re-established the Commission for an indefinite period. This resolution renamed the Commission, The United Nations Commission on Korea, and instructed it to continue the efforts to achieve unification. Despite continued attempts to establish contact with the North Korean authorities, it was at no time permitted to cross the 38th parallel. It had, therefore, to confine its activities to South Korea and was able to report to the General Assembly that a lawful government had been established in that area with effective control and jurisdiction over South Korea. The General Assembly was able to declare that, as far as the United Nations was concerned, this was the only such government in Korea.

4. Because of the growing tension on the border, the Fourth Session of the General Assembly in 1949 decided that the Commission should be given additional authority to appoint at its discretion observers to report on "developments which might lead to, or otherwise involve, military conflict in Korea". The continued refusal of the North Korean authorities to cooperate with the Commission, let alone recognize its existence, and the consequent inability to achieve its aims provided the immediate background against which the United Nations was called upon to deal with the situation presented by the North Korean aggression.

5. The first reports of the invasion were received in Washington shortly before midnight on June 25th. After the news was relayed to him, Mr. Ernest Gross, the Deputy United States representative on the Security Council, telephoned the Secretary-General to inform him of it, and to request a special meeting of the Security Council. At that meeting which was held the following Sunday afternoon, a resolution was passed unanimously, except for Yugoslavia's abstention, (2) which determined that the armed attack by "forces from North Korea" upon the Republic of

(1) Canada was elected a member of this Commission but later withdrew.

(2) The Soviet delegation was, of course, absent as it had been boycotting all meetings of U.N. bodies on the question of Chinese representation.

Korea constituted a "breach of the peace", and called for the "immediate cessation of hostilities and the withdrawal of the North Korean forces to the 38th Parallel". In addition, the United Nations Commission on North Korea was asked to communicate its fully considered recommendations as quickly as possible, to observe the North Korean withdrawal and to keep the Security Council informed. Finally, the resolution requested all members of the United Nations to render every assistance to the United Nations in the execution of its terms and to refrain from giving any assistance to the North Korean authorities.

6. Mr. Holmes, who as Acting Permanent Delegate of Canada to the United Nations observed this meeting, reported that what struck him the most was the ease with which agreement was reached on a resolution that went so far. Earlier United States drafts had been watered down after hasty consultations with other delegations, a process prompted not by any desire to weaken the stand of the Council against proven aggression, but by doubts as to the lengths to which the Council should go on the basis of confused press reports and a single report from the United Nations Commission on the spot which was somewhat guarded. (1) At the same time, Mr. Holmes reported that although no one at Lake Success doubted the gravity of the situation and the test to which the United Nations was being put,

"it was generally recognized that the important decision would have to be taken in Washington and that the Security Council could do no more than provide a framework within which the United States could act if it wished to do so."

7. On June 26th, the following day, in the House of Commons, the leader of the Opposition asked the Minister for information on the situation as it had developed over the weekend, and on the action of the Security Council, particularly insofar as it concerned Canada. Mr. Pearson replied that he was as yet not able to give full information as, in the absence of a Canadian diplomatic mission in Seoul, such information that the Department had come from New York and from friendly governments represented in Korea. Mr. Pearson went on to say, however, that it appeared from such information that "an unprovoked aggression has been committed by the forces of the Government of North Korea.....against the Government of the Republic of Korea". The Minister then read the text of the Security Council's resolution which he felt certain would commend itself to all Members of the House. He concluded by saying that he hoped that

"as a result of the intervention of the United Nations some effective action may be possible in this very difficult situation to restore peace to that area, having in view, as the Security Council itself had stated, that the action taken by the North Korean forces constitutes a breach of the peace, and in spite of any reports we may receive to the contrary, seems to have been an act of unprovoked aggression."

8. On the same day, Mr. Pearson held a special "off-the-record" press conference. According to a note he placed on file, it was his belief at that time, based in part on telephone conversations with

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In point of fact, only the partial text of the telegram received from the Commission was circulated as a Security Council Document. A part, which contained detailed information concerning the invasion couched in categorical terms, was deleted on the orders of the Secretary-General on the grounds that it was military information which the United Nations ought not to disclose.

Mr. Wrong in Washington and Mr. Holmes in New York, that no military sanction would be applied by the United States, the only member nation capable of providing immediate assistance, and that, as a consequence Canadians had better be prepared for that fact. It was partly for this reason, and also to meet possible criticism that the United Nations had defaulted in an emergency that this conference was held. Mr. Pearson pointed out that the attack on the Republic of Korea was exactly the kind of thing which the Russians would naturally encourage because the issues were not clear, and that in a sense, the war was a civil war which did not necessarily require armed intervention by the United Nations. Certainly any outside power intervening in support of the Republic of Korea would, he thought, be at a strategic disadvantage because Russian and Chinese assistance was immediately available to the North Koreans from across the Yalu River. The Minister declined to speculate on the likelihood of the nature of any follow-up action the Security Council might take, but did go so far as to say that in his own opinion, although the South Koreans' chances of withstanding attack for very long without outside help were very slim, he did not think the United States would decide, to quote from the record of the Conference, "in cold blood that this was the place to stop communist aggression".

9. At 9:30 on the morning of June 27, Mr. Stanley Woodward, the United States Ambassador, called on the Minister to obtain his comments on the text of a statement which President Truman was expected to issue at noon the same day announcing the decision of the United States Government to support the Government of the Republic of Korea, with sea and air forces, and the neutralization of the island of Formosa. Unfortunately, the files do not indicate the precise nature of the changes which Mr. Pearson suggested, nor is there any record of his conversation with the Ambassador. But there is a suggestion in a telegram from Mr. Wrong that Mr. Pearson had pointed out to Mr. Woodward his concern regarding the timing of the United States statement in relation to a meeting of the Security Council scheduled to meet at three o'clock that afternoon and his fear lest any action the United States might take would not be in accordance with the spirit of the Security Council resolution of June 25th. At a meeting of the Ambassadors of the North Atlantic Treaty countries in Washington held later that morning at the State Department, at which Mr. George Kennan explained the background of the President's announcement, Mr. Wrong asked about the legal basis for the action to be announced. Mr. Kennan replied that the United States Government considered itself fully covered by the Security Council's resolution of June 25th which called upon all members of the United Nations to render every assistance to the United Nations.

10. President Truman's statement, which was issued at the appointed time, began by noting that the North Korean authorities had paid no heed to the Security Council's call to cease fighting, and that as the Security Council had called upon the members of the United Nations to render every assistance, United States Air and Sea forces had been ordered "to give the Korean Government troops cover and support". As the forces of communism had shown their willingness to use war to achieve their ends, they had defied the United Nations; their forces therefore represented a "direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions there". For this reason the President had ordered the Seventh Fleet to prevent any attack on Formosa and called upon General Chiang Kai Shek to cease all sea and air operations against the mainland of China.

11. In reporting on the events of that day, Mr. Wrong mentioned in particular the concern expressed by members of the State Department that United States action should be in support of the United Nations and in conformity with the recommendations of the Security Council. At the same time the United States had shown that they could "shoulder a load which it alone was in a position to carry without seeking to secure pledges of material assistance from countries in advance."

12. At 3 p.m. on the same afternoon, June 27th, the Security Council again met at the instance of the United States to consider further reports received from the United Nations' Commission. These reports made it clear in the Commission's opinion, that the North Korean attack was a calculated and co-ordinated one, that the invasion had been prepared in secrecy, that the South Korean forces were taken completely by surprise and that the North Korean forces had shown no inclination to heed the Security Council resolution of June 25th. Senator Austin presented a draft resolution recommending that "members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area", which was adopted by a vote of 7 in favour to 1 abstention (Yugoslavia). India and Egypt, whose representatives had no instructions, did not participate in the voting, but at a later time India announced its support for the resolution while Egypt later announced its abstention.

13. Mr. Pearson again reported to the House of Commons, on June 28th. He said that although Canada did not have a vote in the Security Council.

" the House will support, as indeed does the Government, the action taken by the Security Council because it represents collective action through the United Nations";

he termed the President's decision to support the Republic of Korea an "act of high courage and firm statesmanship" and added that the United States had acted

" not only in accordance with the spirit and the letter of the Charter of the United Nations, but in pursuance of the resolution which was adopted by the Security Council on Sunday, June 25th".

Mr. Pearson explained that the Charter of the United Nations had intended that such an act of aggression be met "by the despatch of forces put at the disposal of the Security Council by Member Governments as a result of prior agreements". Since agreement had proved impossible the responsibility for checking aggression had to be shouldered "by individual members of the Security Council acting within the terms of the Charter but acting on their own initiative." If any further authorization was needed, Mr. Pearson added, "for the prompt and vigorous action which has been taken by the United States, it had been further provided by a resolution of the Security Council". Mr. Pearson ended by saying that

" it was the firm hope of the Government that the action taken by the Security Council and the United States Government would soon end the war in Korea and thereby make possible a fresh attempt to compose the differences which have long kept that country in a state of tension and unrest."



14. Mr. Graydon, speaking for the Progressive Conservative Party, expressed "unqualified approval" of Mr. Pearson's statement, and asked him "to indicate whether Canadian support of the Security Council resolution meant that this support would be translated into practical terms". He also promised "the whole-hearted support" of the official opposition in "any measures that can be taken and are proper in the circumstances for the preservation of peace and security." Mr. Pearson replied by assuring the House "that we shall be conferring through the United Nations with other members of the United Nations as to the part we in Canada can and should take in any future action that may be necessary". Mr. Stanley Knowles, speaking for the C.C.F. expressed the support of his group for

"the steps that had been taken to take whatever action the present situation calls for, not the action of one party, but the collective action of members of the United Nations, prompted by one end, namely the maintenance of peace."

15. The same afternoon, Mr. Wrong was summoned to the State Department by Mr. Perkins, the official responsible at the moment for liaison with the North Atlantic countries. The State Department had received a brief report from the United States Embassy in Ottawa of Mr. Pearson's statement in the House, and Mr. Perkins wished to express his Government's pleasure at the general line the Minister had taken and in particular for his indication that the Canadian Government was considering the means of Canadian participation. Mr. Perkins told Mr. Wrong that the United States "attached great importance to securing the participation of other countries in the application of the resolution of the Security Council" and hoped that

" something more specific would be forthcoming from Canada and some other countries in order to make the action to restore conditions in Korea a collective action under the auspices of the United Nations".

He was anxious to have a further statement made by the Minister in the course of the day, but Mr. Wrong assured him that that would be difficult. A brief discussion followed on the form which Canadian participation might take, in the course of which Mr. Perkins stated that the Administration was more concerned that Canada should give a definite undertaking to participate than that it should designate specific forces. Speaking personally, Mr. Wrong thought that Canada might despatch two destroyers to the area which Mr. Perkins said it would be most useful. They would not, Mr. Perkins stressed, be made available to the United States, but to the Republic of Korea under the resolution of the Security Council.

16. At a meeting of the Cabinet held on the same afternoon to consider what Canada might do in response to the Security Council's resolution of the previous day, three decisions were taken: First to send to Korea two Canadian military observers, which the Secretary-General had urged the Canadian Government to do. (1) Secondly to instruct Mr. Holmes in New York to

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(1) The decision to send observers was in final response to a request made originally by the Secretariat on April 26th. Because of the outbreak of the war it had been decided that it would be unwise to meet this request unless it were to be reiterated. However, a telephone call from Mr. Andrew Cordier, the Executive Assistant to the Secretary-General, to the Minister on the morning of June 28th, urged the Government to agree to their despatch. The decision was announced by Mr. Pearson in the House of Commons the following day.

enquire as to what other "likeminded" members of the United Nations were doing or proposing to do by way of response. Thirdly to instruct Air Vice-Marshal Campbell, of the Canadian Joint Staff in Washington, to enquire through service channels what kind of Canadian contribution would be most acceptable and effective. He was particularly asked to find out whether the despatch of two Canadian destroyers would be useful. Thus the government with the knowledge that Parliament would approve such action, was able to give consideration to an offer of tangible assistance in advance of any direct appeal and in advance of its receipt of a telegram from the Secretary-General of June 29, which he had also addressed to all members of the United Nations (the telegram to the Canadian Government was not received in the Department until the following morning) calling their attention to the Security Council's resolution of June 27th. The telegram concluded with the following words:

" in the event that your Government is in a position to provide assistance it would facilitate the implementation of the resolution if you were to be so good as to provide me with an early reply as to the type of assistance."

17. Prompt replies endorsing the action of the Security Council, and offering material or moral support, were received from an overwhelming majority of the members. The United Kingdom was the first to offer military assistance. On June 28 Prime Minister Attlee announced that United Kingdom naval forces in Japanese waters were being placed immediately at the disposal of the United States authorities to operate on behalf of the Security Council in support of South Korea. Subsequently Australia made available its R.A.A.F. fighter squadron stationed in Japan and two naval vessels. New Zealand despatched two frigates. The Chinese National Government offered three divisions but, on the advice of the Unified Command, these were not accepted. France and the Netherlands sent a naval vessel each. Bolivia offered 30 army officers. Other countries offered medical assistance, transportation and various commodities. Many replies were of a preliminary and general character and were made more precise later. Only three replies - those of the U.S.S.R., Poland and Czechoslovakia - opposed the Council's resolution. In a communication addressed to the Secretary-General of the United Nations on June 29, the Soviet Government challenged the legality of the Security Council's resolutions because they were passed without the concurrence of the Soviet Union and the "legal" (Communist) representative of China. (1)

18. During the course of the debate in the House of Commons on the estimates of the Department held on June 29th, the Minister made a further report in which he said that

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(1) The non-Communist members of the United Nations were not prepared to accept this Soviet contention. They took the view that any change in Chinese representation would have to be effected by the proper procedures and not as a result of Soviet pressure. They also took the view that the voluntary absence of a permanent member (U.S.S.R.) from the Security Council was clearly analogous to an abstention and did not affect the validity of Security Council resolutions.

" discussions were being held in London, Washington and Lake Success to consider what action Canada, as another member of the United Nations might appropriately take to help the Government of South Korea maintain itself in the face of this aggression".

He made no specific reference, however, to the enquiry being made by Air Vice-Marshal Campbell nor did he give any inkling as to what form of assistance the Government was considering.

19. Mr. Drew, who spoke after the Minister, reiterated Mr. Graydon's promise of general support. He added that he did not wish to ask the Government for any commitment as to what form of assistance Canada might render, but asked the Government to give an undertaking that "if events should call for action which placed responsibility upon Parliament for any decision Parliament will be immediately convened." Mr. Knowles, from the C.C.F., repeated his previous assurance of support, adding however that in the view of his party it was "extremely important that whatever action was taken should be taken as collective action by a decision of the United Nations and not as action by only one party against another". At a later stage in the debate Mr. Pearson refused, under pressure from Mr. Howard Green, the Progressive-Conservative member for Vancouver-Quadra, to divulge what action the Government was considering, and only promised that Canada would fulfill her obligation under the Charter, which he made clear was the only obligation Canada had in the matter. He added that it was an extensive obligation as it "imposed on us the duty and privilege of doing what we can to see that peace is preserved, not only in Korea but in any country of the world where it may be challenged."

20. On the following day, June 30th, which was the last day of parliamentary session, the Prime Minister made a statement to the House which had been discussed with his Cabinet colleagues at a special meeting immediately prior to the opening of the House. Mr. St. Laurent told the House that

" if a Canadian contribution to aid United Nations operations, under a United Nations commander, would be important to achieve the ends of peace, which is of course our only purpose, then the Government wishes Parliament to know that it would immediately consider making such a contribution".

Mr. St. Laurent said that Canadian destroyers were being despatched immediately to Western Pacific waters where the ships would be closer to the area where they might be of assistance to the United Nations and Korea if such assistance were required. If, after pro-rogation, further action beyond that indicated were required, the Prime Minister said that Parliament would be summoned to consider the new situation. This further statement of the Government's position was also given support by the Opposition parties. The gist of the Prime Minister's statement was announced at the meeting of the Security Council held that afternoon.

21. A series of not unimportant problems which arose in the early stages revolved around the questions of channelling offers of assistance and the establishment of a United Nations command. It was obvious from the outset that since operations were to be under the auspices of the United Nations and of the Security Council in particular it would be necessary to devise machinery to provide the necessary mantle. The problem, however, was more easily stated than solved.

22. The Canadian Government's desire that the Korean operations should be under aegis of the United Nations had been made clear from the outset in the statements made in the House by the Minister and the Prime Minister. This desire was shared by other governments and it was felt urgently essential to give it tangible expression; as a first step, it was thought necessary to provide for the establishment of a unified command which could, in addition to conducting military operations, serve as a channel for receiving and dealing with the pledges of support being received by the Secretary-General. Moreover, the Canadian Government was anxious that any request for Canadian assistance should be received from the United Nations and not the United States. While officials of the State Department were believed to share this desire, ostensibly at least, it was not always too clear or too certain in the eyes of the senior officials of the Department and the Minister that the measures they were considering to this end would give effect to their declared purpose. On June 30th, Mr. Wrong, on instructions from the Minister took up this matter with Mr. Hickerson, the Assistant Secretary of State in charge of United Nations Affairs, who assured him that the problem was very much in their minds since the decision had been taken to support the Republic of Korea. The administration, however, could not easily accept the designation of General MacArthur by the Security Council as Commander because of the serious risk of interference in the conduct of military operations on the part of the Security Council or the Secretary-General. The United States Government had also rejected the idea that General MacArthur might be appointed by the Korean Government and foresaw legal difficulties in the way of designating United States forces as part of a United Nations force as the act of Congress covering United States participation in the United Nations only authorized the use of the United States forces without specific congressional approval if they were to be used under the terms of an agreement reached in accordance with Article 43 of the Charter. Mr. Hickerson said that the State Department had also rejected the idea of a special sub-committee of the Security Council being formed to serve as a channel for requests and in effect serve as liaison between the United Nations and United Nations commander for obvious reasons of security. The Military Staff Committee of the Security Council could of course act in this capacity but this was out of the question as the Soviet Union was represented on it. Even if a Soviet representative did not take part in its work, he would in any case have access to documents. In Mr. Hickerson's view there were three possible courses to follow: the Security Council might ask the United States to take command of all forces made available to the United Nations; the Security Council might request participating countries to establish a unified command, or the Security Council should note with approval that forces provided by members were operating under a unified command. Mr. Hickerson asked Mr. Wrong to obtain the comments of his Government on these suggestions.

23. Concurrently, Mr. Holmes was asked by the Minister to enquire of the Secretariat what procedures were being contemplated to bring the military support being offered into closest possible relationship with the United Nations. Mr. Holmes spoke to Mr. Cordier and the Secretary-General and conveyed to them the "very strong view held by the Prime Minister and Mr. Pearson on the importance of giving full and ostensible United Nations aegis to operations against the North Koreans", adding that the Canadian Government had no particular formula to offer, but that in its view it was most desirable to clothe General MacArthur immediately with a United Nations cloak to organize and take command of the forces to be made available without delay. Mr. Holmes obtained the impression from these two conversations that the Secretariat

were aware of the problem and had given it some thought, but that as yet it had reached no firm conclusion. The question was not discussed at the Security Council meeting held that day (June 30th) but it was known that informal discussions on the subject were already taking place between members of the Security Council, particularly between the United States and the United Kingdom.

24. Later the same day, Mr. Wrong reported that he had received from Mr. Hickerson the gist of a proposed Security Council resolution which had been cleared with the Department of Defence, and which had not as yet received Mr. Acheson's approval. This draft recommended that members providing forces under the Security Council resolutions place these forces under the unified command of the United States. The Defence Department could not agree that members contributing forces should decide as to who was to constitute the unified command. The Department was not satisfied with this formula as in its view it did not wholly bring the forces being offered under the aegis of the United Nations. The detailed consideration which had already been given this problem was advanced sufficiently to enable the Minister to instruct Mr. Wrong to submit a proposed draft resolution to Mr. Hickerson for his comments. This draft was essentially a combination of two of the suggestions made by Mr. Hickerson to Mr. Wrong and would give the Korean operations a genuine United Nations character without impinging upon the rights of Congress or General MacArthur's freedom of action. The operative part proposed that the Security Council request the United States "to designate a commander of the forces made available by members of the United Nations under the Security Council's resolution" and recommended that "all members providing forces under this resolution place such forces under the United Nations commander so designated." Mr. Holmes was also instructed to show this resolution to the United Kingdom, Australian and Netherlands delegations.

25. When Mr. Hickerson received this text he said that he "liked it" but could not accept the reference to a "United Nations Commander". His reasons were purely legal; in his view, forces made available to the United Nations under the Security Council's resolution could not be described as United Nations forces, since the only forces which could receive this designation were those to be provided under Article 43. The Commander of such forces could not be called a United Nations Commander since the forces assigned to him were national contingents provided by some states to reinforce the Security Council's resolution and the Commander was merely to provide a unified command. His views in this respect were quite firm and Mr. Wrong was unable to make him change his mind. Mr. Hickerson had also one minor objection to the use of the word "the" before United Nations Commander. He preferred "a" on the grounds that if the Commander were to change a further resolution of the Security Council would not be required.

26. Mr. Wilgress, the Canadian High Commissioner in London, was also instructed to discuss this draft with Sir William Strang, the Permanent Under-Secretary. Sir William's only comment was that a specific reference to United Nations forces could be interpreted to mean that Article 43 of the Charter had been invoked. He thought that we would wish to avoid this or otherwise the military staff machinery would become involved, thus bringing the U.S.S.R. into the picture.

27. The Department accepted the criticisms made of its draft, and in a memo of July 3rd to the Under-Secretary, Mr. Pearson said that we could meet the American view that the word "the" should be changed to "a". As far as the point made by Sir William



Strang was concerned, Mr. Pearson suggested a rewording of that paragraph to replace the words "of all United Nations forces" by "of forces made available by members of the United Nations". The formula contained in our draft was taken over by the State Department and a revise was given to Mr. Wrong by Mr. Hickerson on July 4th. Although the language was different its sense was very much the same; the preamble referred to the Security Council's finding that a breach of the peace had taken place and to the Security Council's recommendation that all members of the United Nations should assist in restoring peace and security in the area. The operative part, after welcoming the "prompt and vigorous support" given by members to the Republic of Korea, noted that offers of assistance had been submitted to the United Nations and went on to recommend that members making such offers should make them available to a "unified command under the United States". It further requested that the United States designate "the" Commander and authorized the unified command and the armed forces participating to use the United Nations flag. This resolution was substantially that adopted by the Security Council at its meeting of July 7th, although in the interim there has been a good deal of further consultation between some members of the Security Council on the one hand and Canada and the United States on the other. Mr. Cordier, in particular, asked for Canada's views on the United States draft and was informed that its terms were generally satisfactory but that it might be preferable if the words "under the United States" were removed since the whole purpose of the resolution was to stress the United Nations character of the operations. It was thought desirable as a matter of principle to reduce the number of references to the United States in the draft and that it would be feasible to do so since the substantive point involved was sufficiently covered. Mr. Cordier expressed himself to Mr. Holmes as agreeing with this view.

28. As a measure of the importance which the Government attached to United Nations aegis of the military operations, Mr. Pearson again on July 5th, telegraphed Mr. Wrong to emphasize at the State Department the "greatest importance" which the Government attached to this matter. Mr. Wrong's attention was particularly drawn to the careful phrasing in the Prime Minister's statement in the House on June 30th in which he gave a specific undertaking that Parliament would be summoned if material assistance given by Canada were other than that which he had described i.e. a Canadian contribution to aid United Nations operations under a United Nations commander. In other words Parliament would have to be called before Canadian forces could be made available for service in Korea under anything other than a United Nations commander.

29. There was a second point to which the Canadian Government attached considerable importance from the beginning, and which was to be of continuing importance throughout: the necessity of adopting measures designed to localize the conflict. The first instance in which this problem arose and had to be met was the delimitation of the area encompassed by the United Nations operations. Insofar as Canada was concerned, it was thought necessary that the area of General MacArthur's authority should be strictly limited. The Government's primary concern at this stage was that a clear distinction should be made between the responsibilities which the United Nations had assumed for the defeat of aggression in Korea and the responsibility which the United States had assumed unilaterally for the neutralization of Formosa. There was in the Department's view a very great danger that the distinction between these two responsibilities could easily become blurred owing to the preponderance of the

United States participation in Korea. Moreover the problem was rendered more difficult by the fact that General MacArthur, in addition to being the United Nations Commander, was also the Supreme Commander of the Allied Powers and Commander of all United States forces in the Far East, including the Seventh Fleet, which had been made responsible for the neutralization of Formosa. The Canadian Government did not wish the resolution of the Security Council setting up a unified command or indeed any resolution on Korea to suggest that at least as far as Canada was concerned it was involved in any way in the defence of Formosa. Mr Pearson had already stated in the House of Commons on June 29th that the order to the Seventh Fleet to prevent any attack on Formosa was the result of a decision taken by the United States Government alone and on its own authority, and did not in any way flow from a decision by the United Nations. This was also the view of a number of other Governments, in particular the United Kingdom, which were also concerned with the necessity of localizing the conflict. It had been the Department's hope that the words "in the area" might be deleted from the preamble of the resolution adopted by the Security Council on July 7th, but it was not possible to secure this on the grounds that it was essentially a quotation from the Security Council's resolution of June 27th. Nevertheless, Mr. Holmes was instructed to pass these views on to Mr. Cordier and Mr. Wrong was also consulted as to how they might best be communicated to the United States Government. The telegram to Mr. Wrong suggested an actual territorial demarcation. The area suggested was bounded on the North by the 40th Parallel, and on the South by the 32nd Parallel and on the West by a line midway down the Korea Bay and the Yellow Sea. No precise limit was put forward for the eastern boundary, but it was suggested that it might include General MacArthur's headquarters. Mr. Holmes reported that Mr. Cordier appreciated the problem but thought that there was a firm understanding at the time Security Council passed its resolution on June 27th that it was intended to apply to Korea only. Mr. Holmes himself thought that, if a major addition such as the proposed delimitation of the area were to be included in the resolution setting up the unified command (a copy of the telegram to Mr. Wrong has been repeated to him for his information) a great deal of consideration would be required by the Governments concerned which would only cause delay on an important and urgent matter. This was also Mr. Wrong's view. Mr. Wrong added that he thought the idea would be "poorly received in the State Department" and be interpreted by the United States Government as implying some lack of confidence in their good faith. Accordingly, the matter was not pursued further at the time and the Canadian Government had to be content with the assurances made at the time the Security Council's resolution of June 27th was passed, and with the general understanding that the words "in the area" only meant Korea. Shortly after, however, the Government was given an opportunity to make clear its own understanding of these words when the instructions for Captain Brock as Commander of the Canadian destroyer force were being drafted; these specified that "Canadian participation in the defence of Formosa does not arise."

30. The resolution setting up the unified command as mentioned above was passed by the Security Council on July 7th, and on July 10th, President Truman appointed General MacArthur as "Commanding General of the Military Forces which the Members of the United Nations placed under the unified command of the United States Government pursuant to the United Nations assistance to the Republic of Korea."

31. A third problem which also arose at an early stage was the question of whether or not a special Committee of the Security Council should be formed to provide a means whereby the United Nations could exercise some measure of political control over the unified command. At the outset this idea found some favour, particularly with the United Kingdom, the Netherlands, and the Secretariat but there was no real enthusiasm for it, due in large part to a recognition of the difficulties involved. One of these was the problem of membership. Some delegations thought that it should have the same membership as the Security Council, others that it should be made up of members contributing forces. One drawback to the first was obvious, that it would then be open to the Soviet Union. The second also had a drawback in that the Committee would have to include those nations who were making even the smallest contributions. As far as its functions were concerned, it was generally assumed that it would receive offers of assistance for the Security Council. But here too there was a danger that the already complicated machinery would be further complicated. At no stage was a decision taken and the matter was dropped although it was revived again later in August when Sir Benegal Rau proposed a small committee to be made up of the non-permanent members of the Security Council. This suggestion was never formally put forward however as his own Government would not permit him to do so. Nonetheless it remained evident throughout the Korean episode that largely because of the actions and periodic pronouncements of General MacArthur, which were to prove increasingly embarrassing as time went on, both for the individual members of the United Nations with forces in Korea, as well as of the United Nations itself, there was a definite need for such a committee in order to exert if not political authority over the unified command, at least political liaison with it. To some extent the problem was met in January 1951 when there began a series of bi-weekly or tri-weekly meetings in the State Department, presided over generally by Mr. Dean Rusk or some other senior official of the State Department and attended by the Ambassadors, or their representatives, of countries contributing to the United Nations police action. These meetings were held primarily to appraise participating governments of the military situation as it developed from day to day. Although matters of mutual interest were discussed no policy decisions or recommendations to individual governments were made. The meetings, however, provided a useful forum for an informal exchange of views and for bringing to the attention of the United States Government on the same basis any particular matter of concern at the moment to their governments.

32. The Department's own thinking on the subject of a special committee never crystallized. It was possible to envisage certain useful functions that it could perform but at the same time many of these functions could be just as well handled by other organs of the United Nations. For example problems affecting the political situation could be dealt with by the Security Council, the General Assembly or the Interim Committee. The only real threat of validity for its establishment which the Department could find was the generally recognized need to exert some political control over the Unified Command on behalf of the United Nations, and to remove from the Security Council certain responsibilities which should properly fall on the contributing nations.

33. Following the prorogation of Parliament on June 30th, 1950, the Canadian Government continued to give consideration to the question of Canadian assistance to the United Nations.

The tone of the debate on the Department's estimates had clearly shown a general desire that Canada should meet her obligations. This desire was echoed in the public press. But a meeting of the Cabinet held on July 5th, devoted almost entirely to the Korean situation, decided to defer any decision on the employment of Canadian destroyers until the problem of the unified command had been solved. However, three destroyers, (H.M.C.S. Athabaska, H.M.C.S. Cayuga and H.M.C.S. Sioux) were sailed the same day from Esquimalt for Pearl Harbor in accordance with the Prime Minister's statement in the House that they would leave for "Western Pacific Waters" in order to be closer to the area to be of assistance to the United Nations when required.

34. After the Security Council passed its resolution of July 7th, setting up the unified command and General MacArthur was appointed United Nations Commander, the Canadian Government felt that it could approach him to ask if these ships would be of assistance to him "for implementing the resolution of the Security Council". On July 10th, the same day that General MacArthur was appointed, a telegram in this sense was sent to Mr. Herbert Norman, the Head of the Canadian Liaison Mission in Tokyo, instructing him to seek an audience with General MacArthur "at once". The reason for the urgency was that Cabinet was expected to meet the following Wednesday, July 12th, and that it would be useful for members of the Government to have General MacArthur's views on the subject by that time. Although the General had been maintaining an olympian aloofness since the outbreak of war and had refused to see any of the Allied representatives in Tokyo, Mr. Norman, in requesting an audience, made it clear that he did not wish background information but to submit an urgent message from the Minister on a matter relating "to the General's new position". On this basis his request was promptly granted and General MacArthur received Mr. Norman the next day. Mr. Norman reported that the General "expressed himself as most gratified by (the) offer and said he deeply appreciated the destroyers of which very good use could be made". He then asked Mr. Norman to "convey his cordial appreciation of this practical expression of assistance which the Government had made." (1)

35. When the Cabinet convened on the morning of July 12th it had before it Mr. Norman's report on his interview, the text of the Security Council's resolution of July 7th and the text of President Truman's designation of General MacArthur as United Nations Commander. The Cabinet agreed, after lengthy discussion, that the resolution "created the situation envisaged by the Prime Minister's declaration in the House of Commons on June 30" and approved a draft note to the Secretary-General, informing him that Canada was placing three destroyers under

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(1) At the end of the interview Mr. Norman asked General MacArthur if he had a brief statement on the Korean situation which he could transmit to Ottawa. In the light of subsequent developments the General's answer is of interest. Mr. Norman reported him as saying that "he would prefer not to say anything at present on this subject. He was an old soldier and had learned the fortunes of war are unpredictable and therefore he would not commit himself to anybody as to whether the going in Korea would be short or long." Mr. Norman added: "this statement and his whole attitude fully indicated his sense of responsibility in his new command. The warmth of his feelings shows appreciation of the importance of full co-operation among the nations supporting the United Nations resolution."

the command of the United Nations Commander. This note which was handed by Mr. Holmes to Mr. Cordier the same afternoon (the Secretary-General was not immediately available) recalled the Prime Minister's statement of June 30th, the text of which had already been officially forwarded to Mr. Lie, and General MacArthur's designation: after pointing out that the Canadian Government had been informed that the destroyers would be of assistance, the message went on to say that they were

" hereby made available to the United Nations and appropriate action is being taken by the Canadian Government to place them at once under the operational control of the Commander in Chief of the forces made available by members of the United Nations for the defence of the Republic of Korea against the aggression committed by the North Korean forces."

The note concluded by asking the Secretary-General to bring the Canadian Government's decision to the attention of General MacArthur.

36. The decision of the Cabinet was announced by Mr. Pearson at a press conference that afternoon. On that occasion the Minister emphasized that the destroyers would be used for the defence of the Republic of Korea in accordance with the Security Council's resolution of July 7th, that they could shell trains north of the 40th Parallel but would have nothing to do with the defence of Formosa. As there had been a good deal of press speculation concerning a possible request for ground troops, Mr. Pearson said that "the Government had received no such request nor was it considering the despatch of such troops." The same day also two messages were sent to Captain Brock as the Officer Commanding the three destroyers which received designation of Task Group 214.4; the first informed him that as from Thursday, July 13th, he would come under the operational command of General MacArthur as "Commander of the United Nations forces in Korea"; the second in part confirmed the first by specifying that such operational control was "in relation to the invasion of South Korea only". The same message authorized the three ships to fly the United Nations flag.

37. A matter of importance which might be mentioned here is the particular channel which the Government had used to convey the offer of the three destroyers to the unified command, which was to ask the Secretary-General to inform General MacArthur. A member of the United States delegation spoke to Mr. Holmes to say that the State Department was somewhat disturbed as in their view the Government should have asked the Secretary-General to bring the offer to the attention of the United States Government. Mr. Holmes pointed out that the form used was in accordance with the Security Council's resolution and the actual channel was for the Secretary-General to decide. He assumed that General MacArthur had not been informed by the Secretary-General directly but through the United States Government to whom the Secretary-General had passed on the offer. When Mr. Holmes checked with Mr. Cordier he was able to confirm this impression. While ostensibly Mr. Holmes was approached in order to make certain that a bad precedent would not be set (this was the first offer received since the unified command had been set up) the incident served to illustrate the sensitivity of the U.S. Government in relation to its desire to secure proper control exercised from Washington.



38. Meanwhile the military situation had been steadily worsening and the desperate efforts of the United States and Korean troops to hold a line above Taejon along the Kum River were accompanied in the United States by increasing criticism over the fact that of the 53 members who had declared their support for the Security Council resolution the United States alone was providing ground forces. In the course of a conversation with Mr. Holmes on July 13th Mr. Cordier mentioned that he was preparing a tentative draft of a letter to be sent by the Secretary-General to those countries which had promised support other than moral. Such a letter would thank the countries concerned for their offers and indicate that more was needed. Mr. Cordier added he had in mind making indirect references to the need for ground forces, and asked Mr. Holmes what he thought of the idea. Mr. Holmes indicated his doubts as to the wisdom of referring to ground forces in view of the embarrassment which could be caused to countries which for good reason were not able to supply such forces. Mr. Cordier pointed to the increasingly restless state of United States public opinion and in doing so no doubt had in mind Mr. Holmes thought, the large volume of correspondence which was reaching the United Nations to ask why other countries were not doing more to help. The following morning, July 14th, the Secretary-General announced at a press conference that he was sending a communication to Member States which had replied favourably to the Security Council's resolution of June 27th setting forth points for their "information and consideration". He then said that telegrams had been despatched that morning and that the texts, which varied slightly depending upon the nature of the assistance already offered, had been worked out at meetings between the United States Government, represented by Senator Austin, the Unified Command, represented by Mr. Ernest Gross, Mr. Sunde as President of the Security Council, and Mr. Cordier and himself on behalf of the United Nations. The note to Mr. Holmes read as follows:

" I have the honour to acknowledge your reply of 12 July 1950 regarding the Security Council resolution of 27 June 1950 and wish to express my appreciation for the decision of the Canadian Government, under the terms of the resolution, to make available to the United Nations three Canadian destroyers which have sailed for Western Pacific waters. Your reply has been transmitted to the Security Council, to the Government of the Republic of Korea, and to the Unified Command (USG).

I have been informed that the Government of the United States which, under the resolution of 7 July 1950 has been given the responsibility for the Unified Command, is now prepared to engage in direct consultation with your Government with regard to the co-ordination of all assistance in a general plan for the attainment of the objectives set forth in the Security Council resolution. In this connection I have been advised that there is an urgent need for additional effective assistance. I should be grateful, therefore, if your Government would examine its capacity to provide an increased volume of combat forces, particularly ground forces. Offers of military assistance should be communicated to the Secretary-General in terms leaving detailed arrangements for subsequent agreements between your Government and the Unified Command (USG)."

39. The Department first heard of this request as a result of press inquiries. The resulting embarrassment was not confined to this country alone for in the general confusion, the Secretariat had not bothered to check to see if individual telegrams had been despatched before Mr. Lie made his announcement. This embarrassment, furthermore, was not lessened by the lack of any warning or diplomatic preparation for such a request. When Mr. Cordier had mentioned the matter to Mr. Holmes the day before, he gave no indication that the despatch of such a note was imminent. Only the day before Mr. Pearson had sent a telegram to Mr. Wrong which said in part that "I hope that there will be no official appeal from Washington for assistance; at least to those countries which fought throughout World War II, and especially to those who have already made a contribution to Korea." The general reaction of the Department, and indeed of the Government, was well summed up in a memorandum which Mr. Heeney sent to Mr. Howe in his capacity as Acting Prime Minister and as Acting Secretary of State for External Affairs:

" It seems quite shocking to me that Lie should have sent such a communication without some prior consultation and even more shocking that he should have made its terms public before it had been received by those to whom it had been addressed."

40. On instructions Mr. Holmes spoke to Mr. Cordier to express the Government's annoyance over the fact that it had first to hear this request from press reports and that the Secretary-General had taken the step without consulting those Governments which might be expected to contribute and therefore had been most embarrassed by the message. Mr. Holmes also told Mr. Cordier that in discussing this matter the previous day he had given him no idea it was so urgent and that the way the Secretary-General had gone about it did not help to get the best response from Canada. Mr. Cordier admitted the criticism but explained that the intention had been to send the telegrams out before the Secretary-General announced the text. He also said that the Secretariat had been under a good deal of pressure to obtain more help, but did not say from whence the pressure had come. (1) Mr. Holmes said that he appreciated the difficulties but that his Government did not wish steps to be taken which would render co-operation more difficult.

41. Although the Government was annoyed at the manner this request had been made it was not thereby relieved of any obligation to consider it. However no special meeting of the Cabinet could be held immediately to consider the appeal as many of the key Ministers were out of town; the matter was therefore placed on the agenda for the next regular meeting which was held on Wednesday, July 19th.

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(1) At a later time it was learned that Mr. Lie had received an urgent visit from Senator Austin and other senior members of the United States Delegation during the course of the evening, during which Senator Austin made it clear that the United States wished such a message sent out. As part of the arrangement it had been agreed that United States diplomatic missions in countries to whom telegrams would be addressed would support the appeal by appropriate representations.

42. This request brought sharply into focus not only the military situation in Korea but the fundamental problem which faced Canadian defence planners - that of relating the probable course of events to the resources required to meet our commitments under the Charter, the North Atlantic Treaty and the requirements of our North American Defence. The Secretary-General's request was first studied at a meeting of the Chiefs of Staff Committee on the morning of July 18th, at which General Foulkes gave the estimate that six divisions would be required to drive the North Korean forces out of Korea, and that these could only be provided by the United States for the offensive phase of the operations scheduled for September. Such an effort, however, would virtually denude the United States of its trained and fully equipped strength. Insofar as Canada was concerned the situation was to say the least not satisfactory. Having made available three destroyers and manned them up to full complement at the expense of other ships the Acting Chief of the Naval Staff reported that he could not recommend more Canadian naval aid as the remainder of the available naval forces were needed to support obligations under the North Atlantic Treaty. Furthermore, the destroyers made available would have to be replaced in six months time by other destroyers which would also have to be brought up to full complement. He added that in any event there had been no indication of an official call for more naval help. General Foulkes reported that all army formations were much under strength and his tabulation did not include the front line reserves without which a formation could not enter a combat area. If additional troops were to be recruited it would take at least 4 to 6 months to equip and train them. No formations could be raised without using the Mobile Striking Force and as these were for the defence of North America they could not be used without prior consultation with the United States. Insofar as the Air Force was concerned, the Chief of Air Staff reported that discreet inquiries of the United States Air Force had revealed a pressing need for additional air transport as many United Nations troops and supplies were being "air lifted" to Korea. Five North Stars from the Transport Squadron could be made available for operations from United States bases within 36 hours, a sixth within two weeks and four more within two or three months. As it was known that such an offer would be most welcome the Chiefs of Staff agreed to recommend that a squadron of North Stars be offered. Mr. Claxton reported the recommendation at the meeting of the Cabinet Defence Committee the following morning and it was approved. The possibility of Canada providing additional assistance in the form of a field ambulance unit was raised by Mr. Pearson but the Committee thought that this might be done more appropriately under the auspices of the Canadian Red Cross. Although General Foulkes thought that consideration might be given to the maintaining of a field hospital no decision was taken.

43. The same afternoon the full Cabinet met and took three important decisions in the first place, it approved the recommendation of the Cabinet Defence Committee and the Chiefs of Staff that a contribution of a squadron of North Stars be offered for "supplying and reinforcing" the United Nations forces in Korea. It also approved consideration being given to the possibility of Canadian Pacific Airlines participating in such an air lift (Canadian Pacific Airlines had already offered their facilities for such a purpose); (1) secondly, the Cabinet agreed upon a general

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(1) See paragraph 54 below.

increase in Defence expenditures involving an additional cash commitment for the fiscal year of between \$40 million to \$50 million and an increase in personnel for the three armed services of 5,000 to 6,000 men; thirdly it approved a statement that was issued to the Press by the Prime Minister, indicating in general terms the steps taken to assist the United Nations operations in Korea and to accelerate the defence programme. This statement noted that Canada had obligations as a member of the United Nations, as a signatory of the North Atlantic Treaty and for the joint defence with the United States of the North American continent. It referred to the three destroyers that had been made available and added that these ships would require continued support. In view of the need for air transport the statement said that the Government had decided to provide at once a long range R.C.A.F. transport squadron for service in the Pacific airlift. Having in mind the other obligations for the employment of Canadian ground forces, Mr. St. Laurent said that the Cabinet had reached the conclusion that the despatch at that stage of existing first line elements of the Canadian Army to the Korean theatre would not be warranted. The statement noted however that should a decision be taken by the Secretary-General to recruit an international force for service under the United Nations Command in Korea the Canadian Government would give "immediate consideration to Canadian participation in such an undertaking". To meet possible future requirements, the statement added that steps were being taken to strengthen all three of the Canadian Armed Services.

44. The text of this statement was handed to the Secretary-General by Mr. Holmes on July 21st. Mr. Lie, according to Mr. Holmes, seemed pleased with the reference to ground troops because of the implication that the door was not closed and told Mr. Holmes that this had been the best response to his appeal to date.

45-6. Mr. Cordier, who was present, expressed himself as interested in the reference to a United Nations force. The Secretariat had been exploring this question for some time under the impetus of a large number of offers of services. The obstacles in the way of the formation of the administration of such a force were great but certain distinct advantages could not be denied. Mr. Cordier pointed out, for example, that a good many countries which could not make or did not wish to make a contribution from their regular forces might not object to their nationals enlisting in a United Nations brigade. The Department thinking on the subject had not crystallized in any detailed form beyond the fact that if a decision were taken to create such a force it would have to be a decision of the Security Council and the force would have to serve under the United Nations Commander.

47. The Government continued to give detailed consideration to the implementation of the defence policy announced by the Prime Minister on July 19th. The issue as to whether or not Canadian ground troops should be sent to Korea had not been settled and the public press throughout Canada was actively debating the subject. Although generally press opinion indicated restrained approval of the Prime Minister's statement such opinion became more critical of the Government's apparent reticence to provide ground troops, particularly after July 26th when other Commonwealth countries, such as the United Kingdom and Australia, announced their intention to despatch such forces. Public opinion, of course, was difficult to ignore but the Cabinet was not prepared as yet to take a decision, and at its next meeting agreed that Mr. Pearson and Mr. Robertson should fly to Washington in order

to obtain from Mr. Acheson and other officials of the State Department their first hand interpretation of the international situation in general and Korean developments in particular, and to look into the question of the alleged need for ground forces. The Minister's trip was arranged for the week end of July 29th and was prepared and carried out in great secrecy; it was not in fact until some three weeks after his return that it became generally known that he had been in Washington.

48. Mr. Pearson's conversation with Mr. Acheson, which was held after dinner in the Canadian Embassy, covered a wide field and lasted nearly four hours. Mr. Acheson was both frank and forthcoming. At the outset of the conversation Mr. Acheson stressed that Korea could only be dealt with as a phase and not in the long run the most important phase of the general conflict between the free and communist worlds. As a consequence the free nations, and in particular members of the North Atlantic Treaty organization should not divert their attention from the focal point of their endeavours, namely the building up of their collective armed strength for Western Europe. While Korea was merely an incident in the struggle it was also the "touch stone" of their determination to meet the challenge elsewhere whatever form it takes." Mr. Acheson feared that if the United States had to do all the fighting in Korea there was a real danger that public opinion in the United States would favour preparing an isolation for the larger conflict ahead and write off its allies. This danger would be increased if there were no parallel efforts made by others to rearm. Mr. Acheson, Mr. Pearson reported, was "intensely concerned" that the struggle should not be one of the United States versus the U.S.S.R., but of the free world versus the communist world. To this end it was essential that all acted together in Korea as members of the United Nations. This led Mr. Acheson to make a plea for an effective and co-ordinated United Nations effort in Korea. He was not too concerned over the danger of diverting too much strength to Korea as he thought that 6 or 7 divisions would be all that would be required; these divisions in any event could not save the free world if a general war were to begin. Then the conversation turned to the provision of further Canadian aid for operations in Korea. Mr. Acheson said he thought that a Canadian detachment of trained men would be a great immediate help and of even greater political value; as a member of the United Nations Canada had prestige and influence and commanded respect. Such further Canadian aid Mr. Acheson regarded more as part of the general purpose of building up western strength than as the provision of succor to the hard pressed United States troops. He hoped that a small Canadian detachment of trained men could be sent to Korea soon, perhaps while a special force was being trained and equipped. Mr. Pearson interjected that this whole question was being given earnest consideration in Ottawa but that the Government did not like to be "needled from Washington". Mr. Acheson said that he understood the position and certainly would not be a party to any such pressure. He pointed out, however, that American public opinion was in a very emotional state and while in some respect this emotionalism made action in Washington easier it could also lead to mistakes in its impact on other countries.

49. The following day Mr. Pearson held discussions with Sir Oliver Franks, the United Kingdom Ambassador, and Sir Gladwyn Jebb, and with Mr. Hickerson, Mr. Jessup and Mr. Dean Rusk. These conversations dealt largely with the manner in which a Canadian contribution of ground forces could be integrated with operations under the Unified Command. From those discussions it emerged that the Unified Command was in every sense the Joint Chiefs of Staff in Washington and that the discussions with the



Command would therefore have to take place in Washington, not in Tokyo. It was also ascertained that there were three types of offers of ground forces from countries other than the United States: trained and equipped formations of volunteers to be recruited, equipped and trained in their own countries, volunteers to be recruited and trained as a national contingent in a United Nations division, and independent volunteers for a United Nations formation which could be organized like the Foreign Legion of France.

50. Mr. Pearson also discussed these questions with Mr. Lie in his residence at Forest Hills, New York, the next day, July 21st, and found Mr. Lie strongly in favour of the third method. Such a force could not only be used in Korea but wherever and whenever the United Nations might require it. In his report to the Prime Minister on these conversations, Mr. Pearson urged that the question be explored both energetically and sympathetically, in the belief that "its practical importance might be considerable and its political international significance much greater". (1)

51. Upon his return to Ottawa Mr. Pearson made a full report to the Prime Minister (upon which the foregoing paragraphs are based), and to the Cabinet. The conclusions reached at this and at a subsequent meeting were embodied in a broadcast which Mr. St. Laurent made on August 7th, in which he reviewed the measures that had been taken by other free nations in the face of the aggression against the Republic of Korea. He explained that the Canadian postwar military establishment had not provided for a fully trained expeditionary force available for immediate action outside Canada. Attention had been concentrated on maintaining a basic training establishment capable of expanding the Canadian Army quickly in the event of a general war, and the development of an air-borne brigade group highly trained for operations in the North and designed to share in the immediate protection of this continent. As the Government considered it unwise to send this brigade group to Korea, Mr. St. Laurent announced that an additional brigade, to be called the Canadian Army Special Force, would be recruited, trained and equipped immediately to be available for use in carrying out Canada's obligations under the United Nations Charter of the North Atlantic Treaty. Subject to the approval of Parliament, this force would be available for service in Korea as part of the United Nations force, if it could be most effectively used in that way when ready for service. Mr. St. Laurent also announced that Parliament would be summoned to deal with the deterioration of the situation in Korea and the expansion and acceleration of the defence programme as soon as fuller information could be gathered and specific plans formulated.

52. During the special session of Parliament and in the course of the debate in the House on the subject of the training of the Special Force the Minister was at pains to point out that in the formulation of Canada's defence policy no consideration had been given to furnishing the United Nations at short notice with an expeditionary force capable of quick deployment. The

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(1) Mr. Pearson took advantage of his conversation with Mr. Lie to clear up the misunderstanding occasioned by his appeal for ground forces; Mr. Lie pointed out by way of extenuating circumstances that it had been put to him by Senator Austin on instructions as a matter of the highest gravity and urgency.

Government's decision to recruit a special brigade therefore was the only action possible if Canada was to honor its obligations under the Charter. He then said:

" This special force is unique in one way among the offers of military forces which have been made to the United Nations as the result of the war in Korea; and provides, I think, a valuable example and precedent. If other countries were, in the same way to earmark a portion of their forces which might be made available to the United Nations for collective defence, there would be ready throughout the free world national contingents for a United Nations force which could be quickly brought together in the face of a future emergency. In this way the United Nations would be equipped with that military strength which it was intended in the Charter that it should have at its disposal but which, in fact, it never has had, largely because of the attitude of the U.S.S.R."

53. The Government's decision to recruit such a brigade was ratified with the passage of the Canadian Forces Act which received third reading on September 8th.

54. A further Canadian contribution which might be mentioned at this point was the additional air transport made available by Canadian Pacific Airlines. On July 12th, Mr. McConachie, the President of Canadian Pacific Airlines, first inquired whether the Canadian Government might wish to make use of Canadian Pacific Airlines services in moving personnel or materials to the Far East. In doing so he said that he was also considering offering the same services to the United States Government but wished first to ascertain if the Government could use them. As will be recalled Cabinet promptly approved this suggestion at its meeting of July 19th. On August 9th the Unified Command was informed that Canadian Pacific Airlines would make its planes available to the Unified Command and that its services would consist of all accommodation on two-weekly trips westbound to Tokyo and one weekly trip eastbound to Vancouver subject to certain conditions regarding the use of the aircraft for normal civilian traffic. The details were quickly worked out between the Military Air Transportation Service of the United States and the Canadian Pacific Airlines and flights began almost immediately.

55. During this period when the Government was devoting a great deal of time and attention to possible ways and means of contributing effectively to the United Nations' effort in Korea the Department continued to give attention to some of the problems of a political nature which stemmed directly from the Korean aggression. The most important problem in this respect has already been mentioned: the necessity of making a clear distinction between United Nations operations in Korea and the unilateral assumption by the United States of responsibility for the neutralization of Formosa. This concern was a continuing one and was again the subject of a telegram from Mr. Pearson to Mr. Wrong on July 11th in which Mr. Pearson said that he hoped "the State Department are aware that this anxiety is not confined to us in Ottawa". His fears were spelled out in greater detail in another message sent three days later; Mr. Pearson told Mr. Wrong that "a feeling of uneasiness is developing that the United States ... is not in a position to take sufficiently effective action after recovery" from the surprise occasioned by the bad news coming in from Korea. There was also uneasiness, he said, that the Administration might become involved with communist China. Mr. Pearson pointed out that the communist regime in China had taken up the "challenge" which had given them a superficial case for assisting the North Koreans.

He feared that excited and emotional statements in Congress and elsewhere, especially the suggestion that an atom bomb should be dropped on North Korea, did not strengthen confidence in Canada that the United States public would be able to face the problem ahead with steadiness and determination. He thought that if Canada were to be kept united and intervention limited to Korea alone it would be necessary to emphasize on every appropriate occasion that "we are participating solely in a United Nations operation and that that operation is solely for the defence of Korea". He added that

" If the Americans get irritated over this that will be unfortunate but unavoidable. If they express their irritation, which I hope they will not, there will be, I am afraid, a quick reaction in the press here, reminding them that Canadians have had experience in the past of fighting a rear-guard action against superior forces without the United States armed support."

Mr. Pearson suggested that the President or the Secretary of State make

"a strong statement to the effect that they also are concerned only with the United Nations action in Korea and that if the Chinese Communists become involved it will be entirely under their own responsibility and not as a result of any provocation on Washington's part; that the statement about Formosa was meant merely to neutralize that island and to prevent it becoming implicated in the Korean situation".

Mr. Wrong saw Mr. Hickerson the next day to pass on this suggestion and Mr. Hickerson promised that he would mention it to Mr. Acheson. President Truman's subsequent statement on United States rearmament of July 19th referred to Formosa and thus allayed some of the fears but was not as categorical as Mr. Pearson would have liked.

56. - During the course of his secret talks with Mr. Acheson, referred to in paragraph 51 above, Mr. Pearson had occasion to bring up the issue of Formosa and expressed the fear that the war might extend to communist China. In this connection Mr. Acheson said he realized that there had been worries in this connection but endeavoured to justify at some length the reasons of strategy which determined the President to order the Seventh Fleet to neutralize Formosa. Mr. Acheson pointed out, however, that such a decision in no way affected the ultimate sovereignty of the island, nor did it mean that the United States was anxious to preserve or strengthen the Government of Chiang Kai-Shek which Mr. Acheson referred to as being "no good". He remarked in passing that the United Nations would have to make the final disposition of Formosa and that the United States could no longer consider itself bound by the Cairo Declaration in view of the disregard by the Russians of other parts of that declaration. At no time did he suggest that other members of the United Nations were in any way bound by the United States strategic decision on Formosa.

57. The unexpected return of Mr. Malik, the Soviet representative, to the Security Council on August 1st, and his deliberate tactics to create confusion and to show that United States action in both Korea and Formosa were related, if not actually part of the same operation, served to cause further anxiety. The problems created by the President's original announcement were difficult enough to solve amicably by the nations concerned but constant Soviet misrepresentation

of United Nations aims combined with a growing cockiness on the part of the United States public opinion stemming from its predominant contribution was of little help to nations such as Canada which did not wish the United Nations to become involved in any extension of the police action. It had been accepted from the outset that the Soviet Union was prepared to generate an aggression, however limited, at the risk of a world conflagration, but in time it was to become evident to the Department that the United States for its part was also prepared to run such a risk to prevent any extension of Soviet influence in the Far East.

58. General MacArthur's visit to Formosa, which followed on the heels of Mr. Acheson's assurances, did not seem auspicious and appeared to confirm Mr. Pearson's fears. Mr. Wrong took the matter up with Mr. Hickerson, explaining that although it might be necessary for General MacArthur to have some contact with Chiang Kai-Shek on the defence of Formosa, it seemed unwise for him to go there personally. He suggested to Mr. Hickerson that renewed consideration might be given by the State Department to the designation of a separate commander to execute the responsibilities assumed by the United States in respect to Formosa.

59. Two weeks later, on August 14th, Mr. Pearson had a conversation with Mr. Stanley Woodward at the latter's request. (1) Mr. Pearson told him of his preoccupation with the efforts of the U.S.S.R. to play down the United Nations character of the operation in Korea to make the war appear one between the United States and the Korean people. He added that he realized it would be desirable to have ground forces other than United States participating in the campaign as soon as possible, but that small countries like Canada did not have expeditionary forces in being for purposes of this kind and that to send our permanent forces or a part of them to Korea would be unwise. He assured Mr. Woodward that there would be no delay in training the special brigade and that everything would be done to make it available as soon as possible to the United Nations. He suggested that meanwhile the United States should play up to the greatest extent possible participation in Korea other than American. The activities of the three Canadian destroyers, for example, might receive more publicity in the United States. Mr. Pearson explained to Mr. Woodward our concern over the apparent success of Mr. Malik's tactics in the Security Council, and mentioned a secret and personal letter he had sent to Mr. Hickerson on the subject and of his reply which indicated that in Washington as well there was a similar concern. Mr. Pearson added that it was not only in the Security Council that the Russians had enjoyed propaganda success; General MacArthur's visit to Formosa had also done a great deal to help. The Russians, he added, were doing their best to establish a link between Korea and Formosa and had been given a good deal of unnecessary assistance.

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(1) The purpose of Mr. Woodward's call was to inform the Minister of his visit to the Prime Minister at his summer home at St. Patrick the previous day, and to leave with Mr. Pearson a copy of the aide-mémoire asking the Government as a matter of urgency to increase its contribution to the United Nations effort by sending ground forces as quickly as possible. The receipt of this request, following Parliament's decision to recruit a special brigade, coupled with the fact that the Prime Minister had no fore knowledge of Mr. Woodward's visit, was the cause of some annoyance in the Government.

60. At the time of this interview Mr. Pearson was preparing a secret and personal letter to Mr. Acheson which was sent off the following day, August 15th. The letter, a complete text of which will be found in Appendix 9, began by expressing his basic fear as follows:

" There appears to be a real danger...that instead of having hostilities confined to Korea where support - of one kind or another - for the action taken by the United Nations has been forthcoming from virtually all non-communist members, the area of conflict may, in fact, be widened to include China. What is worse, it may be widened in such a way to involve the United Nations, yet not command the same measure of support from its members".

61. Mr. Pearson wondered whether the possibility of an attack on Formosa might not have been increased rather than decreased by the preventive military measures taken by the Nationalist Government as well as by the statement made by Chiang Kai-Shek following General MacArthur's visit concerning United States - Chinese "military co-operation" and "the joint defence of Formosa". He thought that any military conflict between the United States and Communist China could hardly be restricted to the straits of Formosa, and that only the Soviet Union would profit from such a "disaster". Although he was aware that the United States Government had assumed the defence of Formosa on his own responsibility, the involvement of any other free nation was implicit in this action, thus adding to the danger of disruptive elements being introduced into the response to the decision to repel aggression in Korea. Further "unfortunate results" were foreseeable: the draining of resources urgently needed elsewhere; a lessening of the possibility of the latent tensions existing between Communist China and Soviet imperialism becoming active and increasing danger of involvement of Communist China in the Korean conflict. Mr. Pearson said that President Truman's clarifying statement of July 19th was "very helpful" but he doubted whether it "went far enough" to give the Chinese Communists any face-saving way out of an early attack upon Formosa to which they had been publicly committed for a long time or to remove completely the fears of other countries that Korea and Formosa were parts of a single American policy. He then suggested that an early opportunity be taken to bind the interested Western Powers to consult in an effort to reach agreement between themselves and Communist China at least on tactics which would make it clear "who would be to blame for the resulting fire". One move in this direction might be a public assurance that the Nationalist Government would not receive any additional military strength from the outside during the period of the Korean conflict and that the mainland Chinese would have an appropriate voice in the peaceful determination of the future status of Formosa. Mr. Pearson thought that an attack by the Chinese Communists on Formosa was exactly what Moscow wanted and that it would be playing into their hands to give them an excuse for it.

62. Mr. Pearson devoted some attention to this matter in a speech during the special session of Parliament on August 31. After stressing the United Nations character of the undertaking, he endeavoured to make it clear that it was not Canada's policy to support any course of action which might extend the scope of the conflict or give any nation any excuse for extending it. He gave three reasons for which he felt this attitude would commend itself to the House; first that



"we should do everything we can to minimize the risk of world wide war, secondly because we think that it is vitally important that the high degree of unanimity which has been obtained in the United Nations condemning the aggression against Korea be preserved, and thirdly because we should maintain close co-operation between the free countries of Asia and the Western world."

The Minister then went on to refer to Formosa, saying:

" We understood the reasons for the action of the President of the United States....this action seems to us designed simply to prevent the extension of the conflict in Korea. It was a strategic defensive action and had, as we understood it, no political implications. We have, however, been disturbed....by reports of preventative military measures taken by the Nationalist Government of China against communist concentrations along the mainland, as well as by statements reported to have been made by Generalissimo Chiang Kai-Shek concerning United States - Chinese military co-operation. We have also been disturbed by statements that seem in our minds to confuse the defence of Korea which has been assumed by the United Nations with the defence of Formosa which has not....so far as this Government is concerned we are concerned solely with carrying out our United Nations obligations in Korea or elsewhere. These obligations do not....include anything that can be interpreted as the restoration of the Nationalist Chinese Government to the mainland of China or an intervention in Formosa".

63. Although the military situation at the time gave little hope of early victory (U.N. troops were hemmed into the Pusan bridgehead) the Department began to give consideration to the nature of a possible political settlement. The first indication of its thinking was contained in a speech which the Minister delivered in Victoria on August 21st. On the premise that the Soviet attack on the United Nations effort in Korea misrepresented it as a struggle between American imperialism and the Asian peoples, Mr. Pearson said that it had now become obvious to all in Asia that Western imperialism was "no longer any threat to the complete freedom of the Asian countries", that the West was offering to co-operate with the free countries of Asia on a basis of mutual respect and mutual aid. Because of the importance attached to economic assistance to Asian countries and the West's desire not to see them fall prey to Soviet efforts to enslave them he would welcome greater Asian participation in Asian affairs. Mr. Pearson suggested that the United Nations should establish a small commission to work out with Korean representatives plans for the Government of a "free and united Korea", and that such a commission should have a majority of Asian members since

"we get in these days a lot of good advice from Asian leaders on the handling of Asian problems. This would be a good occasion to offer them opportunities for translating their advice into action".

64. This suggestion which Mr. Pearson later repeated in the course of his speech in the general debate following the opening of the General Assembly on September 27 was not well received by the State Department. At the customary pre-assembly tripartite discussions Mr. Riddell reported that when this suggestion was discussed the American representatives "indicated alarm", an alarm which was not diminished by the suggestion that the chairmanship should be given to an Indian. The United Kingdom representative at these meetings made no comment.

65. In a speech during the debate on the Speech from the Throne following the opening of the special session of Parliament, the Minister again referred to his suggestion but added that those countries which were involved in the United Nations police action could not "divest themselves of the responsibility of participation at some proper stage in the settlement". In the same speech he outlined some of the principles upon which he thought a settlement should be based. Firstly, the settlement must be such as to remove the possibility of a repetition of the North Korean aggression; secondly, it should commend itself to the Korean people; thirdly, it should command support from Asian peoples; and fourthly, it must recognize the progress which had already been made under the auspices of the United Nations in establishing an independent government in Korea.

66. The Department gave detailed consideration to the Minister's suggestion. As a first step it was thought possible to create a small United Nations Commission composed of Australia, India, the Philippines, Sweden and Turkey, to be known as the United Nations Commission for a Korean settlement which would report to the General Assembly on methods for the establishment of a free and independent government of a united Korea which would correspond with the freely expressed wishes of the Korean people and on methods by which the United Nations could assist in this task. The sudden change in the military situation, however, the successful counter attacks by United Nations forces and their break out from the Pusan beachhead which was followed by a general advance northward made it necessary to consider the general question of a settlement more urgently as there was a real danger that military events might outrun political decisions.

67. In a sense the United Nations had reached a cross-roads and it was necessary for the General Assembly to decide whether the emphasis on the United Nations objectives in Korea should be changed from repelling aggression to achieving unification. The focal point of the problem was whether the 38th Parallel should be crossed and if so, to what extent should United Nations forces be permitted to penetrate into North Korea. Unfortunately little serious thought had been given this problem since it was generally recognized that when the time came nations with forces in Korea might be faced with an entirely different situation which would require different decisions. The rapid change in the military situation meant that the United Nations was suddenly faced with the problem without adequate consideration or diplomatic preparation.

68. From a strictly military point of view the Parallel had little significance as a definite United Nations line to prevent any renewed aggression; for this purpose a line further north was to be preferred. The United States military authorities accordingly urged that General MacArthur should not be impeded in his advance beyond the 38th Parallel. In a conversation with Mr. Pearson on September 25th, Mr. Rusk made it clear that the United States Government considered it essential to take whatever military action might be necessary to secure the capitulation of North Korean forces north of the Parallel. General MacArthur had also indicated to Mr. Norman in Tokyo that he had every intention of carrying his operations to North Korea and that he was looking for some formula to permit him to do so. It was the view of the United States delegation in New York that the words "in the area" of the original Security Council resolution gave General MacArthur sufficient authority and that accordingly there was no need for the Assembly to take any special action.

69. The Department's appreciation of the situation was contained in a most immediate telegram to the Assembly delegation, dated September 26. The telegram began by stating that the immediate objectives in Korea were twofold: the cessation of hostilities and withdrawal of North Korean armed forces to the 38th Parallel, and the restoration of international peace and security in the Korean area. The long term objective was the achievement of Korean independence and unity by the procedures outlined in the General Assembly resolutions of November 14, 1947, December 12, 1948 and October 21, 1949. The telegram went on to say that the immediate objective must be accomplished if the purpose of the United Nations intervention - to suppress the North Korean aggression - was to be realized. It should be made clear, for example, that overt aggression must not be tolerated. It was thought that the restoration of international peace and security could largely be accomplished by the defeat of the North Koreans, but there were certain dangers in proposing that the United Nations should obligate itself to achieve its long run objectives by military means. It was doubtful for example whether such a proposal would receive the broad support given the Security Council's resolutions of June 25th and June 27th. The Soviet Union might consider itself compelled for reasons of prestige and strategy to re-occupy North Korea. The Chinese communists might feel compelled to intervene because of the fraternal association of North Korean and Chinese communist leaders. Furthermore, operations in North Korea would place the United Nations forces face to face with the Russians and Chinese communists in the North and create an area where military incidents could occur. The danger of committing the United Nations to a crossing of the 38th Parallel was realized, as the Western Powers would be placed in the position where they would have to wage a general war against the Russians in North Korea when in fact their strategic interests in a general war would be to evacuate their forces from the peninsula as quickly as possible. On the other hand there were obvious disadvantages to stopping at the 38th Parallel. Many Koreans hoped that one result of this struggle would be the unification of Korea. Although there would be difficulties in establishing a unified government, a redivision of the country at the 38th Parallel would re-create all the old military, political and economic problems that existed prior to June 25th, and might make many feel that their losses in Korea had been in vain. The telegram suggested that in the light of these circumstances and the urgency of the problem "it would not be practical to follow the more leisurely procedure of establishing a predominantly Asian sub-committee of the Political Committee to draft a report and resolution". Instead the Department thought that the General Assembly should quickly pass a resolution restating its short run and long run objectives coupled with a statement of the United Nations' desire to assist in relief and reconstruction work. Such a resolution would leave open the question of the United Nations taking military action north of the 38th Parallel if the North Koreans should consent to sign an agreement pledging a cessation of hostilities.

70. Mr. Pearson's statement during the Assembly's opening debate was largely devoted to Korea. His silence on the question of the 38th Parallel reflected the Department's caution but he included among the five principles which in his opinion should govern the General Assembly's decisions on Korea his suggestion for a predominantly Asian Committee to consider the Korean question. These principles were as follows:

- (1) "The general objective of the United Nations in Korea should be to fulfil now the purposes which have repeatedly been stated at previous Assemblies - a united Korea, a free Korea, a Korea which the Korean people itself governs without interference from outside".
- (2) "The United Nations must assist the people of Korea to establish peace and order throughout its territory as a firm foundation for democratic institutions and of free self-government".
- (3) "The Korean people, once peace has been restored, must be assured that no nation will exploit the present situation in Korea for its own particular advantage".
- (4) "Nothing shall be done in the establishment of a united free Korea which carries any menace to Korea's neighbours".
- (5) "The free governments of Asia should take a major share of the responsibility for advising the Korean people upon methods of government which they should adopt and procedures which they should follow in establishing those methods of government".

71. A telegram of September 28 enlarged on some of the dangers implicit in the assumption that Korea should be united by military measures. It pointed out that if the United Nations forces should cross the 38th Parallel and undertake the occupation of North Korea they faced the prospect of maintaining large occupation forces on the Chinese and Soviet borders; there would be a good deal of pressure to have the Canadian Special Force included in these occupation forces. Moreover there would be a continuing risk of a clash with the Russians which even if localized might result in a setback which would undo the prestige of victory. The Department thought that the natural desire of the Koreans to see their country united should be weighed carefully against the necessity of the Western Powers exercising prudence in circumstances that might lead to an armed clash with the Soviet Union. Such circumstances, the telegram said would arise if the terms of the Security Council resolutions were gone beyond by crossing the 38th Parallel to seek the unification of Korea by military means. The Department therefore urged that a clear distinction be made between the fulfilment of the Security Council's resolutions and the fulfilment of the General Assembly's resolutions. While the objectives of the Security Council's resolutions should be fulfilled, the United Nations had never considered that its long-run objectives should be imposed by military force.

72. The Department forwarded by covering telegram a rough redraft of a proposed United Nations resolution to the Delegation which contained some of these points. This draft limited the United Nations to fulfilment of the Security Council's resolutions; it contained a reference to the restoration of international peace and security in the Korean area which would permit the United Nations Commander to order punitive action against North Korea if it continued aggression against South Korea; if the North Koreans desisted from such aggressive action they would be free to choose between "stewing in their own bombed out misery or accepting United Nations relief and reconstruction assistance if they comply with the procedures laid down by the General Assembly for the unification of Korea". More specifically, the resolution called upon the North Korean authorities to comply with the Security Council's resolutions of June 25th and June 27th

and to accept the unification procedures already laid down by the General Assembly. It would have established a committee made up of India, Australia, Brazil, Pakistan and Sweden to replace the present Commission on Korea. In the interest of time the same countries were to form an Interim Committee from their permanent representatives at the United Nations pending the arrival in Korea of the full members.

73. This draft was discussed together with the United Kingdom draft at a meeting of Commonwealth Delegations on the same day, September 28th, as a result of which both resolutions were revised and to some extent blended. The final product was presented to the Political Committee when it began its discussions of the Korea item on September 30. This resolution recalled previous resolutions of the General Assembly and noted that the United Nations armed forces were operating in accordance with the recommendations of the Security Council; it also noted that the essential objective was the establishment of a "unified, independent and democratic government of Korea", and set out four recommendations as follows:

- (1) That all appropriate steps should be taken to ensure conditions of stability throughout Korea";
- (2) That all "constituent acts be taken including the holding of elections under the auspices of the United Nations for the establishment of a unified and democratic government";
- (3) That United Nations forces should only remain in any part of Korea so long as necessary for achieving these objectives;
- (4) That all necessary measures be taken to accomplish economic rehabilitation.

74. The resolution went on in its operative part to call for the establishment of a commission to be known as the United Nations Commission for the Unification and Rehabilitation of Korea which, in addition to assuming the functions exercised by the existing United Nations Commissions would represent the United Nations in bringing about unification and proceed at once to Korea to begin its functions at the earliest possible date; pending its arrival the Governments represented on it were to form an interim committee to meet in New York as soon as the resolution received the approval of the General Assembly. (1).

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(1) Although Canada had had a hand in the drafting of this resolution and actively supported it, it was not one of the eight co-sponsors; nor was it one of the countries named to the Commission despite pressure placed upon the delegation to accept membership, including a personal appeal from Mr. Acheson; Mr. Acheson's motives were hardly flattering as he saw it as a means of resisting domestic pressure for the United States to accept membership. Mr. Pearson, however, felt, and the Prime Minister agreed with him, that Canada could hardly join the Commission after urging that India should play a leading part in the settlement and that the Commission should have a majority of Asian representatives.



75. The Soviet Bloc also put forward a draft resolution. It recommended that the "belligerents" immediately cease hostilities, that the governments of the United States and of other states with troops in Korea immediately withdraw them, and once this has been done elections be held to a national assembly and that a joint commission be established made up of representatives of both North and South Korea to organize and conduct the election for a national assembly. The resolution also proposed a United Nations Committee with representatives of states bordering Korea, i.e. Communist China and the Soviet Union, to observe these elections. Other articles proposed that the Economic and Social Council draw plans for rehabilitation with representatives of both Koreas and that the Security Council once an all Korean Government had been set up, consider its membership in the United Nations.

76. The debate on these resolutions was of course dominated by the military situation of the moment, and in particular the problem posed by the 38th Parallel. The Eight-Power resolution had been drafted in such a way as to provide the Unified Command with authority to cross it without actually saying so, but its general vagueness on this point represented the lowest common denominator of agreement as to whether this authority should be clearly set out or so phrased as to echo the caution which a number of delegations, such as Canada, thought should be the guiding consideration lest the crossing of the 38th Parallel should provide an excuse for the intervention of Chinese forces which military intelligence had shown to be gathering in large numbers north of the Yalu River.

77. From the outset of the debate it was realized that a difficult decision would have to be taken in regard to the extent to which United Nations forces would be permitted to penetrate beyond the Parallel.

78. The Eight Power resolution was found to command the general support and approval of the non-Communist states on the grounds that it provided the best means of dealing with a problem which required urgent attention, which corresponded with the realities of the situation and which expressed the general desire not only of the United Nations but of the Koreans themselves. It was particularly felt that this resolution recognized the primacy of the United Nations and its special responsibilities with regard to Korea, and, a point which Mr. Pearson stressed in his statement, guarantee that the United Nations forces would not remain in Korea any longer than necessary to achieve peace and stability. The resolution of the Soviet Bloc on the other hand was attacked on the grounds that it implied that no aggression had occurred and placed North Korea and South Korea on an equal footing. Furthermore, withdrawal of the United Nations forces at this stage would only leave the way open for the North Koreans to renew their aggression.

79. In an effort to find a middle ground, Sir Benegal Rau, the Indian Delegate, strongly supported by Israel and Yugoslavia, proposed the appointment of a sub-committee to take into consideration both resolutions, and all proposals and suggestions concerning the Korean question in order that it might recommend to the Committee a single resolution which would command the largest measure of agreement. In support of his proposal, Sir Benegal pointed out that the purposes of both resolutions were similar in that they stressed the desire for unification and the need for economic rehabilitation under United Nations auspices. This led him to hope that a compromise might be found. In his view the first part of the Eight Power resolution "should be limited to the creation of an independent

and united Korea by means of free elections, and economic rehabilitation". He had doubts, however, concerning the wisdom of a paragraph calling for the United Nations forces remaining in Korea to insure conditions of stability and unification. These provisions, he thought, meant in effect that the purposes would be achieved by force and for this reason would only serve to increase the tension in that part of the world. In India's view, the Assembly should declare itself in favour of a united Korea and economic rehabilitation and issue a call to the North Koreans to cease hostilities immediately so as to enable the United Nations to indicate steps leading to an early consummation of its purposes. If the North Koreans failed to respond the situation should be reviewed. The Indian Delegation, however, submitted no formal resolution embodying these views.

80. The Indian delegate had also serious reservations as to the wisdom of crossing the 38th Parallel. The Eight Power resolution, as Sir Benegal put it, "at least by implication" authorized the United Nations forces not only to enter any part of Korea and therefore North Korea, but also to remain there until stable unification had been achieved. This wisdom, he thought, "would impair faith in the United Nations" as it would "appear to authorize the unification of Korea by force".

81. Because of the importance which the Government attached to India's position, the Prime Minister, with the approval of Cabinet, suggested to Mr. Pearson that the Canadian Delegation attempt to have the Eight Power resolution modified in a manner to require something less than the unconditional surrender of the North Korean forces; military force should only be employed in the North when it had become clear that a fully satisfactory solution could not be obtained without further fighting. Either by delaying the resolution's passage or by means of its interpretation by the Unified Command, an effort should be made to go some distance towards meeting the Indian position. The Prime Minister suggested that failing that the delegation should endeavour to devise some formula which would at least make the commission more palatable to the Indian leaders. In this connection he suggested that the President of the General Assembly, in conveying the Eight Power Resolution to the United States Government for the Unified Command, should state it to be the sense of the Assembly discussions that before military measures were taken north of the 38th Parallel, every effort should be made to obtain the acquiescence of the North Koreans in the fulfilment of the resolution. As General MacArthur was expected to broadcast a further message to the North Koreans, he could announce at the same time that the United Nations forces would only enter North Korea to guarantee security during the conduct of elections, that relief and rehabilitation funds would be given to North and South Korea without distinction and that United Nations forces would be withdrawn as soon as the purposes of the resolution had been fulfilled.

82. Unfortunately there was no time to effect the changes suggested as the First Committee adopted the resolution by a large majority the morning the telegram was received, October 4th. There was some hope, however, that it might be possible to do something along the lines suggested before the resolution was placed before the Plenary Session for final approval. On receipt of the telegram Mr. Pearson endeavoured to arrange an interview with Mr. Acheson, but was unable to do so as he had already left for Washington early that day. However he prepared a memorandum on the subject in the background of which

lay the Government's serious misgivings, already expressed to the United States Delegation, arising from the unwillingness of the Indians to support the resolution and the reluctance of some delegations to have military operations proceed unless some effort at negotiations were undertaken.

83. Mr. Pearson's memorandum which was dated October 5th, began with the assertion that the Canadian Government was "not entirely persuaded that it had been conclusively demonstrated at this stage that it is impossible to obtain the submission of the North Korean forces by diplomatic means". It went on to point out that the continuation of military action would cause further loss of life and destruction which would only add to the already heavy costs of rehabilitation. More importantly perhaps it "might help to reassure the authorities in Peiping concerning the United Nations' intentions". Canada was pleased that the Eight Power resolution had received a large majority; it was to be regretted however that it had failed to receive the support "of a few states which have often in the past supported us and which are not without influence in Asia". In order to allay the "fears" of the Indians that the resolution was "unnecessarily provocative" the Canadian Government was prepared to put forward a further resolution which would request the President of the Assembly as an appropriate civilian channel to communicate the text of the Assembly resolution to the North Korean authorities and to request their co-operation in carrying it out. The memorandum further suggested that if possible there might be a delay in military operations until this effort at establishing contact could be made, and that there should be a 48 hour delay in transmitting the resolution to General MacArthur for his guidance. Finally, the memorandum said that the Canadian Government attached some importance to the use of a civilian channel rather than General MacArthur who had been dropping demands for capitulation by air.

84. Because of his inability to see Mr. Acheson, Mr. Pearson asked Mr. Wrong to take up the matter with him, which he was able to do later that morning. He first discussed the matter with Mr. Rusk and Mr. Jessup but their immediate response was to object to any delay in military operations. Mr. Acheson thought that a resolution such as Canada proposed would cause further delay and in addition would provide an opportunity for bargaining. He thought that if the President of the Assembly were instructed not to transmit the main resolution for 48 hours, almost certainly the North Korean authorities would use the occasion to secure a further delay on the plausible ground that they could not reply so quickly; they could also use the time so gained to build up their forces to prepare for a United Nations attack. Nor did Mr. Acheson care for the idea of a second resolution as he was afraid that even if it contained no time limit attempts would be made to amend it. Nor was he particularly convinced of the effectiveness of using the President of the General Assembly as a channel.

85. In view of these objections the Canadian proposals were modified by omitting any reference to a time limit suggesting simply that the President of the General Assembly should communicate the Assembly resolution to the North Korean authorities. The plan required further adjustment in the light of discussions in New York. It had been suggested, for example, that there should be no resolution at all, that the proposal should merely be made after the voting had taken place that the President issue a formal appeal to the North Korean forces to lay down their arms and co-operate with the

United Nations resolution. When the question was discussed with Mr. Entezam, President of the General Assembly, and the Secretary-General, both expressed their support for this initiative, but Mr. Entezam suggested that it would perhaps be better if he himself were to make the statement. He showed Mr. Pearson a draft which he had prepared and the Minister suggested one or two points in order to strengthen it. This procedure was concurred in by the United States authorities in Washington and New York. The remainder of the story can be better told in Mr. Pearson's own words:

"I had also asked General Romulo to talk to him, as I thought that the advice and encouragement of a past-President of the Assembly might be useful. General Romulo was very keen that the President should issue some such statement in as strong terms as possible, because of the effect that it would have on Asian opinion. Unfortunately, Romulo, though he was helpful to us in this sense, informed the press of what was developing with the result that there was premature publicity here. This enabled the Russians to learn of what was in the wind and to approach the President and complain that if he made any such statement they would object to it. Also, on Saturday morning, Senator Austin, on instructions as we were told from the highest American quarters, and notwithstanding his previous attitude, argued most strongly with the President that no statement of any kind should be made.

"The President informed me before the Assembly met on Saturday of this somewhat bewildering development and asked to be released from the arrangement he had made with us by which, in return for our withdrawal from the speakers' list, he would make the statement on his own initiative. I had no alternative but to agree to this. It was then too late to get on the speakers' list again and make the suggestion on my own, even if it had been desirable to do so. I told the President it was disappointing that he had changed his mind, but he replied that he had no alternative in view of American pressure. He also informed me that Senator Austin had instructions to see me and explain the whole situation.

"Meanwhile, I had already discussed the matter with Younger of the United Kingdom delegation, who was in agreement with the procedure which I outlined to him. I had also, of course, informed you that some such statement would be issued, and, in addition, the Canadian Press had got wind of it. In the circumstances it was, therefore, embarrassing and irritating to have this whole carefully arranged programme frustrated by United States last minute interference. The Secretary-General, with whom we got in touch Saturday morning, was as disappointed and annoyed by these developments as we were.

"Shortly before the Korean resolution was passed, a member of the United States delegation (John Ross) came to see me on the floor of the Assembly and added to my surprise and annoyance by saying that he understood that I wished to see Senator Austin about something connected with the Korean resolution. I told him that I did not wish to see Senator Austin about anything, but I understood that he wished to see me in an attempt to

explain why the United States had withdrawn from the arrangements previously agreed on. I told Ross that it was now too late to do anything in any event, and that we were surprised and disturbed by the whole business".

86. In the same telegram Mr. Pearson termed the entire episode a "disheartening" one, "both as an indication of the confusion and division in United States Councils at the Assembly and, more important of their impatience with any line of policy other than that which seems to be dictated by General MacArthur and the immediate military situation in Korea". He added:

"what I find most worrying is the inability of certain people in Washington to realize that it is not enough to occupy North Korea; that it is most important to remove, if possible, the impression on Asian minds, especially in Indian minds, that the policies and designs of the United States in this whole Korean question are not above suspicion. Apparently in Washington they feel that it is more important not to interfere with the military timetable than to make every possible move to bring fighting to an end in a way which would command the approval of Asian members of the United Nations".

87. A postscript to the above episode might be added. It later transpired that Senator Austin had approached Mr. Entezam without the State Department's knowledge or approval and Mr. Acheson when he was warned of this, telephoned Mr. Pearson from Washington to apologize. As far as can be ascertained, the "guilty party" was either in the Unified Command or one of the members of the United States delegation who pointed out that the Canadian proposals would put the President of the General Assembly in a position where he would communicate with the North Koreans directly rather than through General MacArthur. Bypassing the Unified Command in this way would steal some of the General's thunder in connection with the statement calling for surrender which he had prepared for issue in two or three days time.

88. In addition to his disappointment over the outcome of his proposal there were certain other features of the Korean debate that filled the Minister with some apprehension. In a despatch summarizing his views on these aspects, Mr. Pearson pointed to "the very haste of the operation and the way circumstances required it to be conducted". Although some delegations, like Canada, had supported the resolution, they did not do so without misgivings; had there been more time undoubtedly the resolution would have been substantially modified but of greater importance, Mr. Pearson thought, was a division of opinion among the Asian delegations and the lack of any real effort to reduce it to a minimum. "In this respect", Mr. Pearson wrote, "the inability to bring India along with the majority or to meet her position cannot be regarded as anything less than an important setback". Mr. Pearson admitted that the attitude adopted by the Indian delegation although "somewhat vague", did provide an alternative approach to

"a clear statement of objectives coupled with provision for an opportunity for the North Koreans to indicate their willingness to comply with these objectives before military operations were carried beyond the 38th Parallel. This would, Sir Benegal indicated, have taken away the stigma which India associated with the implication in the existing resolution that the unification of Korea should be achieved by force of arms; and arms directed in practice by General MacArthur".



On the other hand the only proposal which India offered was that of a subcommittee to hammer out a compromise resolution, the effect of which was to "divert" attention from the "substantive issues where Indian initiative might have resulted in some form of compromise to the formal attempt to go through the motions of reconciling the irreconcilable". A further result was that

"India drew over herself a cloud of suspicion that either she was more concerned with the appearance of attempting compromise rather than actually finding one or the realization that any solution for Korea could only represent the best of the bad job, wishing to keep her hands clean at least at this stage".

Thus, the Minister said, he reached the conclusion that

"the opportunity was more apparent than real and that an honest appraisal of the probable results could not justify the excuse which would have been granted for delay and further confusion of the issues".

89. Canada's concern for the Indian position was not shared by the United States and the United Kingdom, at least to the same extent, and the delegation was somewhat deterred by the lack of efforts made by them to endeavour to find common ground to permit Indian support. To the delegation's knowledge this was never done neither at Lake Success, New Delhi, or elsewhere. Mr. Pearson, on the other hand, did attempt to sound out Sir Benegal Rau to find out whether India would accept membership on the commission but was informed that India felt that it could not do so since it did not support the resolution which set it up.

90. There was a subsequent development which might be related here. On October 13, a week after the Political Committee formally approved the Eight Power resolution, the New York Times published a despatch from New Delhi, quoting a spokesman of the Indian Foreign Office as denying communist Chinese allegations that India had opposed the resolution. The spokesman was quoted as saying that on the contrary India "subscribed to the United Nations objectives" and that "all India contended was that before the United Nations forces cross the 38th Parallel the North Koreans should be given an opportunity to cease hostilities and to co-operate with the United Nations in fulfilment of their objectives". This point of view had not been made clear by Sir Benegal Rau, whose main concern had been to endeavour to work out a compromise text. Mr. Pearson accordingly asked Mr. Chipman, the Canadian High Commissioner in Delhi, to find out if the statement represented the views of the Indian Government at the time the resolution was being debated.

91. As matters transpired, Sir Girja Bajpai, the Secretary-General of the Indian Ministry of External Affairs, had become indignant over the difficulties India was experiencing in exchanging information with Peiping and considered that India had been deceived about the consequences the Peiping authorities were threatening if the 38th Parallel were crossed(1) and that General Chou en Lai had not been frank with Mr. Pannikar, the Indian Ambassador in Peiping, who had passed on information to the effect that Chinese troops would intervene if the 38th Parallel were crossed. Sir Girja told Mr. Chipman

(1) See paragraph 100 below.

of these difficulties, adding that the formal statement was intended to express Indian objections to being coupled with Communist China and the Soviet Union as opposing the resolution and that India was not satisfied with it. This was confirmed by Mr. Menon, the Foreign Secretary, who in a subsequent conversation with Mr. Chipman, went so far as to add that as matters then stood India would be prepared to take a seat on the commission if one were open.

92. Once the first committee of the General Assembly had disposed of the Korean item it turned to a consideration of the item "United Action for Peace" which the United States had requested for inclusion on the agenda. Since this item and the resolution which emerged as a result of the Assembly discussions are of considerable importance to the functions of the United Nations as a security organization it would be well to retrace our steps to examine their background.

93. Instructions to the Delegation to the Fifth Session of the General Assembly recognized that the session was to come "at a critical stage in the development of the United Nations". These instructions noted that although the prompt action of the Security Council and the approval of that action by the majority of member states had done much to restore the prestige of the United Nations it had also pointed out some glaring weaknesses in the collective security structure as it then existed. The fortuitous absence of the delegate of the Soviet Union on the Security Council at the time when that organ took its momentous decision on June 25th brought home, as it were, one of the biggest weaknesses of the United Nations in that had Mr. Malik not been absent as a result of "childish arrogance" as Mr. Pearson termed it, he would certainly have vetoed the resolution passed on that day as well as the resolution approved on June 27th. The realization of this fact, which was re-emphasized by Mr. Malik's return to the Security Council in August, and his obstructive tactics as Chairman for that month, made increasingly necessary the determination of possible means to avoid any paralysis in the work of the Security Council in the event of a future act of aggression.

94. There were other lessons to be drawn from the Korean experience. Of all the member states which had condemned the North Korean aggression, only the United States had effective forces which could immediately be made available to the United Nations; other nations had had to improvise arrangements. Also the Security Council was fortunate in having readily available full and unbiased information on the developing situation; the various reports of the United Nations Commission in Korea provided a background against which measures for action could be recommended. There was however only one other danger spot in the world where the United Nations had a similar commission - the Balkans. The problem which faced the nations supporting the Security Council resolution on Korea was therefore to devise formulae which taking these lessons into consideration would provide the organization with more efficient means and strength without however attempting to go so far as to force the withdrawal of the USSR; the danger that this might come about was considered real. Any measures designed to strengthen the Assembly at the expense of the Security Council was bound to be interpreted by the Soviet Union as a means of circumventing the veto to which they attached such great importance. At best therefore any proposal in this direction could be expected to encounter Soviet opposition, and at worst it might make the Soviet Union withdraw from the United Nations. As it was only by a bold

step that measures could be taken to enable the United Nations to fulfil its primary purpose the risk was a calculated one.

95. Early in June, the United State Department began to give consideration to these problems and to possible ways and means to meet them. The Department's first knowledge of the lines along which the State Department was thinking was obtained in a conversation Mr. Wrong had with Mr. Hickerson on July 15. Mr. Hickerson at that time suggested that in a case of aggression or a breach of the peace, if a resolution of roughly the same content as that of the resolution of June 25th secured seven votes in the Security Council but was defeated by the application of a veto by one of the permanent members, with the other permanent members present voting in favour or abstaining, the General Assembly should automatically be called into a special session within 48 hours to consider the situation and make such recommendations as might secure a two-thirds majority. By the time the usual informal pre-Assembly Tripartite talks were held in New York on August 21st, the United States thinking had developed much further. The State Department was suggesting a three-point proposal which, it was pointed out, represented only tentative thinking. In addition to the point mentioned above which remained substantially the same, there was a provision for the establishment of a Permanent Peace Commission of nine members which could be despatched to any area of international tension and a provision inviting member states to survey their resources with a view to determining the nature and scope of assistance each could render to restore peace and security as well as the possible ear-marking of units of national forces which individual members could place at the disposal of the Security Council or the General Assembly. An Ad Hoc committee was proposed to study and report to the General Assembly on means by which such collective means might be implemented.

96. Mr. Reid, who attended these meetings for the Department, expressed sympathy with the State Department approach and said that Canada had always considered the General Assembly as a second line of defence in political and security matters if the first line, the Security Council, should prove inadequate, and emphasized that at its forthcoming meeting the Assembly should concentrate on measures to strengthen it. Such measures however would not be successful unless they secure the support of additional potential allies, particularly from among the non-communist Asian states. As far as Canada was concerned, there were three limitations to any proposed measures; amendments to the Charter would not be possible; no action taken should drive out the Russians; and the Western states must increase their alliance potential and therefore draw up proposals which would secure the support of such "neutralist" states as Sweden and India. At this meeting various differences of detail arose and a number of subsequent meetings were held prior to the presentation of the resolution to the General Assembly in order to thrash out a Canadian redraft of the United States proposals. This redraft had suggested three substantial changes. In the first place it was thought preferable to replace the two commissions envisaged with a single one to be called the Commission on Peace and Security, made up of members of the Security Council and India which would recommend the calling up of a special session to the Secretary-General rather than to the Security Council. Secondly, this commission would be empowered to send observers to an area rather than go itself, and then only at the invitation of the state concerned. Thirdly, the appointment of one or more

recognized military experts was suggested to advise national governments on the formation of national units to be placed at the disposal of the United Nations rather than the appointment of a United Nations military co-ordinator as suggested by the United States. The inclusion of India as a member of the proposed single commission when not a member of the Security Council was suggested since the Department assumed that Asian problems would bulk large in the commission's work. (1) None of these points were accepted as put forward but the United States went a long way to meet them, particularly in matters of detail and drafting.

97. These specific proposals, as they finally emerged, were announced by Mr. Acheson in his address during the opening debate on September 20 and were subsequently presented in the form of a four-point resolution of which Canada was one of the seven co-sponsors. The final version of the resolution which was adopted on November 3 with only the Soviet Bloc dissenting and India and Argentina abstaining provided for the following:

- (a) the calling of an emergency session of the Assembly on twenty-four hours notice for the purpose of making recommendations if the Security Council had failed to agree on a means of resisting a breach of the peace or an act of aggression;
- (b) establishment of a Peace Observation Commission of fourteen states, including the five permanent members of the Security Council, to observe and report on the situation in areas of international tension;
- (c) a recommendation that each member state maintain elements within its armed forces for prompt use as United Nations units;
- (d) the establishment of a Collective Measures Committee of fourteen members to study methods which might be used to strengthen the collective security machinery of the United Nations;
- (e) a call for intensified respect for human rights and fundamental freedoms, and for increased efforts to achieve conditions of economic stability and social progress. (2).

98. In his statement Mr. Pearson stressed that the resolution threatened no one except him who would commit aggression. After outlining the reasons for which it had been presented, Mr. Pearson stressed that there was no desire to short-circuit or sabotage the Security Council, as Mr. Vishinsky claimed, for the provisions of the resolution were only to be invoked if the Security Council had failed to perform or was prevented from performing its peace preserving functions. There could, he said, be no question of illegality for the General Assembly was simply to utilize certain powers it had always possessed but

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(1) This would to some extent parallel the condition under which Canada was elected a member of the Atomic Energy Commission and it was with this parallel in mind that the suggestion was made.

(2) This provision was suggested by Chile and although essentially irrelevant was added mainly to ensure Latin-American support.

never drawn upon. With regard to Section (c) he pointed out that Canada had already recruited a special force specifically trained and equipped to meet our obligations under the Charter and that it was Canada's hope that the great majority of other member states would take similar action. Such forces held in readiness would be a powerful deterrent to anyone who disturbed the peace, but he warned that unless a sufficient number of countries were to implement this provision an undue burden would be placed on those states that did.

99. Although the Assembly had disposed of the Korea item of the agenda it was not to be rid of the problems which were to follow in the wake of the general advance across the 38th Parallel. The Eight Power resolution had in a large sense merged the aims of the United Nations in Korea as set forth in previous resolutions of the General Assembly and the Security Council, but its adoption also marked a change in the role of the United Nations. Prior to June 25th, the United Nations had endeavoured to be a mediator, sponsoring unification by peaceful methods. Between June 25th and the opening of the General Assembly it was primarily an organization for the prosecution of a collective military action, but from the date of the passing of this resolution it was in addition to these an instrument for achieving a peaceful settlement. The problems which beset the efforts to find such a settlement, the measures adopted and their consequence become the theme of the story from this point onward.

100. Shortly after the 38th Parallel had been crossed, it became apparent that the North Korean forces, although virtually defeated in the military sense, were by no means willing to capitulate, and that their masters had not the slightest intention of co-operating with the United Nations in the fulfilment of the United Nations' resolutions. By the end of October the end of hostilities had seemed in sight and there was open optimism that the war would soon be ended for the steady advance northwards of the United Nations troops continued with ever increasing momentum and speed. But the rapidity of the advance and the growing awareness that the North Korean forces would not capitulate raised a problem of the first magnitude. The Department began to fear the political implications of an unrestricted movement northwards to the Manchurian border. On October 5th, when the Korean resolution was being debated, the Chinese communist Foreign Minister, General Chou-en-Lai, publicly stated that his country could not "stand aside" if the 38th Parallel were crossed. Both prior to and following that date informal discussions were held with United States officials in New York and Washington and with General MacArthur in Tokyo, which led the Department to believe that the Unified Command did not intend to pursue the North Koreans to the Manchurian border but would seek to establish a defence line across the narrow waist of Korea and that the two northern provinces would be left each a non-occupied frontier area. It nevertheless became gradually evident that General MacArthur was planning to carry the campaign to the Manchurian border. Assurances received through Mr. Norman in Tokyo and other channels indicated that General MacArthur did not think the Chinese communist would actively intervene. General MacArthur therefore pushed on in the belief that he could do so with impunity and on the grounds that from a military point of view it was essential to move up to the Yalu River.

101. Military intelligence and the judgment of the Unified Command Headquarters was to prove, to say the least faulty, for during the first week of November at least three divisions



of Chinese communist troops moved across the Yalu River together with heavy supplies of arms and equipment and some air support to bolster the shattered remnants of the North Korean forces. In the face of this advance the United Nations troops were compelled to withdraw from 50 to 100 miles in the central sector to protect their exposed flanks and supply route. On November 6th General MacArthur issued a special communique which did not identify the Chinese troops as such, but as "alien communist forces"; he referred to their intervention as "one of the most offensive acts of international lawlessness of historic record". He added that this "new and fresh army" was "backed up by a possibility of large alien reserves". The communique ended by stating ominously that "our present mission is limited to the destruction of those forces now arrayed against us in North Korea with a view to achieving United Nations objectives".

102. That same morning (November 6th) Mr. Pearson sent a telegram to Mr. Wrong, giving expression to serious misgivings about the course of events which read in part as follows:

"You will recall that we were given the very definite impression....that when the United Nations forces were approaching the Chinese border that they would follow a very prudent and unprovocative course of action and that they were considering leaving a strip of no man's land between their forward positions and the border so that the Government in Peiping would have no excuse for committing their forces in North Korea. The events of the last week are so obscure, though they may in many respects nevertheless seem clear enough to suggest that this policy of prudence has gone by the board. General MacArthur appears to be regarding his assignment from a limited military point of view....and apparently is determined to rout out the North Koreans from their final redoubts even if that involves sending United Nations forces as far as the Yalu River....They must surely be aware now in the State Department of the extremely serious risks of a war with China and realize that their earlier confidence of this score does not seem to be justified".

Mr. Pearson added that the motives and intentions of the Peiping Government were difficult to decipher, but he thought that one likely reason was their fear that the hydro-electric installations on the Yalu River, upon which Manchurian industry was so highly dependent, might be destroyed and that troops had been sent to protect them. If such was the case, Mr. Pearson thought that some assurance from the United States authorities that these installations would not be damaged might produce a "more moderate attitude" in Peiping. Mr. Pearson added: "I feel strongly that nothing should be left undone which might help to remove the danger of conflict with China and could benefit no one but the Soviet Union".

103. Mr. Wrong saw Mr. Rusk that morning to convey the Minister's thoughts. In particular he asked whether the phrase "our present mission" meant that an enlargement of General MacArthur's mission was being contemplated to permit action in Manchuria. Mr. Rusk said that this was not the case, but he thought that continued Chinese pressure might make it necessary. In the meantime, however, the United States' efforts were still aimed at localizing the fighting. To this end the State Department had drafted a mild resolution for the meeting of the Security Council scheduled for the middle of the week, which was so worded as to give the Chinese an indication that ways and means could be found to look after their interests in the Yalu River dam and other broader interests as well.

The following day Mr. Wrong saw Mr. Acheson who warned that in view of further Chinese troops movements across the Yalu River it might prove necessary for General MacArthur to order the bombing of bridges across the Yalu River. Furthermore the most important highway north ran across the top of the Yalu dam and would make it impossible for a public statement to be made along the lines Mr. Pearson wished. Mr. Wrong also passed on to Mr. Acheson the Minister's urging that speeches in the Security Council the next day should be unprovocative, with which Mr. Acheson agreed. Mr. Acheson also agreed that nothing should be done which would increase the possibility of Chinese intervention leading to a war with China. He further agreed with Mr. Wrong's suggestion that there was no evidence as yet that the Peiping Government intended more than "an operation with limited liability" and that every effort should be made to clarify their motives and leave open means for their withdrawal. (The Chinese forces had in fact abruptly checked their advance and with their North Korean allies begun mysteriously to withdraw).

104. At the Security Council meeting held on November 8th the delegates had before them a special report from General MacArthur (which Mr. Kickerson told Mr. Wrong had been drafted in the State Department and telegraphed to General MacArthur for his approval). This report identified the Chinese troops as such and the Council adopted a United Kingdom resolution inviting "the Peiping Government to send a representative to its meeting when the report is being discussed". In the course of his remarks, Senator Austin referred to the Chinese intervention as a "provocation to a general war" and asked that the Peiping representative be "summoned" rather than "invited". The Senator's tactics on this occasion were not reassuring and gave Mr. Riddell the feeling, as he reported in a telegram to the Department, that in the debate which had been going on inside the United States Government as to the "relative proportions in which intimidation and reassurance should be used in enjoining restraint upon the Chinese", the decision had been taken "strongly in favour of the former ingredient". (1)

105. Two days later, on November 10th, the Security Council met again to consider the resolution which Mr. Rusk had shown to Mr. Wrong but which had since been revised and expanded after consultation with the United Kingdom. While the resolution contained some of the provisions of the United States draft, its terms were very much stiffer and unlike the earlier United States draft specifically mentioned Chinese forces. It called upon all states to "refrain from assisting or encouraging the North Korean authorities to provide their national or individuals or units of their armed forces from giving assistance to the North Korean forces", and affirmed that it was the policy of the United Nations "to hold the Chinese frontiers with Korea inviolate and fully to protect legitimate Chinese and Korean interests in the frontier zone". As this paragraph had been added at the insistence of the French Delegation, the United States and

(1) On November 11th a broadcast from Peiping stated that the Chinese authorities had decided that they could not accept the Security Council's invitation on the grounds that it deprived their representatives the right to discuss the "question of armed intervention in Korea, and aggression against China by the United States Government" and limited discussions to the special report of the "so-called Unified Command". The broadcast proposed instead a joint debate on Formosa and Korea and accepted to this end an earlier invitation to discuss the former.

the United Kingdom insisted on the inclusion of the next paragraph, which called attention to the "grave danger which the continued intervention by Chinese forces in Korea would entail for the maintenance of such a policy".

106. Because of the certainty in the Department that this resolution be vetoed by the Soviet Union, consideration was given to a parallel approach to the situation then facing the United Nations. The Department and the Minister feared that a number of decisions, all of which involved calculated risks, could be taken in the rush of events without adequate consideration. An attempt was therefore made to set out some basic principles which should guide Canadian policy in the new circumstances. These were contained in a telegram to Mr. Riddell of November 11th, which read in part as follows:

"(1) The purpose of the resistance to the aggression of North Korea was to demonstrate that aggression does not pay. Aggression will, however, pay most substantial dividends to the Cominform bloc if it leads to a war between the United States and China.

(2) The interest of the Western democratic powers is to limit hostilities in the Korean area and to have hostilities come to an end as quickly as possible in order that stability may be restored and foreign troops withdrawn.

(3) It would also seem to be in the interest of the Chinese to limit hostilities in order that they may get ahead with the job of reconstructing China.

(4) The only country whose interest would be served by an extension of hostilities in the Korean area is the Soviet Union.

(5) When the Western democratic powers are as weak in land forces as they are today, they must play for time in which to get stronger.

(6) The main front is Western Europe and we must resist efforts of the Soviet Union to get us committed to a theatre of secondary importance.

(7) If a war with China should break out, it is of the utmost importance that public opinion throughout the world, not only in North America but in Western Europe and in the democratic states of Asia, should be convinced that the United States and its partners have done everything they possibly could to avoid war. The record must clearly show this. It must not, for example, show that decisions were arrived at in haste and that the Chinese, either as witnesses, or defendants, or parties at interest, were not given their day in court.

(8) In dealing with the Chinese we must take full account of the possibility that their suspicions of the intent of the United States to encircle them have been genuinely aroused because, for example, of actions in Formosa, General MacArthur's statements, and the refusal to admit them to the United Nations. The increased influence of violently anti-Chinese-communist elements in the Republican party which may be expected as the result of the recent elections will not help to allay these suspicions".

107. On this basis the Department thought that the first approach to the problem

"should surely be to seek to reassure the Chinese regarding the purposes and implications of the United Nations action in Korea and to smoke out their real motives before taking steps which may serve only to encourage their original intentions".

If such an approach failed, then "we can give consideration to taking the risk of stressing intimidation rather than assurance". As a first step and on the assumption that the primary Chinese motive was to protect the Yalu dam, the Department proposed that although Canada was not a member of the Korean Committee the delegation might endeavour to secure some form of recommendation from that Committee to the Security Council which after an appropriate preamble recalling the importance of the dam and the danger to it if hostilities should continue would call upon the North Korean forces to cease hostilities in the vicinity and afford facilities for United Nations representatives to discuss with the states whose interests were involved appropriate measures for safeguarding them. This more limited approach, the telegram said, was designed to provide some basis upon which there might be a possibility of agreement in the Security Council. It would avoid any direct reference to the more controversial aspects of the problem. Mr. Riddell could find no support for these proposals. Mr. Wrong, on the other hand, found that Mr. Hickerson had no objections to it but it does not appear that his lukewarm support spread to the United States delegation. On the contrary, the United States delegation pointed out the various technical difficulties of administering the cease-fire area, difficulties which in its opinion would outweigh any advantages. It was generally thought by the United Kingdom, the United States and France that a guarantee of inviolability contained in the Security Council's resolution was sufficient for the purpose the Department had in mind.

108. At the same time the delegation and the Department were concerned with the growing necessity of the importance of undertaking some form of negotiations with the Chinese and of finding an appropriate channel for such negotiations. The Department suggested that a request be made to the Secretary-General to make Colonel Katzin, his special representative in Korea, available to meet with representatives of the Peiping Government, perhaps in Hong Kong, to discuss "practical problems connected with the Yalu River power plants". Private discussions held by the Minister and Mr. Riddell with the United Kingdom and the United States representatives, indicated that no consideration was being made either to approach the Chinese directly or to negotiate with them concerning their interests in North Korea. Mr. Riddell suggested to a senior member of the United States delegation and the Minister to the Secretary-General that some consideration should be given to sending a person of the character of Dr. Bunche to Peiking.

109. None of these suggestions had of course been put forward formally, but it had nevertheless been made clear to these three countries and to the Secretariat that in Canada's view some effort would have to be made to hold discussions with the Chinese directly in order to avoid any possible chance that hostilities might spread. Canada's particular interest in seeking to avoid such an eventuality was heightened in two ways; firstly, the imminent departure for Korea of the first part of the Special Force, consisting of the Second Battalion of the Princess Patricia Light Infantry, and secondly by the receipt of an aide-memoire from the United States Embassy in Ottawa, on November 14th, which although it re-affirmed the United States

desire to keep the conflict localized, informed the Canadian Government that

"it may become necessary at an early date for the United States aircraft to be allowed to defend themselves in the air space over the Yalu to the extent of permitting hot pursuit of attacking enemy aircraft up to two or three minutes flying time into Manchurian air space."

Mr. Hickerson assured Mr. Wrong that this aide-memoire was not to be interpreted as indicating that operations would be carried into Chinese territory but solely as a limited action to enable air supremacy to be maintained. He told Mr. Wrong that in his opinion the Security Council resolution of June 25th gave sufficient authority to cover this proposal and that no United Nations sanction was required or would be sought. Mr. Wrong pointed out, however, that it would be highly desirable to have consultations before any extension of operations outside of Korea should take place, even though it could be argued that such operations would also be covered by the Security Council resolution.

110. Speaking in Windsor on November 15th, Mr. Pearson reiterated the statement he made in the House of Commons on August 31st to the effect that the Canadian Government could not support any course of policy which would extend the scope of the present conflict in Korea, adding that if the Chinese communists should demonstrate by their future actions that they intend to carry out an

"unlimited aggression against Korea...it would be necessary for the United Nations to take knowledge of the fact...the Canadian Government could hardly, however, be a party to any action which has not been sanctioned by the United Nations or support within the United Nations any action to extend the field of operations unless and until it is clear that Chinese communist forces have been sent to Korea on more than a protective and border mission".

By this statement the Minister gave public expression of his doubts as to the wisdom of the United States' proposed course of action.

111. The Canadian proposal for the neutralization of the Yalu dam was of course based on the assumption that this was a major Chinese interest and the major reason for which <sup>China</sup> Canada had intervened. In point of fact the Department was not at all certain as to the Chinese motives or intentions. It was recognized that fear for the dam was legitimate, but it was also possible that their motives were wider, a genuine if misguided fear of United States encirclement. It was mainly to determine their intentions that the Department considered discussions with them so important but it might also be possible to find out by such discussions whether their objectives were related, not to what they conceived to be their legitimate interests, but to a broader plan such as pinning down United States forces in Korea for an indefinite period. Furthermore until such time as some possible indication of these intentions were received it would have been difficult, if not impossible, to consider what side the United Nations should have to come down on and that major decision should be taken as to how far it would have to go to meet the Chinese interests. The problem became increasingly urgent as the delegation became aware of the fact that General MacArthur had virtually completed plans for a final military campaign in the northern area; until such time as this campaign was completed no effort could be made to work out any arrangement or accommodation with the Peiping regime.



112. In its reply to the United States aide-memoire, which was dated November 16th, the Canadian Government again expressed its agreement with the policy that everything should be done to localize the conflict in Korea. It was agreed that forays of Chinese aircraft from the privileged territory of Manchuria "could impose an intolerable burden upon the United Nations forces". The Government proposed however that the Chinese should be given "notice in appropriate terms" (1), preferably by a representative of the Unified Command or the Security Council, that if hostile aircraft continued to use Manchurian air space United Nations aircraft would "naturally have to defend themselves" in the air space over the Yalu River to the extent of pursuing attacking enemy aircraft. Advantage was taken of the occasion again to point out to the United States Government that in Canada's opinion it would be useful if a representative of the United Nations could establish direct contact with Peiping in view of discussing border problems arising out of the Korean situation. The Government proposed that until such time as the Peiping Government had had "reasonable time" to show whether it intended to heed the warning notice and until Chinese motives and intentions were clearer the decision on the matter of hot pursuit should be delayed. Finally the Government urged that in spite of the case which might be made under international law, "no military operations (should) take place outside Korean borders without specific authority from the United Nations".

113. By way of comment on the Canadian Government's caution concerning hot pursuit, Mr. Rusk told Mr. Wrong, on November 22nd, that many officials in the State Department shared its apprehension and he said that the proposal would only be put into effect in the event of serious military necessity.

114. Canada's views in this respect were largely shared by the United Kingdom and France. The United Kingdom representatives in Washington were attempting to persuade the American Government to agree to the establishment of a neutralized zone north of the narrow waist of Korea (roughly the Siwanju-Hungham line). The Minister telegraphed from New York to the effect that Canada should express its general agreement with the proposal, although he realised it would be difficult for the Americans to support it on military as well as on political grounds.

115. Although the reaction to the Canadian aide-memoire of November 16th was sympathetic, Washington did not wish to have military operations held up nor did they wish to have held up the resolution before the Security Council calling for Chinese withdrawal. An alternative suggestion was that the matter might be discussed with the Chinese as soon as they arrived in New York. The State Department also suggested to the United Kingdom the possibility of some sort of buffer zone across the Yalu but the negotiations for a neutralized zone were to end abruptly with the large scale offensive which the Chinese launched on November 27th, three days after General Wu arrived in New York and the same day he appeared before the Security Council.

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(1) An earlier draft which discussed informally with Mr. Hickerson used the words: "specific public warning" but when Mr. Hickerson thought that such a warning would have an effect opposite to that desired the words were modified.

116. The situation that now faced the United Nations was a radically difficult one. In the words of General MacArthur's special communique "an entirely new war faced the United Nations", and Canada, like other member states, had to re-examine some aspects of its policy accordingly. The Department's initial views were contained in a memorandum to the Minister of November 30th and concurred in by him and the Prime Minister. This memorandum stated that the Six Power resolution at that time before the Security Council provided the best basis for initial action. It did not label the Chinese communists aggressors, but did take the first step of calling on all states and authorities to cease giving assistance and to cause the immediate withdrawal of any of their nationals; it also warned against the great danger which continued intervention would entail for the maintenance of the United Nations policy to hold the Chinese frontier with Korea inviolate. Canada continued to attach importance to the United Kingdom concept of a demilitarized zone and hoped that there would be an opportunity for them to make it public. In any event every effort should continue to be made to have private discussions with the Chinese communists representatives in New York in an endeavour to secure their agreement to some eventual solution along these lines. One main objective of the moment should be to get at least a de facto cease-fire in order to create an atmosphere in which private negotiations might have the best chances of success. As the Six Power resolution was certain to be vetoed it would be highly desirable if some means could be found to introduce the cease-fire idea before the Assembly embarked on a discussion of the resolution. In any event the adoption of a cease-fire would provide at least the opportunity for direct negotiations. The memorandum suggested that Mr. Nehru might be asked to issue an appeal for the cessation of hostilities, an appeal which, at the same time, would be accompanied by the immediate introduction by the Indian delegation in the Security Council of a similar call. It was believed that there was some possibility that the USSR would accept this and the stage set for negotiations. Furthermore every effort should be made to avoid any formal discussion by the General Assembly of communist China being declared an aggressor; once it were so labelled the door would be closed to the settlement of a number of related questions, such as Formosa, and Peiping's entry into the United Nations and so forth. If this should prove impossible any resolution to this end should be conditional upon China complying with certain decisions of the United Nations, such as an appeal for a cease-fire by a certain date. Even then the Assembly should only recommend military sanctions and urge support of the Unified Command to enable it to hold a line at the waist of Korea and to protect the rest of Korea against Chinese aggression pending a satisfactory political solution.

117. On December 2nd a secret memorandum was sent to a number of friendly governments giving voice to some of these points, stressing in particular that a war with China was to be avoided since only the Soviet Union would profit by it and a "dangerously large proportion of the limited armed forces of the democratic powers" would have to be committed at the expense of other fronts which were more important when looked at in the light of overall global strategy. The memorandum asked that the door be left open "until the last possible moment" for a negotiated settlement with the Chinese communists, adding that any resolution declaring China an aggressor at this stage would be unwise. Furthermore "every opportunity for discussion of the issues with communist China should be explored". Once the military situation has been stabilized a cease-fire might be

obtainable, and in these circumstances a *modus vivendi* sought by negotiation, and consideration given to other aspects of the problem such as Formosa and Chinese representation in the United Nations.

118. A message to Mr. Nehru was drafted accordingly and was handed to him by Mr. Chipman on November 30th. In this message the Minister told Mr. Nehru that he feared the "violent and provoking defence" of the intervention by Chinese forces in Korea by General Wu at the Security Council may cause such a strong impression on United States public opinion that irrevocable and unwise military decisions would be taken before there was an opportunity for more cautious counsels to prevail. Mr. Pearson asked Mr. Nehru whether intervention by him "might not affect a cause which would provide an opportunity for a peaceful settlement". Because of his unique position as "the most influential leader of Asian opinion" and the "great fund of goodwill and admiration in Western countries" which he commanded, Mr. Pearson asked him more specifically to "consider making a public appeal for a cease-fire in Korea and for the cessation of Chinese armed intervention so that the possibility of a settlement in which the Government in Peiping could participate might be explored". Mr. Pearson went on in his message to suggest that if hostilities were temporarily ended a meeting might be arranged with representatives of the Peiping Government and with other members of the United Nations "possibly in India", to work out a political settlement. He also said that he was not in a position to give any assurance that support would be forthcoming from the United States but he was of the opinion that an appeal of this kind would obtain a "very deep and sympathetic reception in many capitals".

119. Mr. Nehru replied on December 2nd that he had given this suggestion "most careful consideration in consultation with my colleagues", that while he was always ready to do what he could to help serve the cause of peace, he nevertheless felt reluctant to make such an appeal "unless there is a reasonable chance of favourable response to it from parties to whom the appeal is addressed". Mr. Nehru said he was not certain that the present situation in either Peiping or Washington was such as to allow the appeal to be taken in good part. He then suggested that it would be preferable to await the outcome of Mr. Attlee's discussions with President Truman before taking any further steps in the matter.

120. Three days later, on December 5th, speaking over a C.B.C. network from New York, the Minister in effect made such an appeal himself. He said: "When the military situation is stabilized we should try to begin negotiations with the Chinese communists by every means possible .... If .... there could be a cease-fire followed by negotiations - possibly covering more subjects than Korea - in which the Chinese communists, would participate there might still be hope of reaching (an honourable and peaceful) settlement." He denied that this would be appeasement but "an attempt through diplomacy to reach a modus vivendi with the Asian world".

121. On November 30th the Soviet Union, as expected, vetoed the Six Power resolution and the United States requested on December 4th that this matter of Chinese intervention be placed on the agenda of the General Assembly. At a special meeting of the General Committee held on December 6th this was agreed to and on December 8th the First Committee began its discussions of it. The debate

centered around a resolution proposed by the French delegation which was to all intents and purposes identical to the Six Power resolution before the Security Council.

122. Concurrently Sir Benegal Rau began discussions with a group of thirteen Asian and Middle-Eastern countries with a view to obtaining a cease-fire as a prelude to a general peaceful settlement of all Far-Eastern issues. Once the United States had let it be known that it would be willing to consider a cease-fire, but a cease-fire without "political references", the group was able to proceed with some assurance that its efforts might meet with success. On December 12th the results of its deliberations were made known in the form of two resolutions which were circulated at the meeting of the First Committee that morning. The first resolution sponsored by this group (which had previously issued a public appeal to the Peiping authorities to declare that Chinese forces would not cross the 38th Parallel) requested the President of the Assembly "to constitute a group of three persons, including himself, to determine the basis on which a satisfactory cease-fire in Korea could be arranged and to make recommendations to the General Assembly as soon as possible". The second resolution, sponsored by the same group less the Philippines, merely recommended that representatives of certain unspecified Governments "as soon as possible meet and make recommendations for a peaceful settlement of the existing issues in accordance with the purposes and principles of the United Nations".

123. The First Committee agreed to give priority in its discussions to the first resolution; as spokesman for the group, Sir Benegal Rau reported on the substance of his four lengthy conversations with General Wu the purpose of which, as he put it, was "to understand the point of view of the Peiping Government in respect of the Korean and other connected issues and to make certain proposals for its consideration". According to Sir Benegal Rau, General Wu assured him that his Government did not wish a war with the United States or the United Nations, but that a war had been forced upon it because the United Nations were carrying on operations near its borders. Sir Benegal pointed out that the first resolution had been drafted on the premises that the Chinese communists desired a peaceful settlement and that the "rest of us" also desired such a peaceful settlement "if it can be achieved on just and honourable terms". He stressed that although he would have preferred it the resolution did not impose a cease-fire but left the determination of the suitable basis to the President of the Assembly and to other persons of his choice; it would be up to the General Assembly to recommend whether such an order should be issued on the terms recommended.

124. The initial Soviet reaction to this resolution did not offer much hope for success in the work of the proposals committee for Mr. Malik quickly made it clear that the proposal was not acceptable to his delegation. Both he and his satellite colleagues emphasized that the United States had not wanted a cease-fire when they were winning but were anxious to stop the fighting in order to regroup themselves to renew the attack. He also said that the United States had no serious intention of going through with the negotiations. His delegation then put forward a resolution which Mr. Malik said represented the only possible solution and which called for the withdrawal of all foreign troops from Korea. Mr. Malik challenged Mr. Pearson's statement to the effect that the so-called Chinese volunteers would be excluded from this

resolution by saying that the withdrawal of the "Anglo-American forces" would dispose of the need for Chinese volunteers. The impression thus left on the delegation was that Chinese volunteers would not have to leave Korea until the United Nations forces had first withdrawn, and that Chinese forces were not equated with the United Nations forces. The resolution, however, was approved by the first Committee by a large majority on December 13th, and at a special Plenary Session held the following day it received one more vote than in committee. The final vote was 52 in favour, 5 against (the Soviet Bloc) and one abstention (China). At the conclusion of the vote Mr. Entezam announced that Mr. Pearson and Sir Benegal Rau had been selected by him to form a committee of three.

125. The attitude adopted by the Soviet Bloc did not augere for the future work of the group; it nevertheless entered upon the difficult and delicate task assigned it. No attempt will be made here to narrate the story in all its details. Its record will be followed merely as it concerns Canadian policy and the role of the United Nations in an endeavour to effect a cease-fire.

126. If the Soviet Union had served notice that it could not be counted upon to co-operate, the Committee realized from the outset that this would not be the only difficulty it would encounter. The United States, for example, was anxious that the First Committee should meet at an early date to pass the Six Power resolution which had been vetoed in the Security Council calling for the withdrawal of Chinese troops from Korea. On December 12th the United States Chargé d'Affaires in Ottawa left with the Department an aide-memoire stating that the adoption of this resolution was the "minimum action" which could be taken. It went on to say that if the Chinese should cross the 38th Parallel the United States Government would seek to have China branded an aggressor.

127. Mr. Pearson telegraphed the Department on December 14th, reporting a conversation he had had with Mr. Rusk to the effect that the United States did not think that there was much likelihood of a cease-fire being brought about although Mr. Rusk agreed with Mr. Pearson that every effort should be made to bring it about. In the same conversation Mr. Rusk iterated his Government's view that in the event of a Chinese crossing of the 38th Parallel the United States would press for some sort of resolution from the General Assembly to the effect that Peiping had committed aggression, and that such action should be followed possibly by some form of economic sanctions. In this telegram Mr. Pearson expressed his fears that in the event of failure "we may be carried precipitately along a course of action which has not been fully chartered in advance and concerning which we have not been consulted". Mr. Pearson in fact was not optimistic himself and instructed Mr. Wrong to see Mr. Rusk upon his return to Washington and indicate to him the possibility that the cease-fire negotiations might end soon and he expressed the hope that "we may be informed well in advance of any action which the United States Government contemplates beyond the adoption in the Assembly of the Six Power resolution".

128. As a first step in carrying out its task the cease-fire group met briefly at lunch after it had been named and decided to associate the Secretary-General as closely as possible with its work. It also decided to consult representatives of the Unified Command, Mr. Ernest Gross and General



Crittenberger, who put forward proposals for cease-fire arrangements. These proposals included the following suggestions which the group accepted as a reasonable basis for discussions:

- (1) All governments and authorities concerned, including the Central People's Government of the People's Republic of China and the North Korean authorities, shall order and enforce a cessation of all acts of armed force in Korea. This cease-fire shall apply to all of Korea.
- (2) There shall be established a demilitarised area across Korea of approximately twenty miles in depth with the southern limit following generally the line of the 38th Parallel.
- (3) All ground forces shall remain in position or be withdrawn to the rear; forces, including guerillas, within or in advance of the demilitarised area must be moved to the rear of the demilitarised area; opposing air forces shall respect the demilitarised zone and the areas beyond the zone; opposing Naval forces shall respect the waters contiguous to the land areas occupied by the opposed armed forces to the limit of 3 miles from shore.
- (4) Supervision of the cease-fire shall be by a United Nations Commission whose members and designated observers shall insure full compliance with the terms of the cease-fire. They shall have free and unlimited access to the whole of Korea. All governments and authorities shall co-operate with the Cease-Fire Commission and its designated observers in the performance of their duties.
- (5) All government and authorities shall cease promptly the introduction into Korea of any reinforcing or replacement units or personnel, including volunteers, and the introduction of additional war equipment and material. Such equipment and material will not include supplies required for the maintenance of health and welfare and such other supplies as may be authorized by the Cease-Fire Commission.
- (6) Prisoners of war shall be exchanged on a one-for-one basis, pending final settlement of the Korean question.
- (7) Appropriate provision shall be made in the cease-fire arrangements in regard to steps to insure (a) the security of the forces; (b) the movement of refugees; and (c) the handling of other specific problems arising out of the cease-fire, including civil government and police power in the demilitarised zone.
- (8) The General Assembly should be asked to confirm the cease-fire arrangements, which should continue in effect until superseded by further steps approved by the United Nations.

129. The group then prepared to address itself to the authorities responsible for the conduct of operations in North Korea. The Peiping Government seemed the appropriate body to approach, and although they had repeatedly claimed that the Chinese forces operating in Korea were volunteers, they had never refrained from making known their interest in the outcome of the fighting. Accordingly General Wu was approached privately by Sir Benegal Rau on behalf of the Committee and given an opportunity to consider with the group the cease-fire proposals. President Entezam, in his official capacity, addressed a telegram to the Peiping Government through the Swedish Minister in Peiping, asking that General Wu be authorized to discuss cease-fire arrangements with the group in New York, or alternatively with its representative "elsewhere as would be mutually convenient".

130. General Wu indicated to Sir Benegal that he could not meet the Committee and on the same day, December 16th, publicly announced that he intended to fly home on the 19th. At a press conference he flatly rejected the cease-fire proposals as a "trap" to permit the building up of the United States troops in Korea and stipulated that the withdrawal of United States protection of Formosa and the seating of a representative of his government in the United Nations were conditions which must precede a negotiated settlement for Korea. In view of General Wu's attitude, the fact that doubts existed as to whether there were any real intentions of proceeding with discussions once a cease-fire had been put into effect and the scepticism expressed as to whether the authorities in Peiping would be invited to take part in those discussions, the Committee decided to send a further message to reassure Peiping on this point on December 19th. The message that was sent was in accordance with a recommendation of the sponsors of the Twelve Power resolution. Mr. Pearson also instructed Mr. Chipman in New Delhi to urge Sir girja Bajpai to instruct Mr. Pannikar in the same sense. By this message the group endeavoured to assure the Chinese Government that it has the Committee's clear understanding and that of the sponsors of the Twelve Power resolution that

"once a cease-fire arrangement has been achieved the negotiations visualised in the second resolution for a peaceful settlement of the existing issues in the Far East should be proceeded with at once"

and that the Chinese communist government "should be included in the negotiations referred to in that resolution". The Committee did not receive a reply to its first message until December 21st, which made it clear that General Wu could not stay in New York. A reply to the second message was received on December 23rd and took the form of a lengthy telegram containing the text of a public statement issued the previous day by Foreign Minister Chou En-Lai. This statement was abusive and violent in tone and gave little hope for any co-operation. It repeated the view that the Cease-Fire Committee was illegal since it had been constituted without the presence of communist China's representatives. General Wu had not been asked to participate in its discussions (which was of course untrue as Sir Benegal Rau had specifically asked General Wu and he had refused) and that the Cease-Fire Committee was a trap. It also stated explicitly that negotiations on the Far-Eastern issues must precede and not follow a cease-fire and repeated in detail a number of misapprehensions and misunderstandings concerning the functions of the group. Finally it reiterated the conditions which were laid down by General Wu for negotiating a possible settlement: the withdrawal of all foreign troops from Korea, the withdrawal of the United States forces from Formosa and the seating of the Peiping Government in the United Nations.

131. In the light of this reply the group had little hope for accomplishing its purposes. Not only was the attitude of Peiping not conducive to a mutually satisfactory basis for a cease-fire, but the delay in replying to communications clearly retarded the work. Nevertheless, Mr. Pearson did not consider that the door was completely closed inasmuch as the form of the Chinese reply did not indicate that Peiping had shut it completely. The group therefore began to give some consideration to the principles for a possible political settlement as they were encouraged by indications both from Peiping and Washington that their respective positions might be altered. Sir Benegal Rau, for example, had received a report from Mr. Pannikar to the effect that if the Chinese

communists were permitted to participate in negotiations for a settlement of Far-Eastern problems they would not insist on either early withdrawal of forces from Korea nor an immediate withdrawal of the United States Seventh Fleet from the Formosa Straits, but instead would accept arrangements for an eventual withdrawal from Korea with either simultaneous or subsequent withdrawals from Formosa. This report was viewed by the Department with some scepticism as it appeared somewhat out of line with the crude and negative attitude which Peiping had adopted from the beginning. Perhaps of greater significance however was a decided change in the attitude of the United States Government. Whereas the United States Government during the early stages of the setting up of the cease-fire group had cooperated at least to the extent of not opposing the resolution, it also wished to seek early approval of the Six Power resolution if the Chinese should cross the 38th Parallel to be followed by some form of sanctions. The United States attitude towards a negotiated settlement amounted to a virtual refusal to enter into discussions on Far-Eastern questions, a refusal perhaps based more on the temper of public opinion than a rational thinking. There was no clear indication on file as to how this change came about, but perhaps it was due to a realization that in a global sense Korea was a small incident and that because of the magnitude of Chinese intervention the United States would find itself faced with an ever increasing sapping of its available military strength. (7).

132. The first indication of a change of attitude came in a conversation which Mr. Riddell had with Mr. Ross in New York. Mr. Ross made it clear that in the view of the United States the cease-fire negotiations should be aimed only at putting a stop to the fighting and that the negotiations which would follow upon a cease-fire should be directed towards a settlement in Korea by which the United Nations objectives could be achieved. Then it might be possible to take up other Far-Eastern issues. In this respect the United States views differed only from Mr. Pearson's in that in the latter's view the negotiations would be concerned with both Korea and the Far-East at the same time. Also Mr. Ross pointed out that the United States would not press for the Political Committee to meet at an early date as it had been doing, agreed instead that the Cease-Fire Committee should take as much time as it needed. The new United States position, however, was not inflexible as it took into account the Committee's need to broaden the scope of initial conversations, Mr. Ross even went so far as to say that the United States had no objection in principle to the withdrawal of foreign troops from Korea, as Mr. Malik and General Wu had proposed it was still possible to obtain the United Nations objectives. This conversation took place on December 22nd.

133. On the same day Mr. Pearson returned to Ottawa from New York and received a visit from Mr. Bliss, the American Chargé d'Affaires, which covered much the same ground. Mr. Bliss made virtually the same points as Mr. Ross but put forward one or more additional points of significance; firstly, that withdrawal of foreign troops from Korea as a minimum condition would have to be accompanied by a cessation of

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(1) Mr. Rusk subsequently indicated to Mr. Wrong that the United States wished to gain time in its mobilization plans.

North Korean attacks across the 38th Parallel and withdrawal of Chinese troops from North Korea. Secondly, the United States would be willing to discuss a settlement "in a forum.... which would include the Chinese communists" since "despite basic difficulties in ultimate purposes there may be room at least for discussion leading to a modus vivendi". In forwarding the gist of this conversation to Mr. Wrong Mr. Pearson noted that it "seemed to mark an important and welcome change in United States policy". Mr. Bliss made a second visit later the same morning which was to strengthen this feeling, as a second telegram of instructions he had received made it clear that his government had gone further in the direction of flexibility. The United States did not seek to have any negotiations conducted following the conclusion of the cease-fire confined solely to Korea; this specifically included Formosa. The only condition attached was that a settlement of these questions should not be linked with a peaceful settlement in Korea.

134. The Minister, while admitting that it would have been of considerable help to the Cease-Fire Committee had the United States adopted this position earlier, nevertheless thought that it was still of "great importance" and that the new attitude should be communicated "clearly, forcibly and quickly" to Peiping. Telegrams to Mr. Riddell and Mr. Wrong suggested three ways: The United States Ambassador to India might ask the Indian Government to communicate with Peiping through their Ambassador, the Political Committee might take the second Asian resolution and amend it in such a way as to make it clear that negotiations could only begin after a cease-fire had been effected, or the Cease-Fire Committee might send a further message to Peiping embodying the United States view to be followed by a public statement expressing the United States readiness to hold discussions with China.

135. It will be recalled it was on the same day that Peiping finally answered the cease-fire message and flatly turned down proposals for cease-fire discussions. In the light of this Mr. Hickerson told Mr. Wrong that it would be impossible for the United States to issue any public statement. The United States, however, had already taken action on its own; the telegram which provided the basis for Mr. Bliss' two approaches to the Minister had been sent to a number of United States missions in friendly countries; Mr. Ross had also met separately with Sir Benegal Rau and Mr. Entezam, and the matter had been brought to the attention of the Peiping Government through the good offices of the Netherlands Charge d'Affaires.

136. The Minister, nonetheless, thought that Canada also should do what it could to help and instructed Mr. Chipman to see Sir Girja Bajpai to ask him whether he would consider instructing Mr. Pannikar to assure Peiping that the United States attitude had altered and that it was "readier than even a few days ago" to enter into discussions with the Chinese if a cease-fire could be established. Mr. Chipman was also asked to make it clear that in the Minister's opinion the United States' willingness to negotiate was not only a "very important development" but "showed very considerable courage on the part of the administration in Washington in view of the present temper of public opinion in the United States". Mr. Chipman replied that Sir Girja Bajpai considered the United States views on the subjects to be discussed as too vague and ambiguous. On the strength of this, Mr. Pearson asked Mr. Wrong if he could obtain some elucidation from the State Department. Mr. Rusk promised to look into the matter but was not optimistic as

to the results as to elucidate might imply readiness to make concessions in advance of discussions. It was of course Mr. Pearson's hope that although he fully realized the Chinese would do nothing to bridge the gap or to give any positive indication of willingness to compromise, the United States might be able to specify topics to be discussed; it would be more difficult for the Chinese to refuse this offer and would avoid giving the Chinese any shadow of excuse to reject all efforts made to meet them. Otherwise public opinion would harden against the Chinese to a still greater degree with the inevitable result of formal charges of aggression being laid against them and the "tragic consequences which will inevitably follow". As Mr. Pearson put it in a telegram to Mr. Wrong on December 26th.

" the Chinese may reject any proposition made to them and may be entirely insincere in any reference to subsequent negotiations; they may well have made an arrangement with the Russians by which fighting is to go on in Korea until the United Nations are driven out .... but if we appreciate it and remain on guard against it I do not think necessarily that the United States would have anything to lose by going a little further in their assurances regarding post cease-fire talks. At best it might make such talks possible and at worst it might smoke out and expose the hypocrisy of the Chinese position."

137. While these discussions were going on the Cease-Fire Committee was preparing its report which was presented to the Political Committee on January 3rd. This Committee had been in recess since the adoption of a resolution setting up the cease-fire group. The United States had wished the Committee to meet earlier in order to implement a program of action, the initial step of which was the adoption of the Six Power resolution calling for the withdrawal of the Chinese forces. The Soviet Union was also anxious for the Committee to meet in order to continue the debate on its charges of United States aggression against China. At the urgings of a number of small states, particularly the Middle-Eastern and Asian group, the Committee had agreed to suspend its activities to permit the Cease-Fire Committee to have as much time as possible to carry out its task.

138. The report made to the Committee amounted mainly to a factual recitation of the various steps it had taken. Its concluding paragraph stated that no recommendation in regard to a cease-fire could usefully be made at that time. Before the Committee adjourned to study the report the Norwegian representative, Mr. Sunde, asked whether the Committee had given any consideration to "what principles would have to be laid down as a basis for possible negotiations subsequent to the envisaged establishment of a cease-fire". Mr. Pearson assured the Committee that consideration had been given to this question and although it was not yet in a position to do so he hoped such a statement of principles could be made when the Committee met again on January 5th.

139. Mr. Sunde's question had been pre-arranged with the concurrence of Sir Benegal Rau at a private dinner which Mr. Pearson gave the night before for representatives of the smaller countries contributing to the effort in Korea in order to bring them up to date on recent developments. The particular countries represented, Norway, Greece, Australia, Turkey, Belgium, Sweden, New Zealand, the Philippines, South Africa and the Netherlands were also chosen for the sake it was felt they had in the Korean operations and the fact that they had not been



consulted on this point. In the discussion which followed the dinner Mr. Pearson gave an explanation of the cease-fire report, the negotiations accompanying it and of the United States position vis-à-vis the work of the group. Mr. Pearson took this occasion to give some idea of the proposal for a statement of principles which might underline the negotiations for a cease-fire. Considerable interest was shown in this suggestion which was thought preferable to a concrete offer to withdraw and thus negotiate a settlement along the lines of the second Asian resolution, or the Israeli proposal which provided for an orderly sequence of steps - cease-fire first then a progressive withdrawal of troops, -and finally negotiations of outstanding issues.

140. A possible statement of principles had already been drafted by Sir Benegal Rau as it had been his intention to add such a statement to the Committee's report. These principles seemed to Mr. Pearson to contain some points of "dangerous ambiguity" and based "too obviously on the assumption that large scale fighting would not be renewed in Korea". (1). The statement had been shown to Mr. Pearson and Mr. Entezam and Mr. Pearson showed the draft to the United States delegation; Mr. Gross suggested certain changes which were accepted and expressed himself as being able to go along with it. As revised, this statement read as follows:

1. The object of a cease-fire is to prevent needless destruction of life and property, while other steps are being taken to restore peace. No cease-fire arrangement can be called satisfactory unless it contains adequate safeguards for securing that it will not be used for mounting a new offensive.
2. If a cease-fire occurs in Korea as a result of a formal arrangement or, indeed, as a result of a lull in hostilities pending some such arrangement, advantage should be taken of it to pursue consideration of the further steps to be taken for the restoration of peace.
3. The General Assembly has already decided, unanimously, that Korea is to be a unified, independent, democratic sovereign state with a constitution and a Government based on free popular election.
4. This will necessitate the withdrawal by appropriate stages of all armed forces from Korea and the creation by the United Nations of machinery whereby the Korean people can express their own free will.
5. Interim arrangements by the United Nations for the administration of Korea and the maintenance of peace and security therein will be necessary pending the establishment of the new Government.
6. The Governments of the U.S.A. and the United Kingdom have already announced (December 8th, 1950) that they would seek, with the Soviet and Peiping Governments, through whatever channels that may be open to them a peaceful settlement of existing issues. The General Assembly might therefore set up an appropriate body, including the representatives of these four Governments, to make recommendations for the carrying out of the above purposes and for the peaceful settlement of all other existing issues affecting the Far East.

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(1) The Chinese forces by this time had renewed their offensive and had already crossed the 38th Parallel at some points.

141. Unfortunately, when the group met again Sir Benegal announced that he could not agree to adding the statement to the report without consulting his Government. Since Mr. Nehru at that time was on his way to London, it was impossible for Sir Benegal to obtain instructions immediately; thus the report was submitted without the statement. Mr. Pearson's private dinner was held that night.

142. In reporting on these discussions Mr. Pearson said in part as follows:

" In all these discussions, the primary consideration was the desirability of exhausting the possibilities of conciliation, to the satisfaction in particular of the Asian states, before proceeding to a resolution condemning the Chinese as aggressors, and to do so in a manner that would not be made ludicrous by the development of a major military offensive in Korea. The Americans, for obvious reasons, were anxious that neither the Political Committee nor their delegation should appear to be dilatory in the face of Chinese aggression. On the other hand, they seemed conscious of the desirability of being assured of as much support as possible for subsequent Assembly action in regard to Korea. A number of proposals for keeping alive the possibility of negotiation were already under consideration, including the second Asian resolution, and the Israeli proposal which had meanwhile been put in the form of a draft resolution. It seemed to me that, by adding to the Cease-Fire Group's report the statement of principles to which I have referred, and by having this statement communicated to the Chinese by the President, it would be possible to carry through its final stage the Conciliatory process which so many different elements in the Assembly seemed to desire".

143. Although the main purpose of such a statement, in the words of a telegram from Mr. Pearson to the Prime Minister was "to demonstrate conclusively that the offer to settle Far-Eastern issues by negotiation was sincere and had been made on unequivocal terms", there was a continuing danger that in the face of the retreat of the United Nations forces and even possible evacuation of Korea the attitude of the United States Government would harden once more. Evidence that the United States Government was growing somewhat impatient was provided by an aide-memoire left with the Department on January 4th, urging the adoption of a resolution which would take note of the Chinese aggression and call upon all states to apply collective measures accordingly. The aide-memoire pointed out that although the United States did not propose any sanctions it nevertheless suggested that the collective measures Committee should meet to consider recommendations for embargos, on shipping, freezing of assets and rupture of diplomatic relations.

144. Mr. Pearson telegraphed to Mr. St. Laurent in London, where he was attending the Prime Ministers' meeting, to point the danger of any effort being made by the Prime Ministers which would have the effect of holding the Political Committee "in suspense" while the statement of principles was being scrutinized. If the meeting did so he thought the United States might be "forced to withdraw its agreement to support any intermediate stage and may proceed at once to a resolution condemning the communist Chinese as aggressors". Unfortunately this telegram only reached London after the Prime Ministers had decided that a delay for at least a week in presenting the Committee's report was essential to avoid any precipitate action which could only "lead to a most serious situation".

As has been noted in Chapter 2 Mr. St. Laurent was able to block a suggestion by Mr. Menzies, the Australian Prime Minister, that a joint appeal be made to the United States to suggest a delay to consider a joint approach to Washington. Mr. St. Laurent wished to avoid any action which might suggest a difference of opinion between the United States and the Commonwealth. In the light of these discussions the Prime Minister urged Mr. Pearson in the absence of any "extremely compelling reasons" to do his utmost to withhold publication of the Cease-Fire Committee principles; premature publication, he felt, would "bring farther a declaration by the other side that they do not go far enough and make further negotiations more difficult". Mr. Pearson thought that perhaps the Prime Minister was confusing the second and third stages of the Committee's action. He agreed that there should be as long a delay as possible before reaching the third stage - a condemnatory resolution of communist China. The second stage was urgent as he wished Peiping to be given time to consider these principles. To delay the second stage, he thought, would only precipitate the third; not the least among the difficulties involved in any delay was not only to keep the United States in line but the Indians and /sians as well. There was, he feared, a chance that a delayed statement would not receive the very large majority it would receive if passed immediately.

145. The First Committee met again on January 8th and Sir Gladwyn Jebb was successful in obtaining a postponement until January 11th. Mr. Pearson thought that if it were to prove impossible to secure approval of the statement of principles by then, the group should either report failure or leave the way open for other delegations to make proposals. The next day, however, the Prime Ministers took up the question once more and agreed to a proposal that a strong request be made to the United States, the United Kingdom, the USSR and communist China to meet to consider outstanding questions in the Far-East. The Prime Ministers realized that it might be difficult for the United States to agree to an invitation which would also be acceptable to Peiping but they thought that in making this suggestion, as Mr. Robertson put it in a telegram to Mr. Pearson, "nothing would be worse than war at this time and a pretty desperate effort to avoid it is justified".

146. In the meantime, Mr. Pearson discussed with Sir Gladwyn Jebb and Sir Benegal Rau the possible means of bringing the statement of principles into line with the agreement reached in London; a revision of Paragraph 5 was decided upon specifying that Formosa and Chinese representation in the United Nations should be among the matter discussed. Certain other minor changes were also included. The receipt of a telegram from London proposing a special resolution to this end further complicated the matter, and as Mr. Pearson said in a telegram to Mr. Wrong it appeared to imply that negotiations should precede a cease-fire which would amount to a complete acceptance of the Chinese point of view. He attempted to reach the Prime Minister by trans-atlantic telephone but was unable to do so. He therefore sent a most immediate telegram to express to the Prime Minister his "surprise, bewilderment and consternation" and to say that the proposal was ambiguous as to whether the cease-fire should precede or follow negotiations. He thought that paragraph 5, as revised by him and Sir Gladwyn Jebb and Sir Benegal Rau, and which the United States had accepted, would go a long way to meet the point of the Prime Ministers. Mr. Robertson, on receipt of this telegram, telephoned Mr. Pearson to say that he had talked with Sir Girja Bajpai who had agreed that Paragraph 5 should be altered along the lines of the redraft and that the words "in conformity with existing international obligations and the provisions of the United Nations Charter" be added to include the Cairo Declaration

to which Mr. Nehru and the Chinese attached such great importance. Mr. Wrong was asked by the Minister to clear this with Washington and both Mr. Hickerson and Mr. Rusk agreed "with reluctance" and on condition that the addition of these words would insure the support of the Indians. The Minister asked the Prime Minister to do his best to get Mr. Nehru to authorize Sir Benegal Rau to associate himself with this statement, adding that he felt "very pleased" at having secured United States agreement. This Mr. Nehru was able to do but asked that Sir Benegal Rau be allowed to explain that India interpreted this passage to mean specifically the Cairo Declaration.

147. When the statement of principles was introduced by Mr. Pearson the next day, January 11th, it received, in the words of Mr. Pearson's report to the Prime Minister "a very good initial reception". In his speech he emphasized the broad manner in which the principles had been drawn up and that many details would have to be filled in if they were to be accepted. On the other hand the group had gone as far as possible to remove the fears and suspicion which poisoned the atmosphere in which the Committee had worked. Senator Austin announced that the United States would support the statement as it had secured a large measure of support. The Israeli representative withdrew his proposals to support the statement. Mr. Malik, however, criticized the proposals as "deliberately foggy", and said his delegation could not support them. He reiterated the Soviet view that negotiations should precede a cease-fire but he did not comment on Paragraph 5. On January 13th, the Committee met again and after further debate adopted the statement by a large majority. The Soviet Bloc voted against it, but in explaining his vote Mr. Malik said only that he was opposed since the North Koreans and the Chinese communists did not participate. He made no comment on the substance of the proposals as he had in his earlier statement.

148. The Political Committee also asked the Secretary-General to transmit the statement formally to Peiping and to ask Peiping to write as soon as possible whether these principles were acceptable "as a basis for the peaceful settlement of the Korean problem and other Far-Eastern problems". At the same time Mr. Pearson asked the Prime Minister whether Mr. Nehru could be persuaded to instruct Mr. Pannikar to see General Chou En-lai as he was afraid that otherwise the Chinese would only hear the Russian version. Mr. Nehru agreed and went so far as to instruct Mr. Pannikar to say that this statement of principles represented "a great advance".

149. The Peiping reply, which was received on January 17th, appeared to constitute another rebuff. It began by reaffirming "China's desire that a rapid termination of the hostilities in Korea should be sought by negotiations among the various countries concerned" on the basis of the withdrawal of all foreign troops from Korea and the settlement of Korean domestic affairs by the Korean people, that United States armed forces be withdrawn from Formosa and the representatives of Peiping "assume their rightful place in the United Nations". It then went on to point out that the statement of principles envisaged the arrangement of a cease-fire followed by negotiations; the purpose of arranging a cease-fire, the reply said was merely to give the United States troops a "breathing space". It went on:

" regardless of what the agenda and subject matters of negotiations may be, if a cease-fire comes into effect without first conducting negotiations to fix the conditions therefore negotiations after the cease-fire may entail endless discussions without solving any problems".

This point was somewhat ambiguous; if it meant discussions of political issues should precede a truce it was clearly incompatible with the statement of principles. Prior discussions on the basic conditions for the cease-fire itself however was a condition which could be met.

150. The reply then went on to make four counter-proposals which read as follows:

- A. Negotiations should be held among the countries concerned on the basis of agreement to the withdrawal of all foreign troops from Korea and the settlement of Korean domestic affairs by the Korean people themselves, in order to put an end to the hostilities in Korea at an early date.
- B. The subject-matter of the negotiations must include the withdrawal of United States armed forces from Taiwan and the Taiwan Straits and Far Eastern related problems;
- C. The countries to participate in the negotiations should be the following seven countries: The People's Republic of China, the Soviet Union, the United Kingdom, the United States of America, France, India and Egypt. The rightful place of the Central People's Government of the People's Republic of China in the United Nations should be established as from the beginning of the seven-nation conference;
- D. The seven-nation conference should be held in China, at a place to be selected.

151. The initial reaction to the Chinese reply was mixed. In a press conference the same day Mr. Acheson said that the "so-called counter-proposal is nothing less than an outright rejection". The next day, in the Political Committee, Senator Austin said that the reply amounted to a "final rebuff" and announced that the United States would ask the United Nations to find China guilty of aggression. On January 19th, the House of Representatives, by a large majority, adopted a resolution calling upon the United Nations to pass such a resolution, action which was paralleled by a similar resolution approved by the American Senate on January 23rd. Mr. Nehru's reaction was almost precisely the opposite. In a personal message to Mr. St. Laurent, on January 18th, from Paris, he said that he did not consider the reply to be an "outright rejection"; it was, he said, "partly acceptance, partly request for elucidation, partly counter-proposal and leaves room for further negotiations". He was afraid that the United States might move to brand China an aggressor and so "shut the door to negotiations completely and make war inevitable". He appealed to the Prime Minister "strongly to urge Washington not to compound matters". The reaction in Ottawa lay between these two extremes, but closer to Mr. Nehru's. At a press conference held on the morning of January 18th, Mr. Pearson said that before seeing the text of the Chinese reply his first reaction had been one of "disappointment and surprise" because he thought the Chinese would either turn down the statement of principles flatly or accept them as a basis for discussion. After seeing the text, however, it was apparent that the Chinese reply was more complicated than first press reports had indicated, it seemed to him pretty clear that the Communists were willing to accept the Political Committee's report as a basis for discussion provided the United Nations in turn accepted certain conditions put forward by them. These conditions still appeared to him to be unacceptable but there were several ambiguities in language and the situation was not absolutely clear.



152. The Minister then went on to discuss the Chinese reply in detail, saying that the Chinese had rejected the United Nations position on a cease-fire first but noted a possible ambiguity in the Chinese wording saying that it might mean that a cease-fire could not be brought about before there were negotiations about the cease-fire but he thought it more likely to mean that subsequent negotiations must be talked about before a cease-fire was ordered. On the individual points of the Chinese counter-proposals he said that the first was essentially that contained in the United Nations statement. The second point was also covered by Paragraph 5 of the United Nations statement. On the third point the United Nations had only specified that the body to be set up should include four countries but this did not rule out the inclusion of others. The Chinese were demanding membership in the United Nations as a pre-requisite for discussion but the 5th paragraph of the statement of principles pointed out that this would be one of the questions to be discussed. On the fourth point Mr. Pearson did not see any objections. In short the two basic conditions laid down by the Chinese seemed to him to be that before the fighting stopped there should be a discussion of political problems in the Far-East and that communist China should be accepted as a member of the United Nations. If this was what the Chinese meant then their reply would be unacceptable. However, because the language was not entirely clear on both points no final judgment could yet be made.

153. A telegram was therefore drafted in the Department for the Prime Minister to send to Mr. Nehru, which actually crossed with Mr. Nehru's message of the same day. This telegram began by saying that undoubtedly Mr. Nehru would share Mr. St. Laurent's "very grave concern" because of the ambiguous nature of the Peiping reply and for the "serious results which might follow very rapidly in the United Nations and the further deterioration in the Asian and world situations", if the Asian reply was rejected out of hand. The telegram then listed some of the points which appeared ambiguous. These were: the reference to the withdrawal of all foreign troops from Korea. Did Peiping understand that this included Chinese troops. Secondly, the point concerning negotiations for a political settlement or negotiations on conditions for a cease-fire. Thirdly, the reference to Peiping's membership in the United Nations. Did this "mean that the Chinese government demands as a pre-condition to agree to a conference that it would formally recognize it as a spokesman for China in the United Nations?" Mr. Nehru immediately acknowledged this telegram, saying that he was asking Mr. Pannikar to seek clarification "at once" and expressed his gratitude for Mr. St. Laurent's "statesmanlike approach".

154. Following the Minister's press conference Mr. Hickerson telephoned Mr. Ignatieff to "express certain misgivings" about the line the Minister had taken, in particular his reference to the fact that the Chinese reply was open to interpretation and that steps should be taken to get a clearer idea of what was meant. Mr. Hickerson went on to repeat what he had said to Mr. Wong the same day, namely that the United States had only voted for the adoption of the statement as a result of Mr. Pearson's "urgent appeal" as otherwise they would have abstained. The State Department was being much criticized for this vote in the United States press and in Congress. Mr. Hickerson expressed the hope that Canada would now support a condemnatory resolution.

155. On January 20th, a telegram was sent to the Minister who had returned to New York, embodying the results of more detailed study of the Chinese reply and two related telegrams received through United Kingdom sources from their Mission in Peiping. This study revealed that on the crucial question, whether the negotiations on political issues should follow the cease-fire or not, the Chinese attitude was not "clearly or uncompromisingly negative". It was thought that they might be deliberately confusing this issue, or that there was a possibility of genuine misunderstanding existing between negotiations leading up to a cease-fire and negotiations on political issues. General Chou En-lai, in a conversation with Mr. Pannikar, had pointed to the necessity of three stages for a cease-fire; agreement in principle, negotiations on conditions and implementation. The Department also thought that underlying some of the points of the Chinese reply was a feeling that perhaps the Chinese genuinely feared a trap against which they wished to protect themselves and that as it had been the Russians who "jumped the gun" in turning down the cease-fire proposals of the Committee it was necessary for Peiping to be purposely obscure in order to hide Russian pressure. The telegram concluded by saying that these conclusions pointed to the desirability of delaying the condemnatory resolution until further clarification had been received from Peiping and that in any case no vote should be taken before a "perfectly clear cut negative" was received in particular on the crucial point of negotiations preceding or following the cease-fire.

156. The Political Committee met again on January 18th and Senator Austin outlined the ingredients of the United Nations resolution condemning China as an aggressor; he did not put forward any text until the following day. These ingredients were a notation that the Security Council had failed to exercise its primary responsibility regarding Chinese intervention; that this intervention continued, that Peiping had "rejected all" United Nations proposals to bring an end to hostilities and found that the Central People's Government, by "giving direct aid and assistance to those who are already committing aggression in Korea and by engaging in hostilities against the United Nations forces there had itself engaged in aggression in Korea". It went on to call upon Peiping to "cause its forces and nationals in Korea to cease hostilities" and for a firm determination on the part of the United Nations to meet this new aggression. It also called upon states to lend every assistance to the United Nations and to refrain from helping the aggressors. It requested the formation of a committee composed of the members of the Collective Measures Committee to consider urgently additional measures to be employed to meet this aggression and finally affirmed the policy of the United Nations to bring about a cessation of hostilities to this end requesting the President of the General Assembly to appoint two persons who with him "at any suitable opportunity" would use their good offices.

157. Before the resolution was introduced it was discussed with the delegations of Canada, the United Kingdom, France and Australia. Mr. Gross, in these meetings, appeared to wish to be accommodating but had rigid instructions to accept only verbal changes. In particular he could not accept any language which might seem to imply a commitment never in any circumstances to carry the United Nations action beyond Korea. The United States would be able, however, to state publicly that the resolution did not constitute authority for the Unified Command to undertake any operations of any kind elsewhere than in Korea.

It was quite apparent from these discussions that the United States was prepared to take strong action alone if necessary and would not permit the resolution to be watered down merely for the sake of obtaining wider support. At these meetings Mr. Pearson expressed the general public concern in other countries regarding this step of a formal condemnation which, as he said, "was the initial step on a line of new commitments leading possibly to a full scale conflict with China". He let it be known that Canada could not be a co-sponsor but that did not mean it would oppose the resolution or even abstain on it. It was his view at this time that China should not be condemned. At his press conference of January 18th, referred to above, he had said that "should this step be taken it should be taken in such a way that as many countries go along with the resolution as possible and in such a way as not to close the door to further negotiations". While Canada appreciated the United States' patience and forbearance it was essential to have a clear idea of all possible consequences; in any event, a reply should be awaited from Peiping before any "final step was taken".

158. The debate on this subject prior to the presentation of the resolution showed clearly that although the Latin-American states, Greece, Turkey, the Philippines and Australia supported it several other delegations shared Canada's doubts about the advisability of taking speedy action. The debate indicated doubts as to whether the Chinese reply of January 17th amounted to outright rejection and whether any useful purpose would be served by declaring China an aggressor. The Mid-Eastern and Arab states urged another effort at peace settlement, and in fact revised their original resolution to bring it up to date.

159. It was against this background that on January 22nd a reply was received from Mr. Pannikar to the clarification Mr. St. Laurent had sought. Sir Benegal Rau, who had spoken earlier in the debate in opposition to the United States resolution and in favour of pursuing negotiations, took the floor again upon receipt of this message (which had in fact been addressed to him) to make it public. The most important part read as follows:

(1) If the principle that all foreign troops should be withdrawn from Korea has been accepted and is being put into practice, the Central People's Government of the People's Republic of China will assume the responsibility to advise the Chinese volunteers to return to China.

(2) Regarding the conclusion of the war in Korea and the peaceful settlement of the Korean problem, we think that we can proceed in two steps. First step: A cease-fire for a limited time-period can be agreed upon in the first meeting of the seven-nation conference and put into effect so that the negotiations may proceed further. Second step: In order that the war in Korea may be concluded completely and peace in East Asia may be ensured, all the conditions for the conclusion of the war must be discussed in connection with the political problems in order to reach agreement upon the following: The steps and measures for the withdrawal of all foreign troops from Korea; the proposals to the Korean people on the steps and measures to effect the settlement of the internal affairs of Korea by the Korean people themselves; the withdrawal of the United States armed forces from Taiwan and the Taiwan Straits in accordance with Cairo Declaration and Potsdam Declaration; and other problems concerning the Far East.

(3) The definitive affirmation of the legitimate status of the People's Republic of China in the United Nations must be ensured.

160. Sir Benegal Rau proposed that the Committee adjourn for 48 hours to study this reply and despite a great outburst from Senator Austin this was agreed to. During the interval he, (Sir Benegal Rau), and Mr. Riddell discussed the possibility of drafting a resolution to provide for the convocation of a Seven Power Conference (Canada, China, the United Kingdom, the United States, France, Egypt, India and U.S.S.R.) to determine whether or not negotiations for a cease-fire and for a Far-Eastern settlement could take place. Sir Benegal had already obtained authorization from New Delhi to put forward such a resolution and the eleven Asian states had promised to be associated with it. Mr. Riddell pointed out to Sir Benegal that such a resolution implied the acceptance of the Chinese thesis that negotiations must precede a cease-fire. He suggested a more precise formula that such a conference be called to establish a cease-fire and then arrange for a peaceful settlement and the withdrawal of troops before proceeding with other problems. Sir Benegal said that he and his associates had considered such a proposal and were favourably disposed to it but he himself did not have instructions which would allow him to support it. However he thought that whatever advantage it might have it would lead to delay. Mr. Riddell referred the draft to Ottawa and the Minister replied that he did not think that it was suitable.

161. Mr. Pearson did not reject Sir Benegal Rau's draft outright, but suggested a resolution which would be more precise setting forth a specific program for a cease-fire and a peaceful settlement of Far-Eastern problems. It proposed the immediate convocation of a Seven-Power Conference either at Lake Success or New Delhi, which would issue instructions to those concerned with a cease-fire and a standstill within 24 hours. This Conference would then negotiate a more permanent cease-fire arrangement which, when effected, would be followed by a peaceful settlement along the lines of the second and the third paragraphs of the statement of principles. There was no follow up to the resolution and it was never intended that there should be. The Minister merely drafted it in the hope that it might be of some help to Sir Benegal Rau. He could not accept it, however, and on January 29, tabled his own.

162. The debate which was renewed in the Political Committee on January 24th and continued throughout the remainder of that week centered around the two resolutions which represented such diametrically opposed approaches to the question of Chinese intervention. Mr. Pearson made his statement on January 26th. Speaking first of the Asian-Arab resolution, he said:

" Though I approve of the objective of this resolution, I regret that I cannot regard the procedure suggested in this resolution as the best method of reaching that objective. The terms of reference of the conference proposed in the Asian resolution are very wide and do not specifically embody the conception of an orderly sequence of events .... It is even possible that under the Asian resolution the conference might find itself involved in a discussion of general questions before any progress whatever had been made toward arranging a cease-fire .... For these reasons my delegation are not able to support this resolution".

163. Turning to the United States resolution, Mr. Pearson declared:

" We think the putting of such a resolution at this stage and in this form when the possibilities of negotiation with the People's Government of China are not in our opinion completely exhausted, to be premature and unwise".

Nevertheless, the Canadian delegation would vote for the resolution:

"....because the main purport of this resolution as we understand it and certainly as the public in our own country will understand it, is to condemn the Chinese People's Government for the assistance they have given the aggressor in Korea. We think that there is no shadow of doubt about this constituting participation in aggression and we believe that the action of the Chinese People's Government in this matter has been morally wrong, and that the United Nations cannot ignore such a defiance of the principles upon which it is founded.

In the consideration of the question involved in this resolution, the Canadian Government has honestly differed with the Government of the United States on some points. We have made our position clear and we shall continue to press for those policies which, in our judgment, would be most conducive to a peaceful settlement in the Far East. We consider, however, that, though holding these views, we should support the United States resolution as a whole. We shall do that while reserving our position in regard to any amendments which may be submitted to it. If the resolution is voted by paragraph 2 (which, in the draft United States resolution, noted that Peiping had "rejected all United Nations proposals").

164. At the same time, Mr. Pearson stated that examination of the various replies from Peiping had led the Canadian delegation to the view that it would have been preferable if the Political Committee could first have considered "a specific programme for a negotiated settlement .... which would be a conclusive test of the real intentions of the Chinese Government in Peiping" along the following lines:

(1) Immediate convening of a conference that might consist of the United States, United Kingdom, France, U.S.S.R., India, Egypt, and the People's Republic of China.

(2) Appointment by the conference as its first order of business of a cease-fire committee consisting of representatives of the United States, People's Republic of China, and the United Nations Commission for the Unification and Rehabilitation of Korea to arrange an immediate cease-fire.

(3) After completion of arrangements for a cease-fire, consideration by the conference of a peaceful solution of the Korean problems and withdrawal of foreign troops in accordance with the United Nations' Statement of Principles.

(4) Discussion of Far Eastern problems in accordance with paragraph 5 of the Statement of Principles, the first item being Chinese representation in the United Nations (The conference could only express a view on this subject, which can only be decided by the United Nations itself).



(5) Participation in the discussion of particular Far Eastern problems by governments with special interests, as appropriate.

(6) Transmission of this programme by the United Nations to Peiping with a request for an answer within forty-eight hours after its receipt.

165. After the Minister made his statement, he was approached by Mr. Jamali, the leader of the Iraqi delegation and then by Sir Benegal Rau, to say that the Asian group were considering amending their resolution to incorporate Mr. Pearson's points. When asked for his comments, Mr. Pearson said that Canada was not considering proposing any resolution or amendment, but if the Asian group wished to make use of these points they were free to do so. His intention, he said, had been that the points should form a program for the Good Offices Committee to follow as soon as it had been established. The only difficulty he foresaw, and it was not a major one, was that if the points were incorporated in the Asian resolution and that resolution defeated they would have less chance of being used. As matters turned out the Asian resolution, although revised, did not include these points but an amendment was made to the effect that as a first step the meeting of the Good Offices Committee might agree upon appropriate cease-fire arrangements and that after these had been put into effect it could proceed with other questions including a settlement.

166. The United States, meanwhile, began to show a slightly more helpful and less intransigent attitude. Apparently, in the knowledge that its resolution would not command the wide support it had expected, and that the United Kingdom and France would oppose if its delegation was willing to accept certain amendments. The United States agreed to accept a Lebanese amendment which would provide that the Collective Measures Committee would "defer its report if the Good Offices Committee reported satisfactory progress". Also it indicated it would accept an Israeli amendment to the effect that the Peiping Government had "not accepted" the United Nations proposals rather than "rejected" them. With the approval of Washington, the United States delegation did not, however, accept a United Kingdom suggestion that the Collective Measures Committee should not meet until the Good Offices Committee had reported to the Assembly.

167. In response to a question which Mr. Pearson asked in the course of his statement, Senator Austin made it clear for one thing that the United States resolution did not give the Unified Command any authority to take any action which they did not already possess. Mr. Pearson sought also to obtain from the United States a more conciliatory interpretation of the resolution; in particular Senator Austin was asked to make it clear that although the Good Offices Committee would seek a negotiated settlement with Peiping at the same time the Collective Measures Committee were discussing punitive action should the Good Offices Committee meet with any success punitive action would be postponed or abandoned.

168. The vote was taken on January 30th and prior to the actual voting Mr. Pearson took the floor again to explain Canada's vote in favour of the resolution; he expressed his support of the principles underlying the Asian resolution

and paid tribute to the "sincerity of purpose and high idealism of those who have sponsored it". He regretted that Canada could not support it. Among the reasons he gave were its lack of precision in giving too much room for further long-drawn-out and inconclusive discussion before a cease-fire could be arranged and the absence of any recognition of previous United Nations resolutions or actions in respect of Korea. In this respect it might be "interpreted as placing the Peiping Government and the United Nations itself almost on the same moral and political footing". On the other hand Canada could not vote against the Asian resolution because, he said, "although it does not embody, as we see it, a suitable and definite programme for a cease-fire and effective discussion which would minimize delay and evasion, it nevertheless does emphasize the necessity of discussion and peaceful settlement; and it does embody the principle that a cease-fire must precede discussion". He then gave five reasons why Canada would support the United States resolution. These were:

"(1) Because the Lebanese amendments, which we strongly support, remove our doubts about the wisdom of certain provisions of the unamended draft;

"(2) Because its finding that the Peiping Government, by helping those already designated as aggressors in Korea, has engaged in aggressive action itself in Korea, states in moderate terms facts which we cannot reject without condemning our own intervention in Korea; nevertheless we still feel that it is premature and unwise to confront the Committee with the necessity for a decision on these facts at this particular moment and, as we see it, the methods of peaceful negotiation before condemnation have not yet been completely exhausted;

"(3) Because this resolution with the Lebanese amendment does not close the door to peaceful negotiation; on the contrary it very rightly emphasizes that even a report of collective measures is to be subordinated to the work of the Good Offices Group; it supports the doctrine of the Charter that mediation, conciliation and peaceful settlement should always have priority over enforcement action;

"(4) Because the statement of the United States representative last Saturday was frank and unequivocal in agreeing that this draft resolution gave no one any authority in Korea or the far east which he did not already possess under United Nations resolutions;

"(5) Finally, because, we do not believe that by passing this resolution we are slamming the door to subsequent negotiation or that the Government in Peiping would have any justification for interpreting our action in that way".

169. In the vote which followed, the Asian resolution was defeated on a paragraph by paragraph vote and the United States resolution adopted by a large majority. This resolution received final approval at a plenary session the following day.

170. The passing of this resolution, in the words of a message which the Prime Minister sent to Mr. Nehru on the subject "has brought us to the end of one chapter .... in the record of the United Nations efforts to deal with Far-Eastern problems. It also closed a chapter in the record of the United Nations' first efforts to deal with an overt and compounded act of aggression.

171. There could be little doubt that Korea had strengthened the concept of collective security and had served to restore a good deal of faith in the United Nations. Not only had aggression been met by an organized collective military action under its auspices but of even greater importance was that the decision to intervene had been taken in the full knowledge that the aggressors had the military support of two great powers, one of which at a later time was itself to commit aggression. On the other side of the ledger the limitations of the United Nations had been brought sharply into focus. In the absence of any effective machinery, reliance had to be placed upon the willingness of individual members to fill the vacuum. It is debatable, of course, whether this would not have still been the case had such machinery existed for in the final analysis the United Nations, being only the sum total of sixty individual wills, could only deal effectively with an act of aggression if one or more of the major wills were anxious and determined that it should be dealt with.

172. Speaking before the annual meeting of the Canadian Bar Association in Ottawa on March 31, Mr. Pearson attempted to outline some of the factors which would have to be taken into account in a re-examination of the role of the United Nations in the preservation of peace. He recognized that: "The hopes we once had and the expectations which were aroused by the Charter of the United Nations are .... far different from its present character and capabilities". Nonetheless the work of the United Nations still provided "grounds for a reasonable faith in its future". It was also necessary, he thought, to recall that:

" there is no other machinery for international action which provides a satisfactory alternative, though there are some such as the Atlantic Pact which may be more important as buttresses to our security in the immediate circumstances of the present".

The resolution declaring China an aggressor brought the United Nations squarely up against a dilemma: how far should it go in a two-power world to enforce collective security? Should the United Nations, as Mr. Pearson put it,

" try to take military enforcement measures against a secondary aggressor that action might either dissipate our strength in the face of the main aggressor or lead to a new world war in which our total strength would be so dissipated?....What can we do to prevent the principle of collective security being used to weaken collective security in practice?"

173. The answer to these and related questions was not to be found easily. But their consideration by the Collective Measures Committee and this Committee's report to the General Assembly opened a new phase in the development of the United Nations.

#### IV. Conclusions.

1. Because this chapter has had to be confined to but one aspect of the functions of the United Nations it is difficult, if not impossible, to assess the Canadian approach with any degree of finality or completeness. There are, however, three points which appear to emerge from the foregoing paragraphs which will have importance on the future.

2. In the first place the revolution in Canadian policy with regard to international organization for collective security was complete. What one writer has called the Caspar Milquetoast attitude which characterized the Canadian approach to so many of the crucial questions which faced the League of Nations had almost completely vanished. The first step in this direction was taken when Canada, by signing the Charter, indicated a willingness to accept an automatic commitment to meet an act of aggression. The second was her willingness to implement this obligation when called upon to do so. Thus, perhaps, the real significance of Canada's decision to intervene in Korea as a member of the United Nations and to earmark forces for United Nations service was the recognition of the military consequences of collective security and acceptance of police responsibilities on a world-wide basis.

3. Secondly, as far as the United Nations was concerned, thinking and decisions on questions of foreign policy had outstripped military thinking and preparedness. The nature and extent of the gap was clearly evident in the discussions within the Government as to how the Secretary-General's appeals for assistance could best be met. The decision to recruit a special brigade for United Nations service although of undoubted significance was essentially a compromise between one strongly held view that to send the Mobile Striking Force would be to denude Canada of any trained military formation and an equally strongly held view that as the only such formation immediately available it should be sent. To some extent this gap is also visible in discussions between the Departments of External Affairs and National Defence on proposals before the Commission for Conventional Armaments as, for example, the reluctance of the latter to make available certain information except under pressure from this Department

4. Thirdly, co-operation in the United Nations placed Canada's relations with the United States on a radically different footing. Previously these relations had been predominantly those of two peaceful neighbouring states but common membership in the United Nations increasingly involved both countries in issues the importance of which went far beyond their common border. One feature of the early Canadian approach to United Nations questions as, for example, disarmament, was an effort made to steer a middle-of-the-road course between the extremes represented by the Soviet Union and the United States. To a large extent these efforts were determined by a desire to see the United Nations made into a practical instrument for the maintenance of peace and a desire that the United Nations should not become an instrument of a certain power or group of powers. The division of the Great Powers in two camps made it increasingly difficult for Canada to maintain this position and the emergence of the United States as a leader of the Western group was paralleled by its gradual abandonment. Thus Canadian - United States relations acquired a new perspective which, in turn, created new problems. As a partner in the struggle against Soviet imperialism Canada could not afford to be on any side other than the United States. On the other hand United States policies might not always appear the wisest in a given circumstance. Because of a reputation for responsible action and attitudes and as a traditional friend of the United States, Canada was well placed to exert at least subtle pressure on Washington to alter them. More intangible but nevertheless of importance were the personal friendships on various levels which made such pressure easier to apply and receive. The limits to which such advice could be given however were well defined. In the Korean episode, for example, Canadian diplomats were remarkably successful in obtaining changes in the United

States policies but by and large such success was confined to minor points. On large questions such as the resolution declaring China an aggressor when the United States showed firmness and refused to alter its position, Canada had but little choice to follow along whatever misgivings the Government might have had as to the wisdom of the course being pursued. The workings out of this new relationship which Korea brought out so dramatically will loom large in the uncertain future.



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A SURVEY OF CANADIAN EXTERNAL POLICY

## CHAPTER 5

## CANADIAN POLICY IN EUROPE, SEPTEMBER, 1946 - AUGUST, 1952.

Before the Second World War, the tendency among Canadians to regard Europe as an entity and to refer to "European problems", rather than to specific national or regional difficulties in that troubled continent may have reflected both the ignorance and aloofness which critical foreigners expected of citizens of a North American state. But in contrast to the United States, Canada could not stand idly by when the general peace of Europe was seriously threatened by a mighty power or coalition. The political connection with the United Kingdom and the sentimental ties which so powerfully reinforced it made that impossible. As a consequence, in 1939, as in 1914, Canadians had brought home to them the fact that the United Kingdom was a European power as well as the head of a world-wide empire and commonwealth. To a lesser degree the ties of sentiment and culture with France also influenced the Canadian attitude, probably to a far smaller extent than Frenchmen would appreciate. Of this fact the choice of France as the first country in Europe with which Canada established (1928) formal diplomatic relations, after a period of quasi-diplomatic association that persisted over forty years, was an illustration. On the other hand, unlike the United States, Canada, because of the different character of her population, was largely free from the influence of powerful pressure groups in domestic politics which reflected the influence of their European backgrounds. The Spanish Civil War and the treatment of the Jews by Nazi Germany did not engender, for example, nearly as much heat and controversy in Canadian political circles as they did in the United States. Religious convictions, the growth of a Communist party in Canada, especially in the depression years, the dislike of liberally-minded men for totalitarianism of any kind, belief in the organization of collective security - all found some expression through the press, the periodicals and the radio and produced some repercussions in Parliament, but not on the scale that they deserved. The revulsion from war which so coloured feeling in the United Kingdom was just as strong in Canada and made the Munich "settlement" as popular with the public and most politicians as in Britain.

2. The Second World War brought in its train a greater familiarity with the woes of Europe than in the past and demonstrated to another generation of Canadians much more forcefully than to their predecessors the realities of power politics. Their first-hand participation in the conduct of modern warfare made them grimly aware that in future no nation was immune from death and destruction if its policies were regarded with active hostility by the aggressor state. Meanwhile their government had been part and parcel of a great coalition which included most of free Europe and was obliged to expand its diplomatic representation accordingly. As the various governments in exile with whom a single Canadian Mission in London had maintained contact regained control of their own countries, Canadian diplomats appeared in their capitals. Other missions had been established during the war in two such neutral countries as Sweden and Turkey. As a result, the Departmental report for 1947 listed fourteen European countries in which Canada had diplomatic or consular representation. The Canadian record of achievement in the war, the role played by Canada in furthering in a modest way European reconstruction by its export credits and the appreciation abroad that Canada was

prepared to play a more positive part in international affairs than in pre-war days contributed to the success of the new missions in securing the co-operation of the governments to which they were accredited (outside the Iron Curtain), and in strengthening the flow of information to Ottawa upon the trends of European policies.

3. In the period between Pearl Harbour and the cessation of hostilities with Germany, it was generally hoped in Canada, as elsewhere, that the partnership of the Big Three in peace time might facilitate the recovery of Europe and the co-operation of East and West. Whatever faint hopes may have survived the debates in San Francisco and the first meetings of the U.N. General Assembly and the Security Council were dispelled by the intransigent position assumed by the Soviet Union in the Conference of Paris of 1946 upon the minor peace treaties. The Canadian delegation had gone to Paris obviously aware that the Great Powers in general and the U.S.S.R. in particular were not inclined to concede the smaller powers much more than on major questions of policy the role of commentator. They hoped, however, that something might be done to lessen the breach between the Soviet Union and the United States and the United Kingdom, and that Canada as a country, in the Prime Minister's words, with "no specific national interest in the adoption of any particular formula for the solution of individual conflicts and differences", might play a helpful part in seeing that "the peace treaties will be based upon the broad and enduring principles of peace and equity". The results were disappointing; "We achieved something, but not nearly as much as we would have liked", was Mr. Claxton's subsequent verdict in the House of Commons. The Canadian delegation returned from Paris, impressed by the Soviet determination to maintain a monolithic solidarity among its satellite states, pessimistic as to the prospects for an early rapprochement between Russia and the West, and concerned at the continued weakness of such countries as France. Meanwhile it was becoming only too clear that Europe's economic recovery was to be a more painful and prolonged process than had been anticipated in 1944. In these circumstances it was not unlikely that a divided Western Europe, already infiltrated by an eager and ruthless Communism and still suffering from the malaise of Nazi occupation, might be compelled to call again upon the New World to redress the balance of the Old. If such should prove to be the case, what should be the Canadian attitude?

4. In the economic sphere it had been decided, that Canada had reached the limit of her capacity to contribute to European recovery. The last export credit had been extended in May, 1946 and inquiries after that date were politely but firmly refused. Before 1947 had ended Canada was herself involved in a struggle to ease the strain upon her gold and dollar reserves which necessitated restrictions upon imports and upon travel in the United States and the flotation of an American loan. When the United States launched the Marshall Plan in that year it was not possible for Canada to take parallel action as had been done when the United Kingdom negotiated its loan in North America in 1945-46. The recollection of its anxieties in 1947, made the government henceforth possibly unduly cautious in its attitude towards the possibility of Canada furthering European reconstruction in spite of the rapid recovery in the Canadian economy which resulted from the substantial "off-shore" purchases made in Canada as a result of the Marshall Plan.

5. In the political sphere the story is different. Domestically the behaviour of the Soviet Union, particularly as exemplified in the treatment of Czechoslovakia, had disgusted members of all parties and creeds--except the Labour-Progressives and their dupes. The willingness of the United States to play an

active part in stemming the tide of Communism in Europe, reflected in the Truman Doctrine of 1947 greatly increased Canadian readiness to co-operate, although at the same time it was to make Canadian policy in Europe still more dependent upon American initiative. The fact that the United Kingdom had likewise sharpened its policy and decided to take the initiative in furthering what Mr. Bevin called the consolidation of West Europe was of almost equal importance. As Mr. Robertson summarised the situation in a despatch from London, on April 21, 1948:

"Ever since we have been in a position to shape our own policy abroad we have had to wrestle with the antinomies created by our position as a North American country and as a member of the Commonwealth, by our special relationship with the United Kingdom and at the same time, although in less degree, with other countries in Western Europe as well. A situation in which our special relationship with the United Kingdom can be identified with our special relationships with other countries in Western Europe and in which the United States will be providing a firm basis, both economically and probably militarily for this link across the North Atlantic seems to me such a providential solution for so many of our problems that I feel we should go to great lengths and even incur considerable risks in order to consolidate our good fortune and ensure our proper place in this new partnership."

7. Mr. Robertson was referring, of course, to the discussions which proceeded before and after the formation of the Treaty of Brussels and which were to result in the North Atlantic Treaty. The Prime Minister had already indicated in the House of Commons, Canadian approval for the action taken by the United Kingdom in promoting the Treaty of Brussels which he described as "a partial realization of the idea of collective security" and had significantly declared "The people of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the Charter of the United Nations." The Minister of External Affairs spoke on similar lines in April. This development in Canadian policy excited Australian interest. When, under instructions from Dr. Evatt, the Australian High Commissioner called upon the department on March 25, 1948 and expressed his Minister's surprise that Canada was apparently prepared to accept membership in a security pact which might cover the North Atlantic, although it had declined membership in the Pan American Union he was told by Mr. Reid that:

"The first line of defence for all the free countries, whether Australia or Canada is surely Western Europe. If the Soviet Union were to succeed in conquering Western Europe, we should all be in imminent danger".

To this doctrine of European primacy, Canada has steadily adhered, as our policy in the Korean crisis has demonstrated. In this connection it should be noted that at the time these negotiations were proceeding, no other Commonwealth country showed any willingness to emulate the United Kingdom and Canada and participate actively in the discussions on how to assure the security of Western Europe. Both Dr. Evatt and General Smuts were reported to be initially uneasy about closer political union of the United Kingdom with Western Europe.

8. Coupled with this emphasis upon Europe first was the insistence that any guarantee of aid to Western Europe by Canada should not be on a unilateral basis. This dogma was basic to the

North Atlantic Treaty and reflected that Canadian conviction that in a future war the aggressor might prefer to strike first against the industrial centres of North America which the experience of two world wars had demonstrated to be the real arsenals of democracy. As has been recorded in an earlier chapter, the Western European powers were so eager in 1948 to secure immediate American military aid in Europe that they were less alive to the importance of a long-term military alliance than might have been expected. It was for that reason that despatches criticising their mistaken attitudes were sent to the Ambassadors in Paris, Brussels and The Hague during August, 1948, which they might use to drive home to the government concerned the importance of looking beyond the immediate present. At the same time the Government authorized a Canadian officer, Brigadier Graham, to sit as an observer in the military discussion that began among the Brussels powers in London in July, 1948. Here too, the presence of an American officer facilitated such a departure from previous policy, although it was accompanied by the conventional reminder that he was to take no part in the discussions of major policy and was to avoid making commitments.

8. As the consolidation of Western Europe developed under the aegis of the Treaty of Brussels, and a still larger number of European states were brought together in closer economic contact through the Organization of European Economic Co-operation which had resulted under the Marshall Plan, further proposals for European integration rapidly emerged in both official and unofficial quarters. Such developments were warmly welcomed and stimulated by the United States but were received much more cautiously by the United Kingdom Government. The British attitude was commented upon with some concern by officers of this department in both London and Washington. Mr. Ford wrote a despatch from London in September, 1948 pointing out that although there were "very many solid reasons" for the United Kingdom's suspicion of a Federation of Western Europe, it was inevitably committed to the closest co-operation with that continent. He believed it was in the Canadian interest for the United Kingdom association with Europe to develop as closely as possible, even if it involved some weakening of the formal unity of the Commonwealth as such, which he regarded as "an unfortunate but probably not a decisive consideration". As Mr. Ford put it:

"But what would be regrettable is the possibility of the United Kingdom failing to take the lead in Western Europe because of some wishful thinking that it can still reconstruct the Commonwealth in such a way that Britain will once again become a power of the magnitude of the U.S.S.R. or the United States."

9. During the meetings of the Commonwealth Prime Ministers in London in October, 1948, Mr. Wrong telegraphed the department from Washington to suggest that some clarification of the intentions of the United Kingdom as to its role in Western Union should result from the current meetings. He pointed out that it was largely true that some of the strongest support for rapid progress in the political and economic unification of Europe was to be found in the United States where the United Kingdom was regarded as mainly responsible for the alleged lack of definite action, partly because of Commonwealth commitments and partly because of desire to protect its "socialist experiment" from continental influence. He feared that this alleged reluctance might become the pretext for a new isolationism in the United States and prophesied that more would be heard of it later. As Mr. Wrong suggested that the considerations advanced in his message might be borne in mind by Mr. St. Laurent during the



discussions in London, his message was sent there. On October 19, Mr. Bevin gave the Prime Ministers a review of United Kingdom policy in the Western world during which apropos of Western Union he remarked that "it was alien to the British inclination to create grandiose paper constitutions" and described his own policy as one of creating Western Union step by step on the basis of solid practical achievements. The Prime Ministers were assured that the United Kingdom throughout the negotiations had been "fully mindful" of its special position as a member of the Commonwealth. Mr. St. Laurent, who was the next to speak in the discussion, did not, however, press for more active leadership by the United Kingdom. He described Canada's policy as being based on the belief "the task was now to convince France and the other continental Powers of Western Europe that it would be worth while to resist aggression from the beginning". In the Conference communique issued on October 23 it was noted that "There was general agreement that this association of the United Kingdom with her European neighbours was in accordance with the interests of the other members of the Commonwealth, the United Nations and the promotion of world peace".

10. In the negotiations which preceded the establishment of the Council of Europe, the United Kingdom followed what our High Commissioner in London described as a "pedestrian approach" to the question. It disliked the original French proposal for a Consultative Assembly and would have preferred a Council of Ministers of Western Europe to be composed "of governmental delegations with advisers from each of the countries concerned". It believed that the Assembly would work in an unreal atmosphere, would "tend to lose itself in discussion of impracticable policies", would indulge in "partisan intervention in internal affairs of its component states", and even "discredit the whole course of inter-European co-operation". But the feeling was so strong among the other countries that the United Kingdom had to accept the idea of an Assembly which it then attempted to limit as much as possible in its powers.

11. The Commonwealth governments were of course kept fully informed of these developments which were summarized at a meeting of the High Commissioners in London on February 4, 1949. On that occasion it was significant that the Indian High Commissioner, with support from his Australian and Ceylonese colleagues, expressed some concern about the implications of what Mr. Menon described as "an extremely important constitutional development with considerable implications for the Commonwealth, particularly those physically removed from Europe and those of non-Europe origin". The United Kingdom Minister, Mr. McNeil drew attention to the limitations upon the power of the Assembly and pointed out that Mr. Bevin had taken care to stress the special position of the United Kingdom because of its Commonwealth ties. In our case it might be assumed that silence meant dissent from the position of the other High Commissioners, since there is no indication that any Canadian view was expressed.

12. When it was learned that the first meeting of the Council of Europe would take place at Strasbourg in August, a departmental memorandum of June 23 suggested that a Canadian observer should be present. General Vanier was consulted and agreed to send an officer from his mission, adding that he had learned the United States was also sending observers in a completely unofficial capacity. This course was followed by Canada, and the United Kingdom and France were informed, again unofficially, of this action. Messrs. Chapdelaine, Kilgour, and Ritchie accordingly attended the sessions of the Consultative Assembly, and the latter was impressed by the speed with which it had developed a sense of corporate identity. Although it was too soon to give a definite

forecast, it was his feeling that the Assembly was "a force to be reckoned with to a much greater extent than the Governments which created it (and particularly the United Kingdom Government) ever contemplated.

13. No comment was made to the United Kingdom at the time on the cautious policy which it was following, but Mr. Pearson made a brief friendly reference to the evolution of the Council of Europe in his survey of international developments in the House of Commons on November 16, 1949. Behind the scenes a considerable exchange of opinion was taking place between the Department and Missions abroad because of the increasing unpopularity of United Kingdom policies among the European countries and in the United States. European annoyance at the British approach to the unification of Western Europe had been heightened by the economic impact of the abrupt devaluation of the pound, about which the United Kingdom's associates in O.E.E.C. had not been consulted, and the suspicion that as a sequel to the Washington talks in September 1949, the United Kingdom was moving away from co-operation in Europe to a tripartite partnership with the United States and Canada. The fact that there had been some thinking along those lines in the State Department by men like Mr. Kennan, as Mr. Wrong had reported in August, helped to cause this suspicion, which was fanned by critical articles from the Alsop brothers and Walter Lippmann. Mr. Wilgress and the heads of eight Canadian missions in Europe were asked to comment on the situation. In general they tended to confirm the belief that the European countries were uneasy, in Mr. Wilgress's words, at what they regarded "as a new orientation of United Kingdom policy equivalent to a withdrawal at least from active participation in closer co-operation with other countries of Europe". "Europe" wrote Mr. Dupuy "now feels jilted and let down". Mr. Wilgress believed that it should be Canadian policy to help to bring about "a closer political and economic integration of all the countries of Western Europe including the United Kingdom". He thought the Commonwealth could be fitted into such an arrangement, but emphasized that "it is essential that relations with the Commonwealth should be secondary to the main objective of having a strong and fairly unified Western Europe..." He strongly deprecated any further talk about "a super-federation of the three Anglo-Saxon countries" or even a closer co-operation among them unless it was accompanied by equal participation by the other countries of Western Europe.

14. Meanwhile, Mr. Wrong was shown by the State Department on October 25 a telegram representing current thinking "at the highest level". It was from the Secretary of State to his representative at a conference of U.S. heads of mission in Western Europe and recommended early progress towards the establishment of "supra-national institutions in Europe". Mr. Acheson suggesting that France should take the lead in integrating Western Germany with Western Europe. He recognized that the United Kingdom could not be expected to involve itself as deeply as continental countries in these questions, but indicated his view that the United Kingdom should go further than it had done to date "in attaching its interest both economic and political to continental Europe". The telegram also suggested that the United States and Canada should "collaborate closely in the process of continental integration, in so far as they were willing and able". These American views were underlined even more emphatically by Mr. Hoffman of ECA at a meeting of OEEC in Paris on October 31 when his references to formulating by early in 1950 a record of accomplishment and a programme to take Europe well along the road toward economic integration were more categorical than the State Department would have wished. Mr. Acheson also sent Mr. Bevin a personal message expressing the hope that the United Kingdom would play a more positive part in fostering European economic co-operation.

15. A memorandum from the European division on November 7 summarized these developments and declared that the achievement of the unification of Europe should "in the large sense be one of the major objectives of our foreign policy". It advised against urging general principles more than was absolutely necessary and maintained that Canada as a small power could help to explain to the United States the "European doubts about thorough-going federalism". It also suggested that Canada should "examine the substance of the United Kingdom's reservations about the Council of Europe and a unified Europe generally which result from her membership in the Commonwealth". Consideration should be given to Canadian participation in OEEC on the ground that:

"As a North American, Atlantic and Commonwealth power with Eastern associations, Canadian participation on a constitutional or institutional basis in the operation of a United Europe would have strong psychological consequences".

In a subsequent memorandum, dated December 3, 1949, it was recommended that Canadian missions in Europe should be asked to make known to the Foreign Offices concerned that:

"Canada at least is not anxious to promote a United Kingdom withdrawal from Europe, that our relations with our Atlantic partners will be used as far as we can to bring the two communities together, that we continue to seek for ways to bring this about".

The memorandum also proposed that Canada might use her influence as a member of the Commonwealth to reassure the United Kingdom on the danger of its European policy undermining its association with the Commonwealth.

16. No action was taken upon most of these proposals, but the Colombo Conference of Commonwealth Foreign Ministers afforded an opportunity to expound the Canadian view on European integration to the other Commonwealth states. In so doing, the Canadian delegation knew that it would also assist the United Kingdom, since the Foreign Office had let it be known that Canada could be helpful at Colombo, not only in allaying Indian suspicions of American imperialism, but in explaining, as a Foreign Office spokesman put it, "the reasons why full support is being given to building a stable and secure association in Western Europe". On January 13, 1950, at Colombo Mr. Bevin described United Kingdom policy in Europe and Mr. Pearson immediately followed with a carefully prepared statement, (1) of which some excerpts were subsequently placed by him in Hansard of February 22, 1950, and were sent to our European missions in Western Europe and Scandinavia. Although he urged that the United Kingdom should co-operate as fully as possible in European unification so long as it did not prejudice her traditional links with the Commonwealth, Mr. Pearson devoted his remarks very largely to the economic aspects of the problem as seen by the United States and Canada. (Mr. Bevin had just finished criticising "ill-considered Plans" being pressed upon the United Kingdom, especially by the United States, for integration of the U.K. economy with that of Western Europe.) The Minister said that the United States was making great efforts to achieve

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(1) This statement was in line with the views expressed at an informal inter-departmental meeting held on November 30 to discuss the problems of European Economic Co-operation whose minutes were prepared by Mr. LePan, a member of the Canadian Delegation at Colombo.

"a noble objective" in Western Europe and that Canada welcomed such attempts to further closer economic co-operation. He suggested two tests for the numerous proposals that had been advanced in various quarters to further economic co-operation. They should be examined to see whether they had substance or were merely gestures, and should particularly be assessed by the criterion of "whether or not it will lead to a progressively wider co-operation in trade and other economic matters between all the countries of the free world". Mr. Pearson then went on to say that:

"It might be better for us in Canada to suffer some temporary disadvantages rather than to see the prospect of closer economic co-operation, which we believe to be necessary in Western Europe, made impossible because the United Kingdom is unable to participate".

In the communiqué issued after the Colombo Conference, the reference to the relationship of the United Kingdom to Western Europe was given more specific encouragement than had been the case in 1948. It stated that:

"The Conference agreed that there need be no inconsistency between the policy followed by the United Kingdom in relation to Western Europe and the maintenance of traditional links between the United Kingdom and the rest of the Commonwealth".

17. Members of the Consultative Assembly of the Council of Europe were well aware of the United Kingdom dilemma. They had no desire, as their first president, M. Spaak of Belgium told an American audience in January, 1950, to ask that country to choose between Europe and the Commonwealth. With the forthcoming Colombo Conference in mind, on December 21, 1949, at a meeting of the General Affairs Committee of the Assembly, a resolution was passed asking M. Spaak to approach the British Government and ask it "to organize unofficial conversations with representatives of the Council of Europe with a view to determining the manner in which the Commonwealth might co-operate with the Council of Europe in political and economic matters". There was no Canadian observer in Strasbourg at the time, and the first intimation the Department had of this decision was a despatch in the New York Times the following day. Mr. Wilgress reported that M. Spaak visited the United Kingdom Ambassador in Brussels on December 23 to communicate the terms of the Assembly resolution, and to explain that what he had in mind was the possibility of the United Kingdom inviting Commonwealth representatives to attend the next Council meeting as observers. He hoped that Mr. Bevin would bring up the question at Colombo and would like to have discussed matters with him personally. M. Spaak, who was not popular in British official circles, was not encouraged to visit London and Mr. Bevin did not raise the question at Colombo. The Foreign Office regarded this resolution as "insufficiently thought through". One of its members concerned with Council of Europe questions expressed his own satisfaction with the Canadian policy of sending an unofficial observer. When the Secretary-General of the Council of Europe asked London for further information in March, 1950, he was brushed aside with a formal reply which simply repeated the section of the Colombo communiqué referring to Western Europe. There for the time being the matter rested.

18. At the second meeting of the Assembly in August, 1950, Canada was represented, as before, by unofficial observers who came this time from the Mission in Bonn. By that time Canada had become associated in OEEC together with the United States on an informal basis, the Schuman Plan had been brought forward, and

the entry of Western Germany and the Saar as associate members into the Council of Europe had further increased its importance as a centre of European co-operation. The sense of urgency had also been sharpened by the events in Korea. Mr. Davis was assisted by Messrs. Chapdelaine and Andrew of his mission. Despite the limits on its powers which caused a sense of frustration among many of its members, he was greatly impressed with the possibilities of the Council and noted in the discussions "a complete recognition that unless there is the greatest degree of co-operation between these European nations that they will finally be picked off one at a time by Russia".

19. Of direct interest to Canada were a recommendation and a resolution which revived the question of Commonwealth association with the Assembly's activities. The first recommended to the Council of Ministers that:

"The Governments concerned shall consult the Governments of the overseas countries with which they have links of a constitutional character in order to study ways and means of ensuring that their interests are adequately represented in the Council of Europe".

The second instructed the Standing Committee of the Assembly to invite the Parliaments of the overseas countries in question, which were not already directly or indirectly represented in the Council of Europe, to send observers to the next session. This action was prompted by Conservative M.P.'s from the United Kingdom, one of whom, Mr. Julian Amery, declared on August 17 "if these countries were themselves represented Britain would be relieved of some responsibility and might be able to move a little faster". In this report Mr. Davis drew attention to the resolution. He thought Canadian parliamentarians would benefit from attendance, not only because of the value of personal contacts with their European colleagues but because "they would acquire a first-hand impression of the growing sense of a European community, however divergent may be the view of the different groups as to the practical form which this community might take".

20. When the subject was first discussed in the Department, it was felt that the present arrangements had proved satisfactory, and since Canadian interest closely paralleled that of the United States "it would be undesirable to be more formally associated with the Council at the present time by virtue of our membership in the Commonwealth". It was decided to defer action until an invitation had actually been received from the Assembly. It was also learned from the United Kingdom that the Assembly recommendation was not going to be discussed promptly by the Committee of Ministers and would be referred to a committee of Experts which was going to study the revision of the Statute of the Council of Europe. If that committee approved of Commonwealth Governments being invited to accredit observers, the United Kingdom indicated that it would be very glad to welcome them to the discussions. Accordingly, Mr. Davis was informed on November 6, 1950, that the Department felt it was premature to attempt at present to assess the merits of acceptance of the invitation, and was asked to give his further views after his visit to the adjourned session of the Assembly, which was to meet shortly.

21. In reporting on the meeting, Mr. Davis devoted a special despatch to the question of overseas representation, from which it emerged that the Standing Committee had followed up the Assembly's resolution by appointing a committee of three to draw up a complete list of the overseas territories eligible for invitations. This committee, of which Lord Layton was a member, listed the parliaments of Australia, Ceylon, Canada, India, New Zealand,



Pakistan, South Africa, Cambodia, Laos and Indonesia as those concerned. It was understood that invitations would be sent to the speakers of their parliaments, and that the Ministries of Foreign Affairs would be informed unofficially of the action that was being taken. Mr. Davis pointed out that, next to the United States, Canada was the non-European country most frequently referred to in the Assembly debates. He argued that a refusal to accept the invitation might cause the Assembly to form the assumption "that we accepted the U.K. position so far as we were concerned as a Commonwealth country". He reiterated his belief that the invitation should be accepted and suggested that Canada might be able to influence the ambitious plans the Assembly had for consolidating existing organizations for European co-operation. In his view, three or four responsible parliamentarians as observers, with the right to participate in debates, could perform a useful service in strengthening the position of the Council of Europe as the "agreed instrument" for closer European union.

22. No word of the proposed invitation had been received by March, 1951, in the Department. The High Commissioner in London was asked to make inquiries and discovered that invitations had been despatched in January to the speakers of the various parliaments and that all of them had replied, except those in Pakistan and Canada. None of the Commonwealth countries had shown any keen interest, India and New Zealand declining the invitation outright.

23. This awkward gap in information resulted from the failure of the Secretariat of the Council of Europe to send an unofficial communication to the Department on this question, and from the tardiness of the Speaker of the House of Commons in informing the Department of his receipt of an invitation. After inquiries had been made, Mr. Macdonald wrote, on April 4, to enclose a copy of the invitation. He explained that he had been waiting to take it up not only with the Government but with the executive of the Canadian branch of the Commonwealth Parliamentary Association, in accordance with a suggestion from the Secretary-General of that body who had also written him about it. Since no regular meeting of the executive had taken place as he had anticipated, he asked the Department's view as to the advisability of calling a special one to see what action should be taken.

24. In a memorandum to the Minister on the latest developments, the Department opposed sending Parliamentary observers who would form a part of a "not particularly representative group from overseas" that would be involved in what was "essentially and intimately a European concern". It regarded the problem of uniting Europe as one to be solved primarily by the United Kingdom, France and Germany, and did not want to see Canada associated more intimately with the Council of Europe than was the United States. It pointed as well to the lack of enthusiasm shown by other parts of the Commonwealth. As Mr. Pearson agreed with these views, a letter on these lines was sent to the Speaker on April 27, with the inclusion of a draft letter which he might choose to use in his reply to M. Spaak. The Speaker was not quite happy about the wording of the reply, which did not make explicit the fact that he had acted in consultation with the government, and delayed action, with the result that no reply had been sent before the Consultative Assembly opened its sessions on May 5. The Department then drafted a telegram, which the Speaker approved, expressing regret at the delay, and declining the invitation simply on the ground that pressure of parliamentary business made attendance impossible. Unfortunately, as events proved, the telegram added that it was understood that another invitation to attend the autumn session was under discussion and that when it was received,

the invitation would be given "sympathetic consideration". This standard phrase of friendly evasion was not understood as well in Strasbourg as it is in Ottawa. Our observers there, about whom the Secretary-General had been informed officially for the first time, reported that the general understanding was that Canada would send parliamentary observers in response to the next invitation, a misinterpretation which their guarded comments were unable to dispel.

25. The reference in the telegram from Ottawa was based upon advance information which our Netherlands Embassy had acquired in April. The General Affairs Committee of the Assembly had drafted for the May meeting a proposal to invite legislators from the United States and Canada to participate with a delegation from the Assembly in what was vaguely called an Atlantic Parliamentary Committee. The initial reaction in Ottawa to this news was unfavourable. It was regarded as premature, coming from an Assembly which had too many unsolved problems to justify creating one of this magnitude. As Mr. Wrong was told, when asked to ascertain the State Department's views:

"Our most effective contribution to European unity is through membership of NATO and UNO, the success of whose efforts would make possible the peace and security essential to successful integration of Europe".

Nevertheless, an invitation linked with one to the United States was quite a different matter from one parallel to those extended to Laos and Cambodia. The initial views on attendance at Strasbourg were much the same in Washington, where the State Department considered NATO and OEEC as more practical bodies for doing business with than the Council of Europe. But there was a more lively interest in Atlantic Union in Congress than in the Canadian Parliament. Under pressure from Senators Gillette, Kefauver and others, the State Department performed "a considerable tactical swerve", and intimated that it would not be opposed to members of Congress attending. The issue was still further confused by the Strasbourg Assembly deleting any reference to Canada in the resolution which invited a delegation of members of Congress to discuss with the Assembly means of furthering contacts between the two bodies. The deletion of Canada was deliberate, being based upon the arguments of U.K. speakers that Canada as a Commonwealth country had already been invited and seemed likely to attend in the autumn. Mr. R.G. Mackay, M.P., who was an Australian by birth, argued strongly that the Dominions and the British Commonwealth were in a different position from the United States. A Foreign Office observer subsequently told an officer from Canada House that "most members of the Assembly regarded Canada more as a member of the Commonwealth than as a member of the Atlantic Community". In reporting this view, Mr. Wilgress deprecated such a belief, since he felt that Canadian interest in the Council of Europe arose primarily from our position in the North Atlantic Community and in NATO. He thought it of considerable importance that:

"the basis and timing of any future association between Canada and the Council of Europe should be equated as closely as possible to that of the United States.(1)

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(1) Mr. Wilgress reaffirmed this view in July, 1951, when asked to ascertain what was known in London on the matter.

26. The Assembly had delegated Lord Layton to visit Washington for preliminary soundings before the proposed joint meeting, and he chose to come to Ottawa first to learn what Canadian views were. Before his arrival a departmental memorandum summarized developments for the Minister and indicated a shift of opinion reflecting the trend of events in Washington. It was now felt that "no harm" would be done in sending parliamentary observers, who would undoubtedly profit by the experience of seeing at first-hand European difficulties and divisions. In view of the American position it was advisable for Canada to avoid the accusation of being unco-operative with a body which, with all its limitations, "does symbolize the hopes of millions of Europeans and acts as a sounding board for European ideas and projects". During his conversation with Lord Layton on May 25, Mr. Pearson tactfully, if not accurately, assured him that Canada did not object to not being associated with the invitation to the United States. He took care to explain why the current formula for inviting Canada as a state "having constitutional links with a member of the Council of Europe" was not altogether satisfactory. In October Congress cleared the way for American action by adopting a resolution which made possible the presence of seven members of each House at a meeting in Strasbourg with representatives of the Assembly.

27. While in Ottawa Lord Layton saw the Speaker of the House of Commons and handed him a copy of the invitation to attend the autumn session. On June 6, the formal invitation was presented by M. Spaak to our Ambassador in Brussels for transmittal. In his letter M. Spaak said that:

"The Assembly attaches the highest importance to the presence of members of your Parliament as observers, as it considers that the achievement of greater unity between the European countries ... should be accompanied by a strengthening of the political and economic links between the various European nations and Canada".

In forwarding the invitation to the Speaker, Mr. Pearson suggested that it be brought to the attention of the House of Commons before the end of the session. He hoped by that time that more would be known about American policy. As he left shortly afterwards for London, the Department also brought the matter to the attention of the Prime Minister. Mr. St. Laurent also received at this time a telegram from Mr. Churchill and a letter from Mr. Harold Macmillan, M.P., both urging that Canada should be represented at Strasbourg. Mr. Churchill said that:

"It is of the greatest importance to British leadership in Europe to ensure that developments towards European unity should be in fullest harmony with Commonwealth interests". (1)

28. On June 25, the Speaker informed the House of Commons of the invitation. Two days later, following a question from Mr. Graydon, the Prime Minister made an explanatory statement. He said the decision to be taken was of interest to the Government, which was seeking "more enlightenment" before making up its own mind. Mr. St. Laurent referred to the variation in kind of the respective invitations to the Canadian Parliament and the United States Congress. He added that, if observers were sent, he believed they should be representative of the complexion of the House, a policy which Mr. J.M. Macdonnell, M.P., who had been

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(1) As the result of a similar appeal to him from Mr. Churchill, the Prime Minister of New Zealand reluctantly arranged that the New Zealand High Commissioner in London should attend the Assembly as an observer. Mr. Doidge disliked the idea and felt that Commonwealth representation "would be dangerous to Empire unity".

in Strasbourg for a time in 1950, supported. No action was taken before Parliament adjourned. At a Cabinet meeting on July 4 it was decided that the President of the Assembly should be so informed, with the assurance that Parliament would be asked to consider the matter when reconvened. As this would not be until October, it would be impossible to reach a decision before the Assembly opened, as then contemplated, on September 24. On the Department's initiative, it was arranged that the Canadian Ambassador in Brussels should be instructed to see M. Spaak and explain to him the situation. General Pope was also authorized to enlarge upon the unsatisfactory character of the invitation from the Canadian point of view. After his interview, the Ambassador reported on July 31 that the Assembly would not meet after all until October and that M. Spaak would so inform the Speaker - a development which General Pope did not encourage. M. Spaak ingeniously argued that Canada, to whose representation he attached special importance, and other Commonwealth countries were actually being given "better treatment" than the United States since they were to have a continuing association through observers. He explained this policy was prompted by the "desire of Europe to demonstrate to the United Kingdom that the latter's association with the Commonwealth could not create difficulties".(1) This reasoning did not impress Mr. Pearson, who commented in a memorandum to Mr. Heeney on August 16:

"We cannot accept an invitation to associate ourselves with the Council of Europe merely because we have a certain formal attachment to Europe now through our membership in the Commonwealth of Nations.(2) We should, however, give sympathetic consideration to association with the Council in an observer capacity, if the United States Congress takes the same attitude ... In any event I am inclined to think that our ultimate attitude should be the same as that of Congress".

Mr. Davis was informed of this view and asked "to engage in some discreet educational activity" while in Strasbourg.

29. Although this view still represents the Department's position, a sequence of unexpected events modified it somewhat in practice during the meetings of the Consultative Assembly, which were twice delayed because of the U.K. elections and the conflict with other meetings of NATO and the United Nations. As he had promised, M. Spaak wrote to the Speaker of the House of Commons concerning the change of date and utilised the opportunity to attempt to clear up the "misunderstandings" about the nature of the invitation. He felt that if observers attended, they might be able to discuss with the competent committees some questions on the agenda, especially of an economic character, which concerned overseas countries, and thus give the Assembly a chance to know at first-hand the point of view of the country concerned. He also believed that, once Canadian parliamentary

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(1) Before M. Spaak saw General Pope, Lord Layton had seen Mr. Pearson in London. He was informed of the Canadian views, and in turn clarified the nature of the invitation to the United States.

(2) It is significant that the Chairman of the Council of Ministers, Mr. Lange of Norway, expressed regret that Canada had not been invited in the same manner as the United States. M. Schuman was also said to have regretted the omission.

observers had attended a meeting and reported back, it would then be possible "to consider more precisely how closely your Parliament would wish in future to be associated, and in what manner, with the Consultative Assembly". Mr. Macdonald consulted the Prime Minister's Office, not, it may be noted, this Department, and was advised to thank M. Spaak, inform him that Parliament would not convene until October 9, and that a heavy legislative programme made it unlikely that observers could be sent to the meeting, then fixed for October 15. It was also suggested that he might express the deep interest of Parliament in both the Assembly debates and the discussions with the U.S. Congressional delegation, and indicate that in due course Parliament would give further consideration in the light of these important developments. Mr. Macdonald acted accordingly and so informed the House. When the Strasbourg meeting was postponed for the second time, the persistent M. Spaak again wrote to inform Mr. Macdonald and to express the hope that the Canadian House of Commons had "voted" upon the matter of observers and would be represented. Presumably after an interview with the Prime Minister and for reasons which are not recorded on our files, the Speaker replied on November 8 and met M. Spaak half-way. He said that M.P.'s could not be spared from Ottawa but Mr. Pearson, who was in Paris for the U.N. General Assembly and was accompanied in the Canadian delegation by Senator Hurtubise and four M.P.'s., would be asked to arrange for some of them to go to Strasbourg. Accordingly, Senator Hurtubise and General Pearkes, M.P., attended some of the meetings. Ironically enough, although they were present with the approval of both Speakers, they still did not have a formal mandate from Parliament. In view of the continued pressure by M. Spaak it was surprising that Mr. Davis should report on November 30 that, although his own position had been facilitated by the presence of the two observers, "not one word of acknowledgment of the presence of the Canadian Parliamentarians was uttered nor was there one word of official welcome". Nevertheless, he thought their presence was of distinct benefit to Parliament, while adding that care should be taken to "maintain the position of being silent observers taking no part whatsoever in the activities of the Assembly".(1) He thought it unfortunate that no Canadian was present at the joint discussions held with the U.S. delegation, and reported that he found general regret at this absence and a feeling that Canada, standing midway between Europe and the United States, could have filled an interpretive rôle.

30. Canadian policy towards the Council of Europe has been described in some detail because it illustrates significant contrasts in attitude with the rest of the Commonwealth and the United States. To Commonwealth States, other than the United Kingdom, what happened in Strasbourg was either a matter of indifference, or one which might threaten the cohesion of the

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(1) While in Strasbourg, General Pearkes held a press interview, at the request of the Head of the Information Service of the Council of Europe. Speaking personally and as an opposition member, he said that what he had seen in Strasbourg was most encouraging and that the idea behind the Council of Europe commanded general support from people in Canada. In direct contradiction to Departmental views, he was reported, by Mr. Andrew, as saying in answer to a question "that he preferred that Canada should be associated with the Council of Europe through its membership in the Commonwealth rather than through association on the same basis as the United States".



Commonwealth. To the government of the United Kingdom it was a question of major importance, but also one that provoked continuing irritation that so many Europeans should persist in urging the closer association of the United Kingdom with Western Europe to a degree which might reduce the former's freedom of action in the Commonwealth, in NATO, and in discussions with the United States. To Canadian observers in Bonn, Paris, London and Washington, however, it was a matter of gratification that Western Europe was coming together and of concern that the United Kingdom government pursued before 1952 a nagging attitude of denigration towards what went on in Strasbourg. To none of them did the problem of the Commonwealth loom as large as it may have done in British minds. The pre-war habit in Canada of regarding Europe as an entity was naive. The "cold-war" one of viewing Western Europe, including the United Kingdom, as an entity which had gone down tremendously in importance in the scales of power politics, because of the towering might of the United States and the Soviet Union, and which must pull itself together as effectively as possible was soundly based. As Mr. Davis, who reported so discerningly on events in Strasbourg commented in January, 1951:

"Through the North Atlantic Treaty the future of our nation is to a considerable extent tied up with the future of Western Europe. A strong co-ordinated Western Europe is something we need most....it is in our interest to press upon the British Government the view that we think they should get in wholeheartedly behind the Council of Europe..."(1)

In this comment Mr. Davis brought out the new factor in Canadian policy of participation in NATO and the correspondingly greater concern with what affected the military and economic strength of Western Europe. It is as a partner in NATO, as a North American state, and as a dollar country, and not as a Commonwealth country that Canada looks towards Strasbourg. For that reason dislike of being linked with the Council of Europe merely by virtue of the fact that this country is linked with the United Kingdom by constitutional ties is constant and vigorous. It is clearly reflected in the view that our association with the Council should parallel that of the United States. Of this feeling both M. Spaak and Mr. Churchill, for quite different reasons, are almost completely unaware. In contrast to Washington, however, Ottawa is more alive to the difficulties in the path of speedy European "integration", whatever that magic phrase may mean, and its spokesmen are more cautious than public men in the United States.<sup>(2)</sup> Although critical of the United Kingdom's policy, Canada is much more sympathetic than the United States to that country's views on the necessity for the gradual development of functional co-operation in Europe. This attitude may explain our apparent reluctance to express more frankly in London than we have done in our views upon the Council of Europe. Lastly the

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(1) See Appendix 17.

(2) On January 30, 1952 this policy found most significant support from President Truman when he wrote to three Senators, who asked his views on a resolution endorsing a constitutional convention in Europe to lay the groundwork for a European political federation at the earliest possible date; "I believe sincerely that the creation of a political federation in Europe, uniting the strength of free peoples on that continent would be one of the greatest contributions that could be made toward the advancement of freedom and the maintenance of peace".

nature of Canadian association with the Council through Parliamentary observers has raised a new problem of liaison which has not been well handled, either by the Speaker of the House of Commons or this Department.

31. The period which witnessed the appearance and development of the Council of Europe was also marked by the emergence of various plans for the consolidation of Western Europe economically and militarily. Of these the most significant to date have been the Schuman Plan and the project for a European army, both of which originated with France. The Schuman Plan, proposing the creation of a supra-national authority over the production of coal and steel, initially in France and Germany, but open "to other European Countries" was launched by the French Foreign Minister, on May 9, 1950. On the day after its announcement General Vanier discussed its meaning with the Minister of Information M. Teitgen. In forwarding the information he received the Ambassador expressed his own "very humble opinion" that:

"Here at last is a concrete proposal which should be explored to the full. Every effort should be made to implement it. It shows a breadth of vision and imagination in which, so far, public men have not been over-indulgent".

The United Kingdom had been given no prior information about the Plan, and was, at the outset, suspicious of its implications<sup>(1)</sup> and disinclined to accept the invitation to the Conference on it extended by the French government. At that time Mr. Pearson was in London. During the informal talks with one or two members of the Government and officials he expressed a contrary view that:

"As the Plan was of such far-reaching importance to the future integration of Europe, it should, in the view of the Canadian Government, be advisable for the United Kingdom to endorse in principle at least and without hesitation the broad political aims of the plan, no matter how impractical its economic implications might appear".

Speaking in the House of Commons on June 5, two days after the United Kingdom had publicly declined "to associate themselves with negotiations on terms proposed by the French government" he praised the Plan as indicative of the imaginative approach to their problems that Western European nations are making. He regarded it as important in the field of politics as economics and said in that connection:

"It may mean a long step forward in ending the ancient feud between Gaul and Teuton which has caused so many dark things to be written on the pages of European history. I believe that this is an example of the new approach by Europeans to their problems, and we can only hope it will be successful, both politically and economically".

In this statement Mr. Pearson was following the same line of policy which had led him, as has been already noted, to welcome at Colombo the prospects of closer economic co-operation in Western Europe. Again, answering a question on the Schuman Plan on September 4, 1950 in the House of Commons, he referred to the views he had earlier expressed in London. In what was obviously intended for London as well as Ottawa the Minister remarked that:

"It would be unwise especially not to do everything to encourage the French in any proposal which may heal the age-long conflict between the French and the Teutons".<sup>(2)</sup>

(1) Mr. Schuman had said his proposal would "lay the first real foundations of a European Federation".

(2) At a press conference in Paris on September 6, M. Schuman expressed gratification with Mr. Pearson's remarks.

32. Prior to the Minister's statement the Department had prepared a memorandum, dated August 22, on the Schuman Plan which was described as representing its "considered views". In a section on implications for Canada, it suggested that Canadian interests were likely to be affected mainly by the influence which the Schuman Plan might have upon the prosperity and capacity for self-defence of Western Europe. If Franco-German suspicion could be eliminated and a firm contractual relationship be established among the Western European Nations, it would greatly contribute to Western unity and strength. When the plan was implemented the productive capacity of Western Europe was likely to expand, unless its aims were subverted by the Comité des Forges or German industrialists. The extent of the contribution which the Plan might make to North Atlantic Defence would depend upon the French Government's attitude to such issues as the expansion of German steel production, the manufacture of arms and military equipment in Germany and German rearmament. This circular document touched lightly on to the possibility of a "Third Force" movement in Europe gaining a fresh impetus by the Plan, pointing out that this was certainly not the intention of M. Schuman or the French government. Should that happen it would weaken rather than strengthen the Western European system. Attention was also drawn to the necessity of evolving an adequate relationship between the new organization that was established and the Council of Europe and the OEEC. If the United Kingdom decided to participate, this would affect the interests of the coal and steel producers and consumers in the other Commonwealth countries. The memorandum pointed out that a precedent had been established for their participation in some manner by Canada's association with OEEC which began in July 1950.

33. Over two years elapsed between the launching of the Schuman Plan and its ratification by the six partner governments. The lapse of time did not cause any material change of view in Ottawa. Thus a re-examination of the political implications of the Plan by the European Division in May 1951, when the subject was under discussion in the Inter-Departmental Sub-Committee on External Trade Policy<sup>(1)</sup> did not bring out any new considerations. However the point was made more definitely that it was the Plan's broad political aims, rather than its economic ramifications, which won the general support of the Government. It is not unreasonable to note that the maintenance of such an attitude, in view of the U.K. aloofness, was substantially aided by the fact that the United States repeatedly warmly welcomed the French proposals in public statements. It is also very pertinent that Canadian economic interests were not likely to be affected by the implementation of the Schuman Plan. A memorandum from the International Trade Division of the Department of Trade and Commerce, which was discussed at the Sub-Committee of the Inter-Departmental Committee on External Trade Policy and generally concurred in, pointed out that Canadian exports to continental Europe were still, as in pre-war days, only about 6% of total exports and were composed almost entirely of primary commodities.

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(1) This Committee had briefly discussed the Schuman Plan in October 1950. It then agreed that the Canadian delegation at the GATT meeting in Torquay should ask Ottawa for instructions if the topic arose, "because of the highly political and military implications involved".

Consequently, Canadian commercial interests would not be directly affected by the creation of a preferential trading area for coal, iron and steel products in Western Europe. Moreover these products were ones which concerned Canada as a net importing country. If the Schuman Plan would lead to more efficient lower cost production, this country would stand to gain by acquiring access to possible sources of supply which would reduce dependence upon the United States. It would also be in the long run an advantage for Canada if progress under the Plan would enable Western Europe to earn and save more dollars.

34. The same meeting (May 1951) discussed another French plan, named after M. Pflimlin, Minister of Agriculture which presented a quite different economic problem and well illustrates the importance of these considerations in general Canadian policy. On March 29, 1951, the French Government sent a memorandum to members of the Council of Europe and to Austria, Portugal and Switzerland, suggesting that a preliminary conference be held to examine the possibilities of creating a unified European market for agricultural products and providing for the control of the export prices of wheat, dairy products, sugar, and wine by a supra-National authority. This suggestion evoked little cordial interest, except in Holland, and the proposed conference did not materialise until March 1952. According to a despatch from our Embassy in Paris the delegates met "in an atmosphere of partial cynicism and indifference" and did no more than authorize the appointment of a committee of experts to draw up the agenda for a plenary session later in the year.

35. Meanwhile Ottawa has had under consideration the possible effects of the new plan upon the sale of Canadian agricultural exports in Western Europe. The same Trade and Commerce memorandum that examined the Schuman Plan estimated that Canadian wheat was the commodity most likely to be adversely affected. Continental Europe had not been a large market since the Twenties but its need for wheat was increasing and its potential importance as an expanding market should not be minimised. If the United Kingdom joined in the Plan, which was thought doubtful, Canadian dairy products could also be seriously affected, while in continental Europe the Belgian market might be lost for evaporated milk. In time the expansion of the Plan might also lead to obstacles being created to the sale of Canadian salt cod in European markets. These possible losses would not be compensated for by the possible increases in the exports to this area of agricultural machinery, fertilisers, seeds and feedstuffs. The memorandum concluded that the danger existed in integration being used "as a screen behind which uneconomic production could be fostered and preserved". The Departmental memorandum on the political implications of the Pflimlin Plan pointed out that it was the most ambitious experiment suggested to date in supra-national institutions because of the number of countries involved in it. Unlike the Schuman Plan, it did not have its origin in an emphasis on Franco-German rapprochement. The fact that it was being launched under the aegis of the Council of Europe might also increase the importance of that body. Accordingly Canada might find it necessary to assume a more lively interest in the work of the Council and its agencies, "if only for the protection of Canadian economic interests". The possibility of a closed European trading area developing, from which North American agricultural products would be excluded, did not necessarily mean that Canada should automatically oppose its creation, since the political and strategic benefits accruing from the scheme might outweigh its economic disadvantage. Such considerations had already operated in the case of the Marshall Plan. As examples of such benefits the memorandum listed the resulting increase in European production which would reduce the strain on overseas shipping in the event of war, and the improvement in European morale

and enhancement of the will to resist aggression that might result from a successful demonstration of Europe's ability to manage successfully its own affairs without outside aid. Since it might be necessary for Canada to choose between "broad political objectives on the one hand and domestic economic interests on the other", the Department suggested the need for a reasonably accurate estimate of the extent of the impact which the Plan could produce on the Canadian economy, an impact which would obviously be affected by the degree to which other European countries gave active encouragement to the development of the Plan. On that subject it offered to secure information from its missions. As has been indicated they found little enthusiasm for the Plan. When the Interdepartmental sub-Committee studied these two memoranda, it agreed that the Plan could either achieve its avowed aim of removing some of the abnormal differences in price levels within Europe or could equally well have the harmful effect of creating, and maintaining, uneconomic, high price agricultural production within Europe. It asked that the replies received from the Canadian Missions in Europe to the circular despatch of May 30, 1951 be circulated, and decided to give further study to the Plan.

36. Since the Pflimlin Plan is still far from realization, matters remain in that inchoate stage. Meanwhile close contact has been maintained with the United States Government, which, in fact, initiated an exchange of views in Ottawa through the Commercial Counsellor and the Agricultural Attaché of the U.S. Embassy as early as May 4, 1951. Out of this preliminary talk emerged some of the considerations which were stated in the Departmental memorandum that has been described. On June 18, the United States Government had decided tentatively that the Pflimlin Plan was neither an effective nor desirable method of dealing with the problem and was probably based upon a French desire to avoid competitive marketing.<sup>(1)</sup> The political and strategic considerations arising from the Plan were not referred to in a second interview which Mr. Flood of the U.S. Embassy had with the Department. Mr. Wrong was asked to explore these questions with the State Department. He was told that Canadian misgivings for economic reasons would be substantially the same as those of the United States. Since they might prove to be compelling, he was asked to avoid giving the impression that "in raising the question of political implications we have reached any firm conclusion as to the degree of importance which should be attached to them". Mr. Wrong learned on June 29 that the State Department felt that any potential political advantages gained by promoting European political integration would be definitely outweighed by the economic and technical disadvantages of the Pflimlin Plan. The United States gave its support on "a selective basis" to proposals for European political and economic integration, and could not see advantages to be derived from the Pflimlin Plan, such as were likely to result from the Schuman Plan.

37. More recently the United States had modified this view and authorised the Director of the European Office of the Mutual Security Agency to issue a statement in Paris on March 24, 1952 immediately before the "Green Pool" meeting which declared that "it is the view of our Government that European agricultural integration is a desirable and logical phase of general European unification". The statement noted, however, that the projects for creating a single European agricultural market should embody

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(1) The French Department of Agriculture maintained, however, that nothing could be further from the spirit of the proposal than closing the European market to outside competition.



concrete measures for expanding trade "through the progressive elimination of trade barriers in Europe and aim at lowering trade barriers to trade with the rest of the world". Somewhat disconcertingly, Mr. Porter added, on his own volition, a more enthusiastic endorsement in the opening sentence of his press release which said that "The United States earnestly supports the creation of a single European market for agricultural products as an important part of the move towards achieving general European unification". The reason for the U.S. shift of attitude appears to have been information that M. Jean Monnet, who had so much to do with the Schuman Plan, had used his influence to modify the French proposals so that they were less protectionist, and the realization that the warmest supporters of the Pflimlin Plan outside France were the Dutch, who as low cost producers were not advocates of high tariffs for agricultural products. There was also noticeable in Washington a growing emphasis upon the urgency of strengthening Western Europe, so that it could contain Western Germany successfully. This emphasis made the political considerations weigh more heavily than the economic doubts about the Plan which had not been entirely dispelled. It remains to be seen to what extent this emphasis upon the overriding importance of the political aspects of European integration will modify Canadian views upon the Pflimlin Plan when it comes nearer to being a reality.

38. The third French proposal for European integration, the Pleven Plan, touched Canada more closely than the others, since it dealt with the creation of a European army which would have to be fitted into the structure of NATO. The suggestion arose from the eagerness of the United States to incorporate German forces into the defence of Western Europe. This policy was advanced by Mr. Acheson in September 1950, at a meeting of the Foreign Ministers of the United States, the United Kingdom and France in New York, before the NATO Council met. In hastily presenting to the French Parliament on October 24 the Pleven Plan, which would link a European army with the political institutions of a unified Europe, the French Government offered an alternative policy and forced a postponement of action in NATO.

39. Although there were serious doubts to the practicability of the military aspects of the Plan, its relation to the integration of Europe, politically and economically, was in line with previous Canadian views. In the Department it was suggested that, "the economic aspects of the Pleven Plan might furnish the main missing component as a principal safeguard against any revival of German militarism". For that reason the Department favoured most careful consideration in Washington of the French proposals. It hoped that the views presented by the United States would not be adopted prematurely. It argued that a delay of a few weeks could not in any case affect overall defence planning, since there were shortages in the types of equipment necessary for rearming German units. Yet the intransigent manner in which Mr. Moch, the Minister of Defence, presented the French position at the Defence Committee meeting in Washington, and the flaws in the military aspects of the Pleven Plan caused considerable anxiety in Ottawa as in other capitals.<sup>(1)</sup> For the second time it was necessary to postpone decision at a NATO meeting. There was concern in Ottawa at the adverse effect this delay might have upon the consolidation of NATO and upon American public

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(1) At the Washington meeting Mr. Claxton expressed scepticism as to the practicability of the Pleven Plan but indicated a sympathetic understanding of the reality of the French fears of German rearmament which was much appreciated by M. Moch.

opinion, already embittered by the difficulties in Korea. With this in mind it was decided to approach the French Government and urge upon it the wisdom of considering what might be done to narrow the gap between the French and American positions. On November 6, after consultation with the Prime Minister, Mr. Pearson sent a long telegram to General Vanier to be used in an interview with the French Foreign Minister with whom he was on especially friendly terms. M. Schuman was to be told that Canada shared France's apprehensions about the danger of a resurgence of German militarism and sympathized with the broad lines of French policy on the integration of Western Europe. But the critical situation made it essential that a compromise on the military level "could and should be worked out at once" so that military planning could go forward as quickly as possible. It was undesirable that military progress should wait for agreement on political integration. As a country closely in touch with opinion in the United States it was Canada's view that:

"The United States Government are certainly not bluffing when they say that they could not go to Congress with a proposal to station major United States forces in Germany in peace time while the Germans themselves were not participating in Western defence. The same considerations apply to Canada".

Two days later, General Vanier reported that he was received in the most friendly fashion by M. Schuman who said that he shared Mr. Pearson's views "without the smallest reservation". This information, and the fact that M. Moch, in conversations or his way to Ottawa and in the capital, seemed somewhat less obdurate reduced the disquiet. By the end of the year agreement had been reached in the NATO Council on France convening a conference of interested governments to explore further the Pleven Plan. In turn France had agreed that German participation would strengthen Western defence without altering the defensive character of NATO and that the Governments of the United States, the United Kingdom and France should discuss the question with the Bonn government.

40. When Mr. Acheson sent a personal message to M. Schuman welcoming the Conference on the Pleven Plan in more cordial terms than had been anticipated, it was felt that Canada should be represented at this meeting. The French government had informed Ottawa, on December 18, that invitations would be sent to "interested governments and the governments of the United States and Canada", and the United States decided, as was learned on January 30, 1951, that "insofar as the conference deals with purely European questions the United States role will be strictly that of an observer". It would judge the work of the conference primarily by the manner in which it served to strengthen the Atlantic Community.

41. As the Paris Conference which opened in February Canada was represented by an observer, General Vanier, who, like his colleagues from the United States and the United Kingdom, attended only the meetings of the main committee. Because of his position he was not given instructions but was sent instead on February 26 a statement of the government's views upon the issues involved. These included the following observations:

- (1) the creation of a European Army is a matter for the Europeans themselves to settle, and the Canadian observer while maintaining a "sympathetic interest" should avoid, if possible, taking an active part in the discussions;
- (2) a Franco-German rapprochement is of vital importance to any system of European defence and to the peace of the world. If such rapprochement can be achieved through a European army, it would therefore, in the long run be beneficial to Canada;

(3) since the European army scheme is an example of the closer integration of Europe which has already been generally approved by the Canadian Government, Canada hopes that the current conference will meet with success;

(4) the Canadian Government considers that the countries participating as principals in the conference should be fully aware that any scheme adopted must be acceptable to NATO members. Canada therefore welcomed the assurances given by M. Schuman in his inaugural address that the proposal for a European army would be withdrawn if it appeared that it would delay Atlantic defence;

(5) on political and psychological grounds the European army seems to us to offer a framework for German participation in Western defence which is worthy of careful and sympathetic consideration subject to the following important reservations:

(a) it must be demonstrated that the European army plan is not only politically but also militarily practicable in the light of existing NATO plans for the defence of Western Europe. In this connection the assurances given by the French that the recommendations of the conference would be submitted to NATO are most welcome.

(b) to achieve the Franco-German rapprochement which is at the very root of German participation will require substantial mutual concessions by both French and Germans. In the absence of a willingness to make such concessions the conference is, in the Canadian view, bound to fail. On the other hand the presence of representatives of NATO members should create a favourable atmosphere for a Franco-German rapprochement.

An interesting omission from this summary of Canadian views is the lack of any comment on the position of the United Kingdom, which had from the outset declined to consider participation in a European army, and had underlined its position by being represented in Paris only by an observer. Presumably Canada was in accord with this view, and no such comment was thought required.

42. In the first round of meetings, which proceeded at a leisurely pace, lasting until July, the French followed a conciliatory policy and the Germans did not bargain too stiffly. As a result a wide measure of agreement was reached and there was no occasion for any intervention by the Canadian observer. This fact, together with the increasing approval with which both the United Kingdom and the United States viewed the situation, a feeling which was reflected in the meetings of the Western Foreign Ministers in Washington in September, 1951 very largely dispelled Canadian uncertainty about the workability of the European army. When Mr. Pearson took part in a televised broadcast from New York on September 24, he felt free to say that although the European army was primarily a problem for Europeans he thought it a good idea, and to comment further:

"Though at first I think a lot of people over here had some doubts as to the practicability of the European army, the discussions that have taken place in the last year have removed a good many of those doubts and progress is being made. I think it is all to the good that there should be a European army, providing that that European army can be integrated into something bigger, the North Atlantic force."

43. When the European Army Conference resumed its discussions in the autumn, both the United States and the United Kingdom modified their position as observers by seeking (the latter having been urged by France and Germany to do so) representation on the Steering Committee. General Vanier asked for direction as to whether Canada should make a similar request, but pointed out that he did not think Canada had the same compelling reasons for doing so as the two other countries. In his judgment the role of observer, offering encouragement but not advice, suited Canadian needs very well. The Department shared his views, having also in mind the difficulty of providing senior advisers for the Canadian representative in view of the other numerous commitments to other international agencies. After consultation with the Department of National Defence which took the same attitude General Vanier was instructed to carry on as before.(1)

44. In the complex discussions that ensued before agreement was reached in May 1952, during which the Benelux countries became concerned about the inroads which would be made upon their national sovereignty, the French Government became forcibly aware of the intensity of popular distrust of Germany, and the German government bargained more stiffly for equality of status, the Canadian view that Europeans must settle this European problem, though never abandoned, was modified somewhat in practice. This was not surprising, since the emergence of the European Defence Community, as it was becoming known, would require a definition of its contractual relationship to NATO and obviously affected the progress of strengthening the defence of the West. What is noticeable during this period is the desire of both the French and Netherlands governments to keep Canada informed of the reasons for their attitudes, and the readiness with which the United States shared its information and views upon the trend of events. An interesting illustration of the French concept of Canada as a "trait d'union" in Europe-United Kingdom-United States relationships was the conversation which President Auriol had with Mr. Pearson on December 4, 1951 during the latter's attendance in Paris at the General Assembly of the U.N. The President, who spoke with considerable feeling, was most anxious that the United Kingdom should participate directly in the European army and feared that if this was not done, the current negotiations would probably fail. It was his view that even a "token contribution" would be of material aid in preventing the army from becoming essentially a Franco-German one, in which he felt Germany was bound to become eventually the dominating force. In view of the increasing nationalism of Germany, President Auriol was deeply concerned at the prospect. These views may have been peculiar to the President, as other contacts with French statesmen indicated, but were put forth so strongly that Mr. Pearson thought it advisable to mention them in the following week in London during informal talks with Mr. Churchill and Mr. Eden. Neither was sympathetic to the Auriol proposal, but responded more cordially to the Minister's inquiry as to whether "something could not be done to give the Europeans the impression that Britain was keenly interested in and anxious to

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(1) In January, 1952 Canada did decide to ask for representation by an observer on the Steering Committee of the E.D.C. because of its relationship to NATO. This request, and Norway's, was refused, but it was agreed that a NATO official should attend the EDC meeting, and the NATO secretariat should keep all NATO members not in EDC well informed.

work out some basis of association with the European army." Subsequently, General Vanier informed President Auriol in guarded terms of the talks in London, and was asked by him to convey his very deep appreciation to the Minister for his efforts. On his return to Ottawa Mr. Pearson asked the Department to examine the suggestion of a United Kingdom token contribution to the European army, but the study only confirmed United Kingdom doubts as to its feasibility. In spite of all its difficulties Mr. Pearson had become convinced, as he wrote in a memorandum for the Prime Minister of January 10, 1952 that the conception of a European Defence Community was "of the greatest political importance". In his judgment it provided "the only framework yet suggested by which Germany could be associated with the defence of Western Europe on terms acceptable both to the French and German Governments". After describing the views of the United Kingdom, and of Mr. Churchill in particular, and noting that its past obvious scepticism about the Pleven Plan had played its part "in strengthening the reluctance of the Benelux countries to accept the more drastic implications of the Plan", he suggested to Mr. St. Laurent that it might be desirable during Mr. Churchill's forthcoming visit in Ottawa to emphasize "the importance which we attribute to the concept of a European Defence Community and the dangerous and difficult situation which would result if the Pleven Plan collapsed".

45. On the same day as this memorandum was sent to the Prime Minister a further proof of Canadian concern with the outcome of the E.D.C. discussions was given by the despatch of a personal letter<sup>(1)</sup> from Mr. Pearson to the Netherlands Foreign Minister, Mr. Stikker, with whom he was on intimate terms. Mr. Stikker had previously asked the Netherlands Ambassador in Ottawa to call upon the Minister to describe his uneasiness at the nature of the negotiations in Paris. What disturbed him was the apparent indifference of the French to the idea of a North Atlantic Community and their belief that the North Atlantic Treaty was an ephemeral defence alliance which would disappear if the Soviet threat to security ceased to exist. In commenting on these views Mr. Pearson agreed that EDC and NATO should be related politically and militarily as closely as possible, always as Mr. Stikker had said "with the continental circle inside the larger Atlantic circle". But he pointed out that failure or prolonged delay to create EDC and the European army might have "a most discouraging and frustrating effect in the United States" where the idea had taken firm root, and that such a failure was more likely to cause a withdrawal from Europe than the feeling that European unity and strength would make unnecessary the presence of U.S. troops in Europe and political commitments. Failure might also have the same effect on the United Kingdom which, although not likely to participate formally in the various European organizations, was moving to closer co-operation with them. As Mr. Pearson saw it, the best way of preventing these disastrous consequences was "not to discourage or delay the European Army and EDC, but to make sure that these moves are tied in with those toward Atlantic unity". He also suggested that closer co-operation between EDC and NATO would be fostered if prompt agreement was reached on the headquarters of both being placed in the same places. The Minister said that he realized the special difficulties which the whole problem created for the Netherlands, and the ease with which advice could be given for North America where those difficulties might not be always understood but believed

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(1) See Appendix 18.



that the question was so vital that Mr. Stikker would understand why he had written in this fashion. On January 21 a copy of this letter was also given to the Belgian Foreign Office. With it was an aide memoire expressing the hope of the Canadian Government that in the present critical stage of negotiations it would be possible to reach an agreement satisfactory to all six countries. This action in Brussels was prompted by news from Washington that the State Department, which had been shown the letter to Mr. Stikker, hoped that the Canadian Government might take such a step in view of the disturbing news about Belgian intransigence it had received from its Ambassador in France.

46. On January 18 Mr. Stikker acknowledged the receipt of the Minister's "kind and encouraging message", and assured him that his country would do everything in its power to come to a reasonable compromise satisfactory to all concerned. He hoped that the United Kingdom, the United States and Canada would continue to express their belief in the necessity of establishing strong links between NATO and EDC. The Belgian reaction was more reserved. Their reply to the aide-memoire referred to the great efforts Belgium had already made to secure an agreement and the necessity of meeting "the legitimate anxiety and aspirations of all participating countries, great and small". On January 23 Mr. Heeney asked the Belgian Ambassador to come to see him, since he had not been previously informed of developments because of the speed with which action had been decided upon. Vicomte du Parc was given a copy of the letter to Mr. Stikker and was told that:

"while we were deeply interested in the prospects of securing agreement on the European Defence Community, we had, of course, no intention of pressing the Belgian Government in a matter which was of primary concern to the European Governments concerned."

47. Despite this diplomatic disclaimer, it is clear that Canada had exerted what influence it possessed to further agreement, an indication of the intensity of the Canadian desire to secure a satisfactory Plan for a European army which might reconcile the major Western European powers, France and Germany. The fact that Mr. Stikker had first raised the question provided an admirable opportunity to expound Canadian views. In so doing Canada was acting in complete harmony with both the United States and the United Kingdom. Mr. Acheson had made his views known strongly in Brussels and The Hague, and Mr. Eden had promised, during his visit to Washington, that the United Kingdom would do its best to convince the Benelux countries they should co-operate in the building of the E.D.C. Gratifying as it was to make this rare excursion into European politics which was in line with Canadian convictions and in harmony with the views of our associates in the North Atlantic Triangle, it nevertheless brought with it certain implications for the future. By encouraging the Benelux countries to enter more whole-heartedly into a federal structure in Western Europe, on the ground that it should develop within a North Atlantic Community, we were creating, as Mr. Wrong reminded the Department on February 16, 1952 "a moral commitment, considerably stronger than a verbal commitment, to foster the development of the North Atlantic Community by which we had already been bound by a great number of public utterances". This "debt of honour" would necessitate our making clear to all signatories of the North Atlantic Treaty our belief in the reality and permanence of that association. Such a policy could not be stated only as a long term objective, but must be used to reassure those in Europe who continued to feel that the NATO association was purely ephemeral.

48. Another phase of NATO-EDC relationships appeared when German spokesman began to demand full membership in NATO as the price for accepting a European army. Such a demand was highly suspect in France, where it was claimed that the admission of Germany would give NATO the appearance of an offensive alliance, in view of the known desire of Germany for the unification of all her territories. In Ottawa, the feeling was that no indication of the Canadian position should be made until the question came before the North Atlantic Council. Washington was equally anxious to avoid expressing an opinion, but let it be known, as Mr. Wrong reported on January 28, that they would be very grateful "to receive any suggestions you may have for devising a formula which would go some distance towards satisfying German aspirations without creating intolerable difficulties for France". The fact that Mr. Perkins, the Assistant Secretary of State most concerned with these matters, arrived in Ottawa three days later to discuss recent developments before the Lisbon meeting of the NATO Council further underlined the interest in Canadian co-operation exhibited in Washington. However the Department was not forthcoming with the desired magic incantation. At Lisbon there was general relief when the NATO Council members, including Canada, agreed in principle to the text of a Protocol which would be added to the North Atlantic Treaty after an EDC treaty had been signed. By its terms reciprocal guarantees were to be exchanged between the members of NATO and those of EDC, of the same type as already existed under NATO. The German Federal Republic, the only member of EDC not in NATO, would therefore be covered. German wishes for participation in NATO were also partially met by providing for consultation between the Council of NATO and EDC whenever either party thought it desirable. This ingenious formula, and the additional reaffirmation by the United Kingdom and the United States of their guarantees of Western Europe made possible the signing of both the EDC treaty and the NATO Protocol on May 27, 1952.

49. During this last stage of thorny negotiation Mr. Pearson kept the House of Commons informed of the chief developments. On March 21 the House was told of the Lisbon agreement, and when the Treaties were signed in Paris the Minister made a statement the same day summing up their meaning. With that background he then asked for Parliamentary approval on June 17 for Canada's adherence to the Protocol. In so doing Mr. Pearson made it clear that the deposit of the Canadian ratification would not necessarily follow immediately, but might be postponed "until we see how other governments act with regard to it", a prudent policy which bore in mind the possible difficulties in the French and German assemblies. He argued that the extension of Canadian obligations under the Protocol was more theoretical than real, since by Article 6 of the North Atlantic Treaty Canada was already committed to the assistance of NATO forces stationed in Western Germany. The step forward from defending such forces to defending Western Germany was not a great one but was valuable "in the development and reaffirmation of collective security and collective action which is the best preventive of war in the present circumstances". After stressing the key role of Germany in any scheme for European integration, and praising "the keen and imaginative political intelligence" of the French leaders who had propounded various projects for European unity, the Minister conceded that there was a calculated risk taken by including the German Federal Republic in the defence system of Western Europe. But he could see no satisfactory alternative. Since German rearmament would be defensive and of an international character within a European Defence Community which in turn would be within the developing North Atlantic Community, he believed that a restored and rearmed Germany could serve the ends of peace in Europe and in the world. Despite some doubts about the risks taken, expressed by the leaders of the C.C.F. and Social Credit parties the House of Commons adopted the motion without a division. In his closing

statement Mr. Pearson probably summed up the general feeling:

"I think this is a move, with all its risks, with all its difficulties and with all its uncertainties ... a move towards peace, especially peace in Europe, with which will be associated the free democracies across the Atlantic..... I would not be happy as a Canadian to take any responsibility for defeating a move so important, as I see it, to our own safety and to peace as the building up of the European Defence Community, including those two old opponents, France and Germany, and the association of that community with the strongest deterrent we now have to prevent aggression, namely the North Atlantic Treaty Organization."

50. In studying Canadian policy towards Germany a prime consideration to be kept in mind' is the drastic limitation, at the outset, which was placed upon action by the attitude of the Great Powers, chiefly as a result of Soviet insistence, in arrogating to themselves the shaping of Allied policy.<sup>(1)</sup> In view of the extent of the Canadian contribution and the sacrifices imposed upon the Canadian people twice in a generation through German aggression, this limitation was keenly resented. This was a question upon which the Canadian people felt strongly and they had every right to expect their government to voice their views fully and frankly. Thus a telegram of January 3, 1945, to London, describing the size of the Canadian occupation force for Germany that would be available until the question was reviewed before the end of the next fiscal year concluded:

"It is uncertain, moreover, for how long after the fighting ends it will be politically possible to provide Canadian occupation forces in view of the fact that plans for the control of Germany give the Canadian Government no voice in the direction of policy."

It is not surprising, therefore that with the possible exception of the United Nations the German problem was the question to which Departmental officers, as in the Working-Committee on Post-Hostilities Problems devoted most thought and attention in the latter stages of the war. It was in keeping with this interest that Canada was prompt to set up a Military Mission in Berlin accredited to the Allied Control Council and under the leadership of Lieutenant-General Maurice Pope which was formally opened in January 1946. The Mission was placed on a civilian basis on September 30, 1947 and became the sole responsibility of this Department.

51. An indication of the initial Canadian approach to the peace settlement is given in the opening sentence of a memorandum prepared by Mr. Glazebrook in January, 1944 which read "The hope of a lasting peace depends more than on any other single factor on the solution of the German problem". Yet it is noticeable that

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(1) As early as October 13, 1944, Mr. Pearson was writing from Washington that; "whatever may have been the U.K. Government's own views on the subject, they have had to yield to the views of the U.S. and, above all, of the U.S.S.R., that the armistice terms and the German settlement are to be matters for discussion and decision by the Three Powers alone. An occasional bone of participation will be thrown to the European allies and the Dominions, but it will be done without enthusiasm and there will be little mention of it".

others, like Mr. Reid, were already stressing the German problem in connection to its effect upon the post-war relations of the United States and the USSR. With that in mind Mr. Reid, who thought that what was needed was "a moderate and democratic government in a united and relatively prosperous Germany", advocated a policy "best calculated to result in a German state which would not be so reactionary and anti-Soviet as to arcuse the fears of the USSR or so Communist and pro-Soviet as to arouse the fears of the USA". By May, 1946 Mr. Reid had amended this sentence to read in the final phrase "the fears of the Western world". At the Commonwealth conference of Prime Ministers in the same month Mr. King agreed with those present in opposing the creation of a divided and economically wretched Germany. But while Departmental Officers were studying the gloomy reports upon divisions among the Great Powers that were coming from London, Berlin and Moscow and working upon a number of studies of major questions, such as the nature of the German constitution they had to wait upon decisions elsewhere before policy could be stated. It was not until the meeting of the Council of Foreign Ministers in December, 1946, at New York, that the Great Powers agreed to meet in Moscow in three months' time to examine the German and Austrian problems. They instructed their Deputies to consider questions of procedure with regard to the preparation of the Peace Treaty. The Deputies were also instructed to secure the views of the other eighteen Allied countries which had "effectively contributed to the war against Germany". In line with this mandate the Government received an invitation on January 4, 1947 "to communicate in writing .. its views on those aspects of the German problem which are of interest to it", and was told that it might, if it wished, supplement its communication by oral presentation to the Deputies. The Government's immediate reaction was one of strong disapproval of the procedure envisaged which was even less generous than that followed in framing the minor treaties. Under its instructions the Department made repeated and unavailing attempts to secure for the smaller powers, including Canada, some share in the actual drafting of the peace treaty in committee. What was wanted, as a telegram to London on January 24, 1947 indicated, was "something in the nature of commissions of states with special interests, meeting at the post Moscow stage in private and with as much informality as possible". Mr. Wilgress made this clear to Mr. Molotov in Moscow on April 5, stating that "Canada as a country that had participated fully and effectively in the war had the right to participate not only in the fourth or Peace Conference stage but also in the second or drafting stage". Beyond securing an admission that Canada certainly had contributed a great deal to the winning of the war he got no satisfaction. It was during this period that Mr. Robertson made the ingenious suggestion that, in view of the unique and unprecedented position of Germany, an International Statute "establishing and guaranteeing the post-war structure and status of Germany" might be preferable to a peace Treaty and "would not necessarily raise questions of Great Power and Little Power prestige in quite the acute and sensitive form inescapable under procedures now contemplated". His suggestion was subsequently integrated in the Canadian submission.

52. When the Deputies refused to depart from the strict letter of their instructions, the Cabinet then decided to submit to the Deputies some preliminary considerations upon the nature of the German Peace Treaty, with the caveat that such a step was not to prejudice subsequent participation in the making of peace. At the same time as this submission was forwarded it was tabled in Parliament on January 30, 1947, where Mr. St. Laurent gave a careful description of the reasons for the course taken which was warmly received in the House of Commons.(1)

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(1) A second statement was made in the House in March, describing the unsuccessful efforts to improve the procedure of consultation between the Great Powers and the smaller ones.

53. In preparing the submission it was agreed that detailed references to such specific questions as frontiers should not be included. What was intended was to make clear that Canada, while not in favour of a "soft peace", was opposed, as General Pope was told, "to a German state so politically and economically oppressed that she will be a constant threat to the peace and economic stability of the world". The primary consideration in framing a treaty should be the welfare of Europe and the world and not merely "the position of Germany or her relation to any one of her neighbours". After pointing out the difficulties of adopting a formal peace treaty at present in view of the absence of any German government, an international statute was suggested which could provide a sound constitutional basis for the new German state. To this statute Germany might later adhere, or it might be converted into a Treaty under the United Nations. By adopting the device of a statute it would be possible to make peace by instalments, thus putting into effect quickly decisions on which agreement already existed and leaving time for discussion of those still in dispute. The Statute would have the further advantage of facilitating the association of the smaller States with the work of peace-making through membership in the various functional committees which could work on the numerous technical chapters that in the aggregate would constitute the Statute.

54. Canada favoured a democratic German State organized as completely as possible on ethnic lines (but not including Austria) and federal in form. A federal State was favoured, since "The German people .. have clearly demonstrated that they have not sufficient experience in democratic self-government to prevent a centralized State becoming the instrument of despotism and armed aggression". In this State the central government should have its powers strictly limited and defined, particularly its financial and military ones, and the residual ones should rest with the component German States. Provision should be made in the written constitution for the responsibility of the executive to the representative legislature, a strong and independent judiciary, and the subordination of the government to the rule of law, particularly in the police department. The constitution should not be subject to amendment for a number of years after the settlement without the consent of the United Nations.

55. The proposals on economic questions stipulated that provision should be made to prevent Germany from again strengthening her industrial position to the point that aggressive war was possible without at the same time perpetuating in Germany conditions of economic depression and unrest which would seriously threaten the economic and political stability of Europe. German industrial capacity must be used for the benefit of all countries, particularly those in Europe which trade with Germany. To achieve these ends the submission advocated the early establishment of an Economic Commission for Europe, which could be used to integrate German industrial development into the general European economy and for approving progressive adjustments in German industrial capacity. Other proposals included the international control over certain industrial areas such as the Ruhr, and the decentralization of German monopolistic industry and finance as a further means of preventing the central German government from indulging in "policies of illegitimate expansion". The references to reparations were brief. The current agreements should be reviewed to prevent Germany from continuing as a centre of European economic depression. Reparations deliveries should be implemented as expeditiously as possible so that the Germans might know what industrial capacity should be left to them.

56. In a section headed "The Abolition of German Armaments and Armed Forces", the Government favoured the complete demilitarization of Germany, so that there would be nothing but a police force



adequate for domestic security. Particular care should be taken to prohibit the possession or construction of mass weapons of destruction or of research about them. There should be effective international safeguards against violation or evasion of these terms.

57. The concluding section of the Canadian submission related the German settlement to the wider problem of preventing aggression by any State. It argued, in idealistic terms, that those nations which had earned the right to draw up the settlement should regard themselves as "trustees for the whole community of nations which is today organized in the United Nations". They therefore should exercise those rights, not in defence of their national interests, but in defence of the interests of the United Nations as a whole. They must also recognize that a settlement with Germany was only one stage in creating and maintaining the conditions of peace. "In the long run", said the submission, "to settle the German problem, and other world problems, we must build the United Nations into an effective instrument for the preservation of peace". To do so would involve some surrender of world sovereignty and "the institution ultimately of some form of world government".

58. The failure of the Council of Foreign Ministers to reach any agreement on the main provisions of a German settlement at the meetings held in Moscow and London during 1947 precluded the other Allied States from any further opportunity of stating their views, preparatory to a conference, even in the unsatisfactory manner followed before the Moscow Conference. The Department was kept well informed on the nature of the disputes among the Great Powers and the respective policies which they advocated, as is illustrated by the despatches from Moscow and the Circular Document of February 12, 1948 which described the German questions discussed at the two conferences of Foreign Ministers. It was all too apparent that in spite of the fact that Germany remained one of the most important single problems on the European agenda, no solution was likely so long as the conflicting interests of the four occupying powers could not be reconciled. The effect of divergence among the occupying powers or rather between the Soviet Union and the other three powers was to be grimly illustrated in the Berlin crisis of April, 1948 when the Soviet Union began the attempt to squeeze the Western powers out.

59. Soviet action was probably dictated by their desire to intimidate the Western powers into drawing back from attempts to proceed actively with the unification of Western Germany. The U.S. and U.K. zones had functioned as an economic unit since January, 1947 and plans were under way to proceed with economic co-operation and to develop a greater measure of self-government.<sup>(1)</sup> On February 23, 1948 the United States, the United Kingdom and France held a conference in London on these topics and invited the Benelux countries to discuss economic co-operation with Western Germany and related questions with them. In Australia there were some doubts that this policy might weaken the position of Commonwealth countries on a German settlement but the Canadian view was not as apprehensive. It was felt that the policy of inviting the Benelux countries to participate was a reasonable and necessary one for furthering the economic progress of Western Europe and in line with the European Recovery Program which was developing under the Marshall Plan. As Mr. St. Laurent told the House of Commons on May 5, 1948:

(1) In a memorandum for Mr. St. Laurent on February 2, 1948, Mr. Pearson commented: "...it seems clear that in the not too distant future, a German administration will be established in Frankfurt, which will, subject to the final control of the Occupying Powers, constitute a provisional Government of two-thirds of Germany.

"We have been kept informed of what has been going on, and we have not insisted on being present at that stage, because if we did, it would be a reason for bringing in a great many other countries which might hamper or retard the progress being made in trying to bring some semblance of order and re-organization into this zone - a very important zone not only to the Germans who inhabit it, but to the whole of Western Europe. Its restoration, not to the extent of becoming again a menace to its neighbours but to the extent of taking its part in the integrated economies of Western Europe, is important to the whole of Western Europe, and, because it is important to the whole of Western Europe it is of direct interest to us. For that reason we have not wished to appear to be attempting to put forward technical claims which might require the Occupying Powers, in order to give offence to no one, to invite all those who have declared war against Germany. This, in our opinion, would have a delaying effect on the measures that the Occupying Powers are trying to bring about for a semi-permanent solution of the problem. But we are still insisting that when it comes to the making of the final peace with Germany, the Powers who took a substantial part in the winning of the war shall be given a rôle proportionate to their importance in the conflict".

60. The last sentence of Mr. St. Laurent's statement was prompted by developments that resulted from the London conversations which the Benelux countries attended. Working Parties had been formed there to study such topics as the control of the Ruhr and the future political structure of Germany. On the latter question it was decided to continue, secretly, further study of the question by the three Western military Governors in Berlin. The heads of Commonwealth Military Missions in Berlin could express their views there. When this was learned in Ottawa, it was decided to set up a series of panels, with inter-departmental representation, to study the questions that had been raised in London, and to authorize General Pope to take part in the informal discussions in Berlin. At the same time, there was some feeling, as Messrs. Robertson and Wrong were told, that the time might have come "for a wider meeting of the Western belligerents to discuss the problems now being considered by the Working Parties, and other related topics." A conference might have the virtue of further committing the United States in Western Europe, if the participants guaranteed the arrangements made for Western Germany at the Conference. In reply, on March 22, 1948, Mr. Robertson explained that the United Kingdom regretted the possibility of any feeling arising in Canada that the occupation powers were trying to settle the future of Western Germany without adequate consultation with others concerned, but did not favour a wider conference of Western belligerents. It would welcome any direct expression of Canadian views. He believed that any suggestion of a conference of the type proposed would make things difficult for the United States with Latin American countries, and might hinder the progress that was being made by the Western Powers at a time when speed of action was important.

61. After consideration of Mr. Robertson's views, it was decided to drop the suggestion of a conference of Western belligerents. A memorandum was prepared, however, with a view to its presentation in London, Washington and Paris, explaining that the Canadian Government did not wish to hinder in any way the plans of the Western Powers for securing a wider measure of unity in Western Germany and welcomed the wide measure of agreement that had already been reached. But it pointed out that what was taking place was "something close to a peace settlement for Western Germany" which might affect the position of Germany as a whole and prejudice some of the issues that would come before a peace conference.

While not desiring to complicate the negotiations that were taking place, Canada did not wish her claims to participate in the German peace settlement to go by default because of the special circumstances in which the current meetings had taken place. Nor did it consider the opportunity to present views to Working Parties, or to the individual governments, an adequate method of playing a part in drafting the actual terms of a peace settlement. Accordingly, the Great Powers were asked "to bear in mind the necessity of making adequate provision in the near future, before the general lines of the peace settlement with Germany have become fixed, for the active participation in the process of peace making of those countries, like Canada, which contributed effectively to the prosecution of the war". On receipt of this memorandum, Mr. Robertson still felt it unwise "to revive an old issue of appropriate participation in the German peace settlement". By telephone and telegram he pressed his views, saying that the Western Occupying Powers would need all the elbow room they could get to cope with the Russians, and that pressure for closer association with them of other Powers would only hamper them in acting quickly and flexibly in rapidly changing circumstances. He also pointed out that the old 1939-45 lines of neutrality and belligerency had been completely cut across by the movement for Western Union and the developments under the Marshall Plan. Consequently countries like Italy were concerned with the German problem. Premature pressure for a formal peace settlement would only confirm the partition of Germany under Allied auspices and might end what faint possibility there might be of some agreement with the Soviet Union. While realizing the force of these arguments, the Department still felt that some caveat should be advanced to cover Canada's claims to consideration. The matter was resolved, so far as the United Kingdom was concerned, by Mr. Robertson submitting only the comments prepared on the future political status of Germany that had been sent to General Pope, but with a covering letter stating that this was done "without prejudice to our right to present views later and to insist on an effective part in drafting the actual terms of the peace settlement".

62. It developed that the secret Working Party in Berlin completed its report so quickly that General Pope was only able on April 9 to secure the inclusion of the statement of the Canadian position as an addendum.<sup>(1)</sup> The Canadian paper was essentially a commentary on what was known of the views that had been expressed on German Government by the first Working Party in London. On the assumption that Western Germany would participate in the Western European system that was just emerging, it argued that the more power was given to "effective central organs of the Western European Community", the easier it would be to solve the problem of a creating a viable community in Western Germany without creating at the same time too strong a Federal Government. The submission favoured direct election of the Lower House of the Federal Government, the election of the Chief of State by the Upper House (which would have only suspensive power over legislation), and of the Minister President by the Lower House. Federal Ministers should be collectively responsible to the Lower House. The Federal Government should have wide powers in the economic sphere, wide powers of taxation, and a "good deal of authority in allocating fiscal resources".

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(1) Through a misunderstanding, General Pope also presented the Canada memorandum on procedure, and it was necessary to explain that the memorandum was sent in error.

The Federal Judiciary should have jurisdiction to protect the rights of individuals against the Land Government as well as the Federal. Civil rights should also be guaranteed by constitutional limitations upon the rights of both Federal and Land governments and legislatures, with special precautions being taken to prevent discrimination on the ground of race, sex, language or religion. In addition to reserving powers of defence and some aspects of foreign policy as long as the military occupation continued, the Canadian Government suggested that provisions for the amendment of the constitution might be withheld.

63. The second paper, forwarded on April 28, for Mr. Robertson's discretion as to how it might be made known to the participants in the second round of the London talks, was prepared by a group drawn from this Department, the Departments of Finance and Trade and Commerce, and the Bank of Canada. The paper was entitled "The Role of Western Germany in the European and World Economies" and contained implied criticisms of some American proposals. After conceding that general European recovery required a healthy German economy, it observed that "there appears to be danger that the pendulum may swing too far from the days of the Morgenthau Plan". It would be unjustified and even dangerous to assume that "the uncontrolled expansion of the German economy would constitute no problem for European life". This dilemma might be avoided if the problem of Western Germany was consistently treated as part of the problem of Western Europe. If the Western European countries were to participate whole heartedly in measures for co-operation, including the reconstruction of the German economy, they must receive assistance more favourable than that given Western Germany, and must have relatively greater economic strength, as compared to Western Germany, after special U.S. help had ceased, than before the Marshall Plan. This consideration should be given full weight in making decisions on the level of industry in Western Germany. On balance the memorandum thought it unwise to make any upward revision of the level of industry plan announced by the United States and the United Kingdom in August, 1947. The Government welcomed these Western zones of Germany becoming members of O.E.E.C. and repeated its views on the importance of transferring as much powers as possible in Western Europe to this and other international bodies in order to create a viable community in Western Europe with minimum danger from reviving German strength. It also favoured the admission of Germany to any schemes that could be worked out for closer European economic co-operation, and expressed the hope that some way might be found for safely expanding trade between Western and Eastern Europe. The final argument of the submission was that decisions on these economic questions also involved "a careful balancing of political, strategic and non-material considerations as well as purely economic considerations". This memorandum was shown to the United Kingdom Government on May 14. Subsequently it was communicated to the United States, France and the Benelux countries, with the omission of a paragraph which had suggested that the United Kingdom and the United States should keep constantly in mind that "France and Benelux should freely concur in the solutions reached and should not be persuaded to give in to United States pressure against their better judgment".

64. The Panels in Ottawa also prepared three other papers on various phases of the German problem. One of these on territorial claims against Germany was dropped, because of the obscurity of the German situation at the time it was under final consideration before presentation. A second of a more technical nature presented on October 18 had to do with property claims on Germany. It estimated that, of some 400 Canadian claims, more

than 170 for restitution of property appeared to warrant action for recovery. The Canadian paper urged that provision be made, and preferred the basic principles of Occupation Law No. 59 adopted for that purpose in the United States zone. It also suggested that any statute setting up a German Government should contain certain proposals modelled on those in the Italian, Hungarian and Roumanian peace treaties for the disposal of property sequestered by Germany after the outbreak. The last memorandum on "The Establishment of an International Ruhr Authority" was originally prepared as a commentary on the first round of talks in London. It was forwarded to Mr. Robertson on June 8 but, on his advice, presentation was delayed because of developments since its preparation, and the deteriorating situation in Germany after the Russians had stepped up the blockade of Berlin. It was not until December 1 that the Commentary was presented, after having undergone considerable revision in keeping with the developments in London during the second set of meetings. As in 1947, the Canadian commentary supported in principle the creation of an International Ruhr Authority. Although not then prepared to raise the question of Canadian participation in the proposed body, which was limited in the draft convention to the United States, the United Kingdom, France, Benelux and Germany, the commentary suggested that an accession clause be included, which would leave open eventual membership for other Allied states having a major trading interest with Germany.<sup>(1)</sup> The Government favoured the Authority being given specific powers in conjunction with the proposed Military Security Board to supervise German disarmament and demilitarization and in order to "detect and prevent the return to industrial power in the Ruhr of those previously allied with the Nazi Party". In allocating exports of coal, coke and steel the requirements of countries outside Europe should be taken into account. The commentary also suggested that provision for the continuance of the Authority after the control period should be included in the Statute. It believed the Authority should co-operate with OEEC and help to concert "arrangements for the better co-ordination of the Ruhr coal, coke and steel resources with those of other areas". The submission attracted considerable interest in London, as was illustrated by the head of the United States delegation for the London meetings calling at Canada House, on December 7, to discuss it. In the resulting conversation, which was in itself a precedent, it was learned that several sentences from the Canadian Paper were being incorporated in a new American draft for the continuing talks. On the other hand the U.S. delegation did not like the Canadian suggestion concerning accession of other Powers to the proposed Authority, because of the excuse it might give to the Soviet Union for claiming membership. They did not want to go as far as Canada in granting the Authority effective powers in the field of disarmament because of their belief that the Authority would have a better chance of survival, "if it is not punitive but rests to a certain degree on acceptance by the Germans". It was these very clauses which pleased the French, who were reported as "delighted to find our views often in close accord with theirs". It was hoped in Ottawa that the Canadian comments might prove of some help in furthering an agreement in London which would satisfy the French without

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(1) On this point the original commentary had said: "Certainly if we are to make a military guarantee of Western Europe we would be justified in asking for a share in the determination of policy on a matter of such importance to the defence of Western Europe as the control of the Ruhr".



adversely affecting Ruhr steel production. When the terms of the proposed international statute establishing the new authority were announced on December 29, 1948 Ottawa was well satisfied with its general terms which, it was claimed, "agreed on all major points with the Canadian commentary".

65. During this protracted period of negotiation before the German Federal Republic was formally established in September, 1949, the Russian efforts to block this unification by all means short of war produced a very tense situation. Their blockade of Berlin, which commencing in April, 1948 went on in varying degrees of intensity for over a year, was vigorously countered by the Berlin airlift. The negotiations to end the blockade, which failed in Moscow in August 1948, led to the question being referred to the Security Council which Canada was then a member. Both these questions, the airlift, and the U.N. negotiations, raised some ticklish questions of policy. From Berlin the Department had been kept vividly informed by General Pope of the discussions in the Allied Control Council before the withdrawal of the Soviet representative in March, 1948, and of the differences among the Western members on the Plans for integration of Western Germany. On this question the General leaned towards the French point of view. Thus he wrote on February 6, 1948:

"The spectacle of the United Kingdom and the United States under the pressure of economic considerations, proceeding by themselves (and neither of them is a European country) to seek a German solution, and Germany is the core of Europe, without the collaboration of Germany's Western neighbours is not one that fills me with confidence .... The 'three' are not in agreement as to the line to be taken in Germany either in their Bizone or their Trizone. How do we fail to see that these controversies are the real dangers to the peace of the world? How can we fail to see that they encourage the ambitious calculations of the U.S.S.R. and German Nationalists hopes of revenge?"

66. In June, when the Russians used the announcement on June 18 of currency reform in Western Germany as a pretext for tightening much more severely the blockade of Berlin, General Pope, who was Doyen of the Heads of Mission, was instructed to avoid any appearance of taking the initiative in the evacuation of missions. He should co-ordinate the evacuation of Canadian personnel with what was planned in that respect by the three occupying Powers. As had been planned for some time, he was to reduce his staff by transferring Mr. Hicks to open a Consulate in Frankfurt. On June 28, Mr. Robertson learned in London that the Western Powers were determined to hold on in Berlin, and were making plans for supplying the city by air. Mr. Bevin asked the High Commissioner to inquire what stocks of dehydrated foodstuffs their countries had on hand. He then turned to Mr. Robertson and, as the latter reported, said:

"The United Kingdom and the United States would be very grateful for any assistance other countries could give in making additional transport aircraft available for this operation".

The High Commissioner recommended that this request be given prompt and serious consideration. On the same day, General Pope reported that he had been approached on Saturday evening (June 26) by a senior R.A.F. officer who described the plans for feeding Berlin from the air. Since they were short of aircraft and especially of crews, the officer asked if Canada could or

would help? As the Berlin inquiry was an informal one, General Pope at once replied that this was a question to be taken up by governments rather than through the administration in Berlin.

67. On the following day Mr. Pearson summarised these developments in a memorandum for the Minister, of which copies were sent to the Prime Minister and Mr. Claxton, and supported Mr. Robertson's views. He thought the trial of strength that was going on was of crucial importance and that a successful resistance "might well have a very considerable effect in strengthening the determination of Western Europe to resist Soviet pressure". In anticipation of the argument that Canada was not directly party to the dispute, he conceded that we had no responsibility for the unhappy developments that had occurred in Berlin, but pointed out that "there is no escaping the fact that we should be implicated in any conflict which might result from this situation".(1) Unfortunately the question was complicated by an inaccurate press report in London, later formally disavowed, that the Foreign Secretary had asked Canada, Australia, New Zealand, and South Africa to lend to the United Kingdom all transport aircraft available. This story, which was further embroidered by the Canadian Press Office in London and published in Canada, caused great irritation in Ottawa. There already existed in some quarters, after Mr. Robertson's report of the High Commissioners' meeting, a suspicion, that "certain people in London are more interested in a centralized Commonwealth policy in this matter than they are in the provision of the assistance requested". Mr. Robertson was informed of this feeling, and told that there was some doubt whether the transport aircraft that Canada could supply would be sufficiently numerous to make any important contribution to the total strength. But he was also assured that "The matter is being urgently canvassed by the government in a desire to help". When the question was discussed in Cabinet on June 30, it was decided to inform London about the amount of foodstuffs which could be made available, but to explain confidentially the difficulties involved in any request for transport aircraft. On the same day, the Prime Minister told the House of Commons about the enquiries in London but explained that no request had been made either for food or air transport. In reporting these developments to Mr. Robertson, he was told that, if requests were to be made, "those requests should be made collectively by the three Western Powers to all the states that are in a position to help". To follow any other procedure would be bound to lead to misunderstanding and difficulty. It would also be most helpful if advance notice could be given before such a request was formally made.

68. There the matter stood until August, when the Australian Government spontaneously offered to send ten planes for use in the airlift, and South Africa expressed sympathetic interest. The Canadian Press carried a story about the Australian decision and quoted "A Cabinet Minister" as saying that there were several reasons why Canada had not taken similar action, among which were included the fact that Canada had no part in the German occupation, no say in German developments and "no desire to take part in a situation that could easily explode into war".(2) The accuracy of these comments was touched upon in a

(1) Mr. Pearson put these views still more strongly in a second memorandum on June 30.

(2) From the nature of a letter from Mr. Claxton to Mr. St. Laurent on June 30 on the airlift it is presumably Mr. Claxton who was quoted in this fashion.

Departmental memorandum to the Minister, on August 3, which warned that more would be heard of the need for help in the airlift. Mr. Robertson had reported that the R.A.F. was feeling the strain of its contribution but added that, if any approach were made to Canada, the Commonwealth Relations Office could be counted upon "to do their best to prevent any repetition of the Foreign Secretary's ill-considered approach". His prophecy was confirmed on August 14, when Sir Alexander Clutterbuck wrote Mr. Pearson to say that, in response to its offer, the United Kingdom had informed the Australian Government that the great need was for aircrew rather than transport planes and to ask if some could be spared. New Zealand and South Africa were also being informed that "if they were able to make any aircrews available, they would of course be extremely valuable". The High Commissioner carefully avoided making a similar request of Canada, but ended his letter with the remark that he felt the Canadian Government would wish to have this information, in view of the uncertainty about the duration and outcome of the conversations being conducted in Moscow. When it was learned that all the Commonwealth countries agreed to send aircrew and General Pope reported that another R.A.F. officer had expressed concern to him about the danger of decline in the extent of the airlift and asked if there were any news of Canadian planes and aircrew coming over, the Department made inquiries about the possible size of a Canadian contribution should it be approved by the Cabinet. National Defence reported that it would be possible to provide one squadron of Dakotas, 90 aircrew and 219 groundcrew, but that about six weeks would necessarily elapse before approval and arrival of the men and planes in Western Germany. This information was forwarded to the Cabinet, but no action was taken at its meeting on September 25.

69. Three days later Mr. Reid sent a memorandum to the Minister, pointing out that the failure of talks in Moscow and Berlin and the submission of the question to the United Nations had created a new situation in which reconsideration of the question would appear to be warranted. He suggested that Cabinet approval be secured for a public statement, of which the gist was that, if the majority of the Security Council expressed agreement with the position taken by the Western Powers in the Berlin dispute, and if the powers principally concerned desired assistance, the Canadian Government would be glad to assume a share of such responsibility. Before any decision had been reached, and Mr. Wrong had confirmed from Washington the need for help, a telegram from Mr. Robertson on October 12 put a new complexion on the question. The High Commissioner had been in Ottawa for a hurried visit in September. On his return to London, he had explored with two Cabinet Ministers and the R.A.F. officer in charge of U.K. participation in the airlift possible conditions for Canadian participation. He had come to the conclusion that the diplomatic and technical difficulties were "sufficiently serious to make it unwise for us to pursue such a project further at this stage". The chief diplomatic difficulty was the fear that the Soviet Union might challenge, "perhaps by direct interception", planes engaged in the airlift which carried the flag of a country not one of the occupying powers. The technical difficulties arose from the unsuitability of Dakotas for the new type of airlift being developed, and the little that would be gained from taking on, as had been suggested, the relay transport work for the R.A.F. elsewhere. Mr. Robertson's telegram was placed before the Acting Prime Minister, Mr. St. Laurent, with the comments that the objection to planes could not apply to air and groundcrew, and that a Canadian Transport Squadron could help out in the North Atlantic and thus relieve the United States Air Force of some of its duties. It was recommended that consideration be given to one of those possible courses of action. Mr. St. Laurent commented

that the first proposal of providing air groundcrew to help the R.A.F. would cause difficulties, arising from the feeling in some quarters of Canada that "Canada is behaving very much as a colony in that the Canadian Government would be, in effect, recruiting forces in Canada for the United Kingdom". He did not rule out, however, the second possible course. When Mr. Wrong was told this, he replied that, although both the State Department and the Air Force "would be very glad to see Canada doing something to share the load", the latter would very much prefer that Canadian transport planes should fly into Berlin. The next development occurred during Mr. St. Laurent's visit to London for the Prime Ministers' Conference. Mr. Robertson reported on October 26, 1948 that the U.K. Secretary of State for Air had said it would be a great help, if Canada could provide ten or twelve four engine bomber crews. When he gave this information to the Acting Prime Minister, Mr. St. Laurent was of the opinion that such a request might come more appropriately from the United States and the United Kingdom jointly, a view which Mr. Pearson shared. This suggestion was accordingly communicated to the State Department, which was reported to be lukewarm about it. It did not feel that such a request could be made "except in the light of whatever happens on the Berlin issue at the United Nations". In the meantime Mr. St. Laurent told a press conference after his return to Ottawa, that since Canada was not a party to the occupation agreement, if Canadian planes were to participate in the airlift, the Soviet Union might charge the government with violating an agreement to which it was not a party. He thought the situation might be transformed by what happened in the United Nations. Such a development would leave the Western Powers in a position to say that the airlift was no longer a matter solely concerning the occupying powers.

70. A month later Mr. Pearson, now a Cabinet Minister, was able to visit Berlin and gained first hand knowledge of the airlift. He too felt that the question could rest in suspense until the Security Council had completed its efforts to reach a settlement. If it failed, the question might then be placed on a broader international basis. He learned from the Berlin authorities that it was aircrew which would be of "immense practical help" and favoured giving serious consideration to the offer of such help. But the prolonged discussions in the Security Council and its Committees averted the need for a decision. They also made possible the argument, in reply to Canadian critics, that as long as Canada was represented on the so-called "neutral" Technical Committee of the Security Council on Berlin Currency and Trade, participation in the airlift would be inappropriate. This argument ceased to be valid when in February, 1949 the Committee reported failure. It was then anticipated in Ottawa that the United Kingdom and the United States might make a formal request for Canadian participation after the signature of the North Atlantic Pact on April 4. At a Cabinet meeting on March 29, the question was referred to the Minister for National Defence for consideration, with the help of the Chiefs of Staff Committee in consultation with the Secretary of the Cabinet and the Under-Secretary of this Department. But once again the Government was spared having to make a decision, because of the success of the U.S. - Soviet negotiations which brought agreement on the lifting of the blockade on May 12, and a meeting of the Council of Foreign Ministers. Although the airlift did not officially terminate until September 30, the need for Canadian aircrew had passed. So ended, in this somewhat inglorious fashion, consideration of a question upon which Departmental views at the official level had not prevailed, and in which the Government had pursued the unusual course of not adopting a policy favoured by both the United Kingdom and the United States.

71. Before private negotiations finally managed to bring the blockade to an end, the Western Powers had brought the question to the Security Council September 29, 1948. This policy was attempted after direct talks in both Moscow and Berlin had failed to secure any effective measure of agreement. Previously the Department had concurred in the wisdom of not placing the matter earlier in the hands of the United Nations. It felt however that, if the Western Powers did appeal to the U.N., they should be clear in advance what successive steps they wished to see taken and what concessions they were prepared to make in order to secure a peaceful settlement. A long memorandum on "The Future of Germany", which was drafted in September and became in final form one of the Canadian papers for the meetings of the Prime Ministers in October, 1948, shows the anxiety with which the situation was then viewed in Ottawa. The Department was prepared to consider considerable concessions to the Soviet Union, even in certain circumstances to the extent of withdrawal of occupation forces from Germany and of Western forces from Berlin (as General Pope favoured), if the restoration and maintenance of real political freedom in Germany could be assured. This, it regarded, as the "one essential requirement". It considered the need for removing the threat to peace inherent in the German situation so serious that Canada would be wise, if general negotiations for a settlement were attempted, to maintain its claim to an appropriate part in the negotiations, but accept in practice "a part equivalent to the part it had played in the negotiations for settlements with the German satellites".

72. The action of the Security Council President, Dr. Bramuglia of Argentina, in calling a private meeting on October 6 of the five non-permanent Powers, of whom Canada was one, and of China, to consider whether they might mediate between the Western Powers and the Soviet Union raised the question in a new form. The Department was dubious of the success of this device, and anxious to avoid embarrassing the Western Powers "by putting them into a position of rejecting what might be considered as amounting to a mediation offer, especially on terms which they have already found unacceptable". Canada's position was made difficult at this time by the failure of the Western Powers to clarify their own intentions in placing the question before the Security Council. General McNaughton was told to secure in advance the reaction of the Western Powers to proposals that might emerge from these private talks, and to make no proposals or suggestions that had not been first discussed with the United States, the United Kingdom and French delegations and had been approved in Ottawa. The Canadian delegation fully shared the concern felt in Ottawa that any blame for the breakdown of talks should clearly not be attributable to the attitude of the West. This danger did not materialise since the "neutral six", as they became known, presented a resolution to the Security Council in Paris on October 25 which was acceptable to the Western Powers but was vetoed by the Soviet Union.(1) Later in November in a second effort to settle the controversy by dealing chiefly with the currency question in Berlin, Canada became somewhat more directly involved through Mr. Robertson being made Chairman of the Technical Committee on Berlin Currency and Trade. The Committee managed to produce some recommendations in draft form, which only the United States rejected in its entirety. Mr. Robertson reported in January that he was becoming "increasingly puzzled and disturbed at the U.S. attitude on this question". After spinning out negotiations as long as possible in an attempt to secure some measure of agreement, the Committee had to report failure. The Department felt that the U.S. attitude had been governed by political rather than technical considerations.

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(1) Mr. Holmes sent the Department an admirable report on these talks.



Henceforth it should be left up to the Western Powers to assume the initiative. As the Minister wrote on February 5, 1949, in commenting on the difficulties of the Technical Committee:

"I still feel that the U.S.A. have to some extent at least been "leading us up the garden path" in our recent efforts to help solve the Berlin blockade problem".

73. After the Western Powers secured the lifting of the Berlin blockade through private negotiations, a meeting of the Council of Foreign Ministers was held in Paris in May and June, 1949. Again no agreement was reached, except to continue exchanges of views which got nowhere. During these meetings the Department prepared a draft memorandum in general terms on a possible agreement on Germany, of which the most interesting section was the suggestion for a withdrawal of all forces from Berlin and the creation of a central unoccupied area. General Vanier was asked for his comments, and for his judgment on whether or not it might prove advisable to present the views of the Government. He replied that he believed no useful purpose would be served at the time, because attempts had been abandoned to reach agreement on wider issues involved in the German settlement. The Department concurred in his judgment.

74. With it becoming only too clear that there was no prospect of a central government for some time, the Western Powers proceeded, during 1949, to further the unification of Western Germany. Plans went forward for establishing a Federal Republic of Germany, with its capital at Bonn. After elections, the new Republic came into being in September, 1949, with its powers defined in a Basic Law approved by the three Western Occupying Powers. The Allied High Commission, a civilian body, became responsible for Western policy, and, under the Occupation Statute, still retained control of foreign policy. On December 15, General Pope presented his letter of credence to the Commission as Head of the Canadian Mission to the new Republic.

75. Meanwhile, as the republic came nearer reality, an analysis of the outlook for Germany, prepared by the European Division on June 6, 1949, concluded that the new government was constitutionally capable of stable government and likely to be pro-Western in outlook. It would be confronted with nationalistic emotions that would hamper international and democratic collaboration. The announcement of the avowed intention of the Western Powers to defend Western Germany would strengthen co-operation. Doubt was expressed on German rearmament for the reason that "The creation of a German armed force would tend to increase German independence and hamper European integration". It was realized that Western Germany, to give a more accurate territorial description of the new republic, was no longer a problem about which views could be expressed, but an embryonic state with which Canada would have to deal directly. Such questions as the development of trade,<sup>(1)</sup> which had been hampered by the policies of the

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(1) After the visit of a German trade delegation in the summer of 1949, one of its members was allowed to remain in Canada as an "unofficial trade representative of the German economic administration". The Department preferred to consider next the appointment of a Commercial Consul, but, when the Allied Commission enquired on May 31, 1950, if the Canadian Government would accept a Consul-General, the Government agreed to do so. Dr. Werner Dankwort was granted recognition in September, 1950.

Joint Export-Import agency which had been under American dominance, and the entry of German nationals into Canada made all the more important the work of the new Mission in Bonn and correspondingly reduced the significance of the Mission in Berlin. The Canadian office was maintained there, chiefly as a proof of sympathetic interest in the future of the city. There remained the much wider question what policy should Canada, as a NATO country, pursue towards the new State? In his survey of foreign affairs in the House of Commons on November 16, 1949, Mr. Pearson cautioned that it remained to be seen whether Germany would wish to work in a democratic and responsible manner with other European states. He welcomed the establishment of a democratic Republic of Germany "whose mandate we hope will soon run over a united Germany", and regarded its participation in the European community as fundamental to the latter's rehabilitation.

76. When the Soviet authorities decided to counteract the appearance of the new German Republic by establishing a government in East Germany, with the inevitable title of the German Democratic Republic, it was not difficult to decide on the Canadian attitude towards that body. Obviously it did not conform to the specifications for a democratic government which had been described in the Government's submission on Germany to the Deputies of the Foreign Ministers in 1947. Consequently, General Pope was upheld in his previous decision not to associate himself in any way with activities involving the alleged government. He was told on November 1, 1949:

"We continue to recognize the Soviet Military Authority as the government of the Western Zone and on matters pertaining to it you should accordingly deal with it exclusively".

If the General was referred on such questions to German authorities by Soviet officials, he could deal with them, "but only insofar as they may be regarded as subordinate officials of the Soviet Military Administration".

77. It was to be expected that once the Federal Republic was established the Western Powers would find it necessary and advisable to transfer more and more authority to it, as it proved fit to govern. In May, 1950, with a view to modifying the Occupier Statute, which was due for re-examination the following September, the Western Occupying Powers set up a Working Party with which the Department kept in touch. One of the questions examined was the formal end of hostilities. The United Kingdom Government had already informed Canada, in April, that it regarded the continuance of a state of war as illogical, and was prepared to terminate it, after discussion with the United States and others most directly concerned. This question was studied in the Department, where action was hastened by the public announcement of the three Western Powers that they proposed to take such a step. On its recommendation Cabinet agreed on September 30, 1950, that Canada should take similar action, and make an announcement to that effect, without specifying the date on which the formal cessation of a state of war would come into effect. Shortly afterwards the three powers submitted notes similar in character to the Department, suggesting that Canadian action in this respect be co-ordinated as far as possible with theirs. This request was agreed to, but the Western Powers were reminded of their failure to inform the Canadian Government before publicly announcing such a policy. On October 26, the Government issued the required declaration and referred in the press release to the "desirability of bringing the Federal Republic of Germany into closer association with the community of free nations". The formal termination of war did not, however, take place until July 10, 1951,

the delay being caused by the protracted negotiations with the Germans before the revision of the Occupation Statute had been accepted by all parties, and by delays in the United States Congress. With war formally at an end and the Federal Republic free by the revised statute to establish a Ministry of Foreign Affairs, it was possible for Mr. T.C. Davis (who had succeeded General Pope at Bonn in June, 1950) to present his credentials as the first Canadian Ambassador to Germany in August, 1951.

78. The question of encouraging Germany to rearm presented a much more difficult problem. Once again action was precipitated by the policy of the USSR, and particularly by the uneasiness created through the outbreak of war in Korea. Mindful of German fighting capacity and what it had cost Canada, and aware of the sleepless suspicion in France and in the Low Countries of German militarism, the Canadian Government had been strongly in favour of German demilitarization and disarmament. As recently as April 22, 1950, in its letter of instructions to General Pope, he was told that some thought had been given to the "military potential" of the new Republic but was assured that such a step "in no way" suggested that "the Federal Republic should be regarded as a possible military ally, or that Canadian policy on disarmament and demilitarization had changed in any way". However a new note was struck, on April 24, in a report of the Joint Planning Committee to the Chiefs of Staff Committee on future policy towards Western Germany. The report concluded that from a military viewpoint, "For the successful defence of Western Europe in the foreseeable future, Western Germany must be rearmed", and that such military forces as were organized "should be eventually integrated with the military forces of Western Europe". It conceded that political considerations made it inadvisable to favour full rearmament of Germany. Until rearmament was possible, Western Germany should immediately organize "a police force organized on a para-military basis under control of the Occupying Powers". The military advisers were even prepared to recommend that "Immediate pressure be exerted by the United States, the United Kingdom and Canada to impress more forcibly on the other countries of NATO that, if Western Europe is to be defended effectively, Western Germany must be accepted as a military power". Although these challenging statements were modified slightly in an additional paper, they were a clear reflection of the point of view in National Defence as the planners studied the problem of defending Western Europe under the NATO agreement. In this Department, naturally, more stress was placed upon the political considerations involved. It was feared that the diversion of money and raw materials to Western German rearmament would have "the gravest demoralizing effects on opinion in Western European countries". It was also pointed out that it would be very dangerous to assume that a rearmed Western Germany would ensure that state becoming a bulwark against Communism.

79. The march of events in Korea compelled a re-examination of the dilemma, as Mr. Pearson's speech of August 31, 1950 during the special session of Parliament significantly indicated. He warned against the danger of what occurred in Korea being repeated on a larger scale in Germany, and pointed to some ominous parallels between conditions in the two countries. Eastern Germany was already rearmed and, if Western Germany, whose defence was important to Western Europe should be defended "it must be given arms with which to assist in its own defence, or alternatively other Western countries must assume even heavier responsibilities than they have hitherto contemplated". The Minister admitted the risks involved in this policy but believed that they would be minimized:

"if that part of Germany, and eventually all of free democratic Germany could be increasingly and effectively integrated, economically, militarily and ultimately politically, with the other countries of Western Europe".

In such a policy he saw the only safeguard against the dangers involved in allowing Germany to rearm apart from Western Europe, or the even greater danger of allowing her to remain defenseless against a Russian armed and controlled Eastern Germany. It was in line with this belief in integration that the Government had welcomed the entry of Germany into the Council of Europe and participation in the Schuman Plan.

80. It was known that the question of rearming Western Germany was on the tapis for the meeting of the North Atlantic Council at New York in September. A Departmental memorandum of September 9 was prepared for the Minister on the topic. Bearing in mind the political, psychological and military difficulties, it concluded that the strengthening of West Germany's police forces and the expansion of Western German industry would appear to be "the practical and essential minimum at the present time". Yet it was realized that such measures were no more than palliatives, and serious consideration would have to be given to the utilization of Western Germany's reservoir of manpower. The paper pointed out that a decision to equip two or three German divisions could hardly be effectively implemented within a year. It was better to prepare for such a contingency, subject to reconsideration in future, rather than to wait until it was too late.

81. The Canadian paper was prepared before the meeting of the three Western Foreign Ministers which preceded the NATO Council meeting. In addition to concessions in extending self-government, they agreed to the establishment of mobile police formations in the Federal Republic. They also undertook to strengthen their own occupation forces in Western Germany and, in response to a request from Chancellor Adenauer, guaranteed the territory of Western Germany, including Western Berlin, against attack.<sup>(1)</sup> They still ruled out the creation of an independent German armed force, but, under prodding from Mr. Acheson, agreed to consider the incorporation of German forces into an integrated force for the defence of Western Europe. The communiqué described the latter topic as presenting a subject for study and exchange of views, thus concealing in guarded phrases the strong objections of the French Government to agreement, even in principle, to the participation of German units in Western defence. They argued that a Western European Force, under a supreme commander and of adequate strength, must first be in existence, and that the immediate need was material and not manpower. Because of the French attitude, the Atlantic Defence Committee meeting was postponed until October 28. In the interval the Department began to formulate policy in the light of these latest developments.

82. Three observations at this time serve to indicate the trend of Departmental thinking. At the NATO Council meeting in September Mr. Pearson said that Canada recognized the risks in re-arming Western Germany, but added, "Everybody admits these risks, but we felt that this was the best choice of risks to make". In a letter to Mr. Davis on October 5, commenting on some observations he had made as to the possibility of Europe becoming to a

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(1) Such a guarantee, of course, indirectly and materially affected Canada. In March, 1951, Mr. Wershof wrote a careful analysis entitled, "Dangers of the Berlin Situation - Obligations under the North Atlantic Treaty".

considerable degree dominated by Germany, Mr. Heeney pointed out that German assistance might be found necessary against the "gravest and most immediate threat", Communist imperialism, but believed that the solution lay in finding a method "whereby, notwithstanding her greatness Germany will remain a willing partner and not become a harsh leader". For this purpose he thought the formula of slowly integrating Germany into NATO was a good one, since "In a camp where the United States would be ever present Germany would surely find it difficult to dominate". In his reply, Mr. Davis agreed with this analysis but warned that a separate German army would be "fatal". He felt that the inclusion of Germany should not be accomplished too quickly, and only after it was clear that the bulk of German opinion favoured such a course. A powerful defence force should be in existence before German troops were included in it. In a paper prepared for the Chiefs of Staff Committee, the Department advanced some tentative views on the political setting for the U.S. military proposals. These may be summarized as follows:

(1) Only the integration of Western Germany in the Western Community can ultimately protect the other nations of Western Europe from a resurgence of German militarism.

(2) It would be desirable if the Western European states were given some assurance that the United States was thinking on a long-term basis in planning an integrated force in Western Europe.

(3) The logic of the military argument should not result in the French being pressed too hard for an immediate agreement on a programme which presented immense political difficulties for them, and could not in any case be implemented immediately.

83. Behind this last recommendation was the uneasy feeling in the Department that long-term political realities were being obscured in the pressure for German rearmament. This point of view was well illustrated by a letter of Mr. Leger's of October 20, 1950 of which a copy was later sent to Mr. Wrong as background for talks with the State Department. He believed that the bluntness of the American approach to the question had done great harm. Mr. Leger suggested that the United States was thinking in terms of strategical necessities for the immediate future, while the French were thinking in terms of their permanent quarrel with their next-door neighbour. He thought that a middle way might be found between the opposing arguments, by not placing the discussion of German rearmament only in a North Atlantic context, but allowing it to remain as well in a European one and "discussed jointly with French plans for European integration". He recognized that this solution was rendered more difficult by the attitude of the United Kingdom, and wondered if some way could not be found "for other members of the Commonwealth to press the United Kingdom into being more co-operative in their dealings with their immediate European neighbours". Closer integration of the United Kingdom with Western Europe would strengthen continental morale.

84. For the time being the Government decided to give the policy of rearming Western Germany cautious approval. On October 25, Cabinet decided that, at the Defence Committee meeting in Washington, the Canadian representative "should support the policy of establishing and arming units of Western Germans under the command of the occupying forces, without actively pressing it". However this policy required re-examination when the French brought forward the Plevin Plan for a European army.



85. The discussions which produced the plan for a European Defence Community have already been described in this chapter. The nature of the talks in Bonn precluded Canadian participation, but the Department was fairly well informed of their nature. It was soon apparent that the earlier haste in Washington for securing German troops had abated, and a leisurely process of negotiation would take place while Allied integrated forces were built up under the command of General Eisenhower. During these talks it was necessary to study the changes in the occupation arrangements which would result from a German contribution to Western European Defence. It became clear that to meet German wishes some sort of contractual arrangement would have to replace the Occupation Statute. The United Kingdom informed Canada of this development in May, 1951, and offered to keep the government informed and discuss informally with it or other Commonwealth countries questions that concerned them. This offer was an advance upon the manner in which the Occupation Statute had been prepared, but still barred Canada from direct access to talks with the Occupying Powers. A telegram of June 5 to the High Commissioner in London agreed to the procedure suggested. He was also instructed, in familiar terms, to make it quite clear that "our acceptance of this method of consultation is without prejudice to our insistence on direct and formal participation in any final settlement with Germany". In answering a question on Germany in the House of Commons in October, 1951, Mr. Pearson said that Canada welcomed the progress being made in associating Western Germany more closely with the free world, and hoped that the arrangements for securing a contractual agreement would soon be concluded "in such a manner as may secure the whole hearted co-operation of the German people". He was careful to add a qualifying sentence, which reflected warnings that came from our Embassy in Bonn, that no encouragement should be given to tendencies in Germany to utilise the present situation for securing unconditional guarantees of security, or for assuming that almost any price would be paid for German assistance in Western Defence.

86. It was appreciated in Ottawa that the Canadian interest in most of the agreements under negotiation was limited, since Canada was not an occupying power. But Canada as a NATO power was and remains interested in the nature and amount of the German financial contribution for defence, the treatment of war criminals and in the status of the Canadian troops in Germany. They had gone there in the autumn of 1951 as a contribution to Western European defence and not as troops of an occupying power. A memorandum of April 28, 1952, concluded that, in the post-occupation period, Canadian relations with Western Germany would be those normal between two sovereign states. Whatever restrictions still remained on the Federal Republic's sovereignty would not be likely to have any important effect on Canadian-German relations.

87. As Mr. Pearson pointed out on June 17, 1952, in asking the House of Commons to approve the protocol to the North Atlantic Treaty, the contractual agreements that were signed in May still left some restrictions on the complete freedom of Germany. In the main they were the result of "the peculiar nature of the problem of according to the Federal Republic rights over its external and domestic affairs, while preserving the means of conducting negotiations with the Soviet Union on German unification and on the final peace settlement". The question of unification was the one which aroused the strongest emotion among all Germans, and which the Soviet Union intermittently revived, whenever it appeared that the Western Powers might prove successful in bringing Western Germany into closer association with Western Europe. The appeals from East Germany in September, 1951, for consultation on the possibility of free elections, for the hastening of a peace treaty, and for the withdrawal of all occupation forces were

obviously designed to stymie the Western negotiations for a contractual agreement which had been dragging. The Western Powers were uneasy that such appeals might retard the progress of securing such an agreement which, they felt, should precede any serious discussion of a single Germany. Mr. Pearson referred to this dilemma in his statement on Germany in the House of Commons on October 22, 1951. He said that unity based on free self-government must one day come to Germany. If it were on the right basis, the sooner the better. He believed that it must not come in such a way that a United Germany would be forced to go the way of a united Poland or Czechoslovakia, and become a united Russian satellite. To offset the East German propaganda, and, at the request of Chancellor Adenauer, the three Western Occupying Powers proposed at the Paris meeting of the U.N. General Assembly in 1951 that an impartial commission be appointed to carry out simultaneous investigations in all parts of Germany to see if it were possible to hold genuinely free elections. Spokesmen from both East and West Germany were heard, and the former made it clear that they would not permit the suggested Commission to enter the Soviet zone of Germany. The Canadian delegation then took the lead in having the original motion amended so that the Commission could be established but not report until September 1, 1952, in case the East Germans changed their mind.(1) The amendment was carried by a vote of 45 to 6 and was described in a report from the Canadian delegation as "a modest contribution towards trying to break the German deadlock, or, if it remains unbroken, at least making it evident to the German people and the world where the blame rests".

88. The most recent summary of the Department's views on German unification was given in a despatch to Washington on February 16, 1952. The basic approach was that integration, even of a truncated Germany, into the family of free nations should precede unification. While proceeding with this policy, the Western Powers should retain their position in Berlin, and make it clear in all their dealings with the German Federal Republic that there was no intention of sacrificing their interests to a settlement with the Soviet Union. It was also felt that care should always be taken not to lose sight of the eventual peace treaty with Germany, in which Canada expects to take part. Finally it was the Departmental view that the inclusion of Western Germany in a united Europe could only succeed, if firmly established on a rapprochement between France and Germany. In supporting the policy of "integration first" as the least hazardous policy officers of the Department are aware that it carried with it the risk of a third world war. If the Russians should despair of being able to prevent the current developments for the German membership in EDC and the subsequent rearming of Germany and reconditioning of her munitions industry, they may, should threats of force prove useless, resort to force itself. A second risk of war may arise from German intransigence over the frontiers with Poland, a problem which the Western Powers have so far dodged by carefully ambiguous statements as to the future of the territories beyond the Oder-Neisse line. Yet, despite the seriousness of these risks, the West has gone too far in its negotiations to retreat from its present policy. What remains, as Mr. Ritchie points out in a covering note to a second memorandum of April 21 on "Western Policy towards Germany in the Light of the Recent Soviet Proposals", is to see to it that both NATO and EDC retain their strictly defensive character, and that German membership in EDC should not be permitted to lead to a re-emergence of "the offensive spirit of German militarism". The best check on the power of a rearmed

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(1) The Commission reported no progress in August, 1952, in view of the refusal of the Soviet authorities to respond to their request for access to East Germany.

militant Germany in the EDC will be, in the last analysis, the policy pursued by the United States which has been the leader in urging the importance of Germany to the defence of the West. Meanwhile both France and the German Federal Republic have still to ratify the EDC and other agreements and the Soviet Union can continue its efforts to woo Germany by promises of a peace treaty unification and the right to rearm for defensive purposes on condition that there be no participation in military alliances directed against opponents in World War Two. Until a suitable counter offer can be evolved by the West it is the view of officers in the European division that "the best course is probably to continue as we are, stalling for time and consolidating our position in Western Germany, in the hope that the good sense of the Western Germans will be sufficient to resist the current blandishments from the East".

89. In glancing back at the evolution of Canadian policy towards Germany in the past seven years it is noticeable how that policy has reflected attitudes formed in other contexts. Repeated insistence upon full recognition of Canada's status and stature, lingering suspicions of centralization of policy in Whitehall, and frank recognition of the power and influence of the United States have all made themselves felt on such questions as the framing of a German peace treaty, the Berlin Airlift and the rearmament of Germany. Canadian policy has differed from that of the United States in retaining a deeper suspicion of the Germans, the result no doubt of a lengthier experience in fighting him, and a greater reluctance to draw a sponge of oblivion over past offences. It also consistently displays a more sympathetic understanding of the doubts and suspicions which France, and Western Europe generally, retain towards Germany. Differences with the United Kingdom are few, except that this country is more prepared to see the United Kingdom enter further into integration with Western Europe as a means of reducing German political influence than are those responsible for British policy. The suspicion of Soviet imperialism, which was a major factor in prompting Canadian membership in NATO, has left an equally deep mark upon Canadian policy towards Germany. But for Soviet policy in Eastern Germany and Berlin it would have been difficult for the government to accept as readily the rearmament of Western Germany or to carry the country with it in that policy. Partnership in NATO also helped to accelerate that phase of Canadian policy. It exposed Canadian military advisers (who were already at least half-converted) to the arguments of the planners in the Pentagon that German manpower was essential, if NATO was to prevent the Soviet Union from conquering Western Europe, and that Western Germany provided an important area in which NATO forces could have greater freedom of manoeuvre if war came. In NATO, also, the financial argument was pressed home with effect that the inclusion of Western Germany in the EDC would help to reduce the cost of burden-sharing in the NATO rearmament program. Having said all this, it is necessary to add a final observation that the record shows that Canada has seldom been able to play an effective part in the formulation of Western policy towards the German problem. This intractable and explosive problem appears to be reserved for Great Powers only.

90. Elsewhere in this survey the impact of the Soviet Union upon Canadian policy has been discussed in relation to defence arrangements with the United States, the entry into NATO, the peace treaties, and the rearmament of the German Federal Republic. For that reason no extended analysis is given of Canadian relations with the U.S.S.R., but chiefly a description of the change in the Canadian attitude. It is a far cry from the days of February, 1945, when the Prime Minister sent a congratulatory message to Marshal Stalin upon the twenty-seventh

anniversary of the founding of the Red Army, praising that army's "immeasurable contribution to the cause of freedom". At that time a Departmental memorandum, appraising the effect of the Anglo-Soviet alliance and other such defence agreements in Europe upon Canada, could write approvingly that:

"it is evident, of course, that Canada's basic interest in the preservation of peace and a stable settlement in Europe is likely to be served by any defence arrangement which would minimize the chance of another break-out by Germany".

91. The shift from such a cordial attitude and from emphasis upon Germany as the potential enemy was not, of course, primarily caused by the revelation of the activities of Soviet agents in Canada which dated from the examination of the Gouzenko documents in the autumn and winter of 1945. The spy cases were only links in the chain of accumulating evidence which compelled the Government to realise, regretfully, that the prospects of any real co-operation in the post-war period between our great ally, the Soviet Union, and the Western world were slight indeed. In this process of reluctant adjustment to an unhappy and undesired situation, the Canadian Embassy in Moscow played a major part by the excellence of its reporting and the shrewdness of its diagnosis of the trend of Soviet policy. As early as April 16, 1945, Mr. Arnold Smith was writing:

"It is therefore time for a firm diplomatic line to be taken by the Western Powers in their dealings with the Soviet Union, and it is also desirable to consider building up those areas in Europe and elsewhere where Western influence is, or can be, dominant".

This advocacy of a policy of "containment" was supplemented by an insistence upon negotiating with the Soviet Union, in a realistic mood of "firmness tempered with fairness", which in April, 1946, Mr. Wilgress advocated in a searching analysis of Soviet motives in foreign policy. Two months later Mr. Wilgress wrote prophetically:

"We are witnessing the emergence of the Soviet Community and of the Atlantic Community, the former to be dominated by Moscow and the latter, much more liberally, by Washington. The Soviet Union is not interested in security through treaties, only in security through power".

While watching Soviet tactics at the Paris Peace Conference, he wrote in September, 1946:

"The Soviet Union are out to get all they can short of war and they always draw back when confronted with any determined resistance, thereby giving rise to an inflammable situation".

He was not discouraged about the long-term future and believes that:

"Once equilibrium between the two worlds has been obtained, a basis will be found for the co-existence of these two worlds".

It was because of his appreciation of the necessity for United States leadership in Europe that Mr. Wilgress stressed the significance of the Truman doctrine on April 25, 1947. He conceded that the doctrine would place Canada in a position of still greater dependence upon the United States, and that this country

would have no alternative other than to follow a similar policy. But he believed it was sound in its basic ideas, "provided it is not pushed to too great an extent, and provided we keep our heads". It was much to be preferred to the policy of Mr. Wallace in endeavouring to win over the Soviet Government by generosity, a tactic which was only interpreted as a sign of weakness in Moscow. He recognized the danger of some United States leaders confusing firmness with rudeness, and commented in that connection:

"Our detestation of totalitarianism and all that it stands for should not lead us into treating the Russians differently to the manner in which we would treat any other country with which we were not on particularly friendly terms".

Mr. Wilgress recommended an attitude of something approaching indifference towards the Soviet Union, "neither that of excessive flattery nor that of excessive ostracism", coupled with a recognition of its zone of security in Eastern Europe, and a corresponding attitude of "mild tolerance" towards governments like those of Poland and Rumania. They should be given some economic help, in order to avoid the accusation that they were denied aid for political reasons, but "any appearance of subsidizing these countries would be as fatal as the past policy of ostracizing them".

92. With this policy of protesting less vigorously against the absence of democratic government in Eastern Europe, General Pope was in full agreement. He had written from Berlin in October, 1946, that we had gained nothing by our concern for the future of representative government in Poland and Bulgaria. We would be better advised "to reduce the points of friction between East and West to those, of which there are quite enough, at which we have essential interests to defend and where we have some means of doing so". A third Canadian critic, on similar lines, of current Western policy towards the satellite states was Mr. Ford, who, in February, 1947, wrote an able despatch from Moscow on United Kingdom policy towards Poland.(1)

93. It is evident from departmental papers and memoranda that Ottawa concurred with these observations from offices abroad. Thus in May, 1946, Mr. Ritchie commented that the Western Powers were becoming chiefly concerned with the threat of Soviet domination and possible aggression. In November, Mr. Pearson warned the Prime Minister, in a memorandum which preceded important talks on joint defence with the United States, that, in his judgment, "without some fundamental change in the Soviet political system and in the political views of its leaders, the U.S.S.R. is ultimately bound to come into open conflict with Western democracy". In February, 1947, Mr. Reid prepared for the Joint Intelligence Committee a political appreciation of the possibility of the Soviet Union precipitating a war with the United States. Later, this paper became a memorandum on "The United States and the Soviet Union", which was widely circulated and evoked much comment. Mr. Reid argued that, barring a radical change in their policies, the two major powers were liable to clash for years to come, because of their widely differing social and political philosophies, and their respective attempts to stabilize their defence areas. The Soviet Union was not likely to risk a war

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(1) In May, 1949, the Department distributed as a Circular Document an excellent analysis by Mr. Ford of the foreign policy of the USSR which was entitled "SOME NOTES ON SOVIET FOREIGN POLICY".



merely to further world communism, but only in defence of what it regarded as its vital interests. He outlined a series of proposals which might diminish the risk of war, of which the most important was that:

"The Western Powers maintain an overwhelming balance of force relative to the Soviet Union, that they use the threat of this force to hold back any further extension of Soviet power, but that they do not provoke the Soviet Union into any desperate gamble".

The author was opposed to a policy of firmness being pressed too hard by the West, and deprecated attempts to extend the Western defence area into the area of Eastern Europe already included in the Soviet zone. He also wanted to see as many bridges as possible, including the United Nations, being kept open between the Soviet Union and the West, in the hope that they might prove useful, if any "mellowing" of Soviet opinion should take place. Mr. Reid agreed with Mr. Wilgress upon the increased dependence of Canada upon leadership by the United States in such circumstances, but believed that, with care and skill, considerable influence could be exercised in Washington. He recommended that hereafter any national decision of importance should be examined "in the light of whether or not it contributed to increasing or decreasing chances of war with the Soviet Union". As the record shows, many of the policy judgments contained in the memorandum were criticized by those who read it, but the main line of action they recommended commanded general agreement.

94. In the anxious year, 1948, when the stamp of totalitarianism was imprinted upon Czechoslovakia, Norway appeared to be in grave danger of going the way of Finland, Berlin was blockaded, and the Marshall Plan gathered momentum with agonizing slowness, the Canadian Government proceeded to help to meet the Soviet challenge by co-operating in creating an effective defence system for the North Atlantic Area. This radical departure from pre-war policy, described in an earlier chapter, required the assurance of overwhelming support from the Canadian people. If they were convinced that there was a genuine threat to their own safety and of their fellow partners in a free world, such an assurance would be forthcoming. For that reason there is evident a noticeable increase in the process of educating public opinion to the nature of the threat to Western institutions. By public addresses at national conventions or important gatherings, by radio talks and in debates in Parliament frank warnings were delivered against the obstacles to peace created by Soviet policies. In October 1947 for example, Mr. St. Laurent, then in charge of this Department, addressed the Canadian Chamber of Commerce upon the work of the General Assembly of the United Nations, which was then in session and which he had been attending as leader of the Canadian delegation. During his speech he said bluntly that "it is perfectly clear that the Soviet Union wishes to see Capitalistic Regimes destroyed and Communist Totalitarianism established everywhere". After sharply criticizing Mr. Vyshinsky's tactics at the General Assembly, he quoted from his own speech at Lake Success upon the handicap of the veto in the Security Council and promised that Canada as a newly elected member of the Security Council, would go "to the most extreme limits" to make the United Nations work as a universal world organization. He then added:

"But if theory crazed totalitarian groups persist in their policies of frustration and futility, we will not, for very much longer, allow them to prevent us from using our obvious advantages to improve the conditions of those who do wish to co-operate with us..."(1)

(1) Mr. St. Laurent made two other addresses on similar lines in the next three weeks.

In the same month, at the University of Toronto, General McNaughton discussed "National and International Control of Atomic Energy" and, during a careful analysis of the problem, said that:

"Quite frankly, the only major country or association of countries about which we of the Western world might feel anxiety is the U.S.S.R."

In January, 1948, Mr. Pearson addressed the Toronto Board of Trade. During his discussion of a "provocative and intemperate" speech by Mr. Vyshinsky on warmongering, he advocated the freedom-loving states take the offensive in political warfare in U.N. debates. They should expose "coolly and factually the false arguments of those who are trying to establish a totalitarian tyranny, which is as old as sin, and as reactionary as slavery". In January also, the Prime Minister gave a national radio broadcast which contained an unusually frank attack upon Communists and a hint of what was to come. Mr. King warned his listeners:

"Communism is no less a tyranny than Nazism. It aims at world conquest. It hopes to effect its purpose by force. So long as Communism remains a menace to the free world, it is vital to the defence of freedom to maintain a preponderance of military strength on the side of freedom, and to secure that degree of unity among the nations which will ensure that they cannot be defeated and destroyed one by one".

During his review of world affairs(1) in the House of Commons on April 29, 1948, Mr. St. Laurent said that the most cursory survey of international events in recent months gave cause for concern and perhaps apprehension. He placed the main responsibility for the complete lack of trust and mutual toleration upon "the aggressive and imperialistic policies of communism and on outside sponsorship and support of subversive communist fifth columns in many countries, more particularly in the countries of Europe". He cited the recent developments in Czechoslovakia as "a frightening case history of communist totalitarianism in action", and concluded that it underlined "the necessity for the free states of the world to unite their material, their political and their moral resources to resist direct and indirect totalitarianism aggression".

95. When it was Mr. Pearson's turn to give a similar survey, the first in eighteen months, he included in his speech of November 16, 1949, a summary of the setbacks which Communist parties had suffered in various European elections, and a description of the efforts made by the Kremlin to secure slavish obedience from its satellite states. He referred bluntly to the "obvious aggressive intentions of the Soviet Union", described the progress made in implementing the North Atlantic Pact and concluded that while there was no reason for undue panic:

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(1) In preparing notes for this speech, the Department consulted our Moscow Embassy for material on the nature of Communism. Much of this material was used as background for a speech on Communism which Mr. St. Laurent delivered to the Morrisburg Canadian Club on May 26, 1948.

"no one can be unreasonably optimistic about the future so long as the free democratic and the Russian communist worlds face each other in fear, misunderstanding and mistrust".(1)

96. While the Department continued to provide information for public addresses on the Soviet threat to security,(2) it was equally busy in drafting periodic assessments of the political aspects of the strategic situation as affected by Soviet policies. Such a paper was prepared before the Colombo conference for the Canadian delegation. It concluded (December, 1949) that:

"On balance, Communism has sustained political reverses in Europe and achieved military successes in Asia during the past year. At no point on the long circumference of the Soviet orbit has the threat inherent in greatly superior Soviet strength been overcome".

The paper warned that Canadian responsibilities under the North Atlantic Treaty promised to be onerous, and that it would not be in the interests of world peace for Canada to distribute her limited defence resources too widely. The outbreak of war in Korea caused a further reassessment of the likelihood of a general conflict arising from Soviet policies. A memorandum of August, 1950, on "Political Factors in the Likelihood of the Outbreak of War with the Soviet Union" reasoned that the Soviet leaders would "actively seek to avoid war", until they felt they were adequately prepared for war with the West. When that stage had been reached, they might prefer to resort to armed force, rather than all methods short of war, if they decided that time was no longer on their side. The closing sentence of the appreciation, which reveals a shift away from the hopes of an equilibrium between the free world and the Soviet Union, illuminates the serious limitations in attempting to forecast Soviet tactics. It read:

"As there is no way in which to be sure whether the Soviet leaders have decided to attack while their military advantage is greatest, it is necessary to estimate the minimum requirements for 'adequate Soviet preparation', and to consider that war is most likely when those minimum requirements can be met".

A second estimate of the imminence of war was made by the Defence Liaison Division in April, 1951. This paper was still more gloomy in tone. It pointed out that the experience in Korea offered evidence of the willingness of the Soviet Union

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- (1) Mr. Pearson maintained this educational process in his speech on the Korean war at the special session of Parliament in August, 1950. He prefaced his statement on the war by a careful analysis of the characteristics of Soviet Communist imperialism.
  - (2) The Department also provided policy guidance for the C.B.C. International Service in preparing short-wave broadcasts to the Soviet Union. The memorandum of October 27, 1950, describing the line that should be taken is the best illustration of this type of psychological warfare. A parallel memorandum was prepared on broadcasting to the Satellite countries in May, 1951. On February 28, 1952, a comment on the problem of describing our policy to them notes that "In simplest terms our policy is to preserve peace and check the inroads of Soviet imperialism".

to pursue its objectives, even by operations which contained the risk of major war. It believed that the Soviet Union had the military capacity to launch a major war "at any time and without giving warning". The particular danger of a preventive war would arise within the next few months because of Western weakness, but even when the West was stronger it was unwise to rely upon any diminution of the danger. This estimate was sent to London for use with another Departmental paper on Soviet Foreign Policy which was at that time on the agenda for discussion at a meeting of the NATO Council Deputies. The latter paper, of June 18, 1951, considered the three chief bases of Soviet policy to be the realization of a Communist world order, nationalist imperialism, and the safeguarding of national security. It listed the last as the immediate objective, and believed it to be by no means clear that the Soviet Union would take undue risks to further world communism. In this respect it was less pessimistic than the appreciation of the imminence of war. After surveying by regions the aim of Soviet policy and describing the methods used to further those aims, the paper concluded with an examination of tactics. These were considered to be largely determined by the Soviet reaction to Western policies. Four courses of action by the West were described which, either singly or in combination, might be considered by the Soviet Union as so threatening its vital interests as to justify military counter-action, even at the risk of general war. They were;

- (1) Remilitarization of Western Germany and the integration of its armed forces in NATO;
- (2) Remilitarization of Japan, especially naval and air forces;
- (3) Establishment of bases in areas immediately adjacent to the USSR;
- (4) Political action aimed at detaching present Soviet satellites from the Soviet bloc.

Mr. Ford was asked, from the vantage point of Moscow, to comment upon this appraisal. He regarded the first course as the most likely to provoke Soviet action, and placed the fourth next to it in order of riskiness. He added two further policies which might evoke a violent Soviet reaction;

- (1) Expansion of the United States Armed Forces beyond a "reasonable" level;
- (2) Transformation of the United Nations into an anti-Soviet political and military alliance.

Mr. Ford commented that most civilian observers in Moscow, including himself, did not think that the Russians were wedded to a warlike solution of their problems, in view of the fact that they had "very considerable confidence in their ability to forestall Western designs without recourse to war". He added that such a belief about Soviet intentions should not encourage the risk being taken of frightening the Russians into rash decisions. The opinions expressed in the Canadian papers were well received in the discussions of the Deputies in London, and are substantially reflected in the summary of their views which was approved in February, 1952. It can be fairly claimed that the Department has been well served in its efforts to understand the policy of the power which has caused Canada the most concern in the past six years.

97. Although Soviet officials can not be expected to study Canadian policy with anything approaching the interest and care that it has received in Ottawa, it does not appear that they have profited much from whatever examination may have been made of it. Mr. Ford was given an unexpected opportunity recently to test their grasp of Canadian policies in a conversation with Mr. Pavlov, one of the most intelligent and travelled of Soviet officials. The latter brought up in conversation a book, "Canada-Patrimony of American Imperialism" which had just been published by a Tass correspondent who had been in Canada for a time. Any attempt on Mr. Ford's part to challenge the accuracy of the book's thesis, as illustrated by its title was hotly rejected. He decided, as his despatch of February 12, 1952 indicated, that the picture of Canada, presented by the Soviet press, as "a mere appendage of the American war machine, rapidly being enslaved by United States capital, and, under instructions from Washington, feverishly engaged in military preparations", (1) was not far from the image even in official minds. At the same time the Russians, however distorted their conclusions, appear to be well informed upon the geographic, economic and industrial factors in Canadian policy and the resulting relative importance of Canada in the Western alliance.

98. There have not been many occasions for Canadian policy to be demonstrated individually towards the Soviet Union, as distinct from participation in a course of action favoured by the chief Western Powers. When such occasions have appeared the Wilgress formula of "firmness tempered with fairness" has been well illustrated. (2) Apart from the spy cases, one of the best examples of this approach is to be found in the handling of the Anna Teuber case. Over a period of almost two years, May 1946-March 1948, the Department repeatedly pressed for the release from a Soviet forced labour camp of this girl, a naturalized Canadian citizen of Rumanian birth. The girl had been in Rumania when the war broke out and was deported to Russia in January, 1946, after Soviet troops overran that country. The patient accumulation of evidence and firm presentation of the case, coupled with a complete refutation of the Soviet denial that a Canadian citizen was concerned, finally ended in the girl being returned to Rumania from which, after another delay of two years, she was eventually able to return to her home in Canada. (3) Such persistent advocacy reflected a basic difference in the Canadian approach to the role of the individual in the state from that of the Soviet Union which was well illustrated by an observation from the Moscow Embassy in May, 1947.

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- (1) Mr. Black of the Canadian Embassy in Moscow prepared an enlightening paper dated, February 12, 1952 on "The Soviet Attitude Towards Canada" which described the comments of the Soviet press on Canada over the previous years and was later distributed as a Circular Document.
  - (2) There have been irritating negotiations over attempts to secure repayment of wartime debts and over the nature of compensation payments (sterling or U.S. dollars) for the Petsamo mines, but these have not raised major questions of policy.
  - (3) In the Power case, the Department, after six attempts between 1945 and 1947, failed to secure an exit visa for the Russian wife of a Canadian diplomat who had married while in Russia. The fact that Mrs. Power was a Soviet citizen at the time of her marriage made it possible to refuse her a visa. Mr. St. Laurent publicly described the Soviet refusal as "an incomprehensible action on the part of a friendly state".



"The fate of one girl, while in itself important from a humanitarian aspect is also important as creating a precedent. I do not think we should permit the Soviet authorities to get away with this. They will no doubt be astonished at our preoccupation with one human being's life but that is perhaps what we must show them that there is another concept of the value of human life than their's".

99. A case in "reverse", in which the Department had to admit errors of judgment on the part of its own officers developed, when Mr. Weld and Captain Clabon of the Canadian Military Mission in Berlin, illegally, though unintentionally, entered the Soviet administered part of East Prussia in November, 1947. When it was discovered that they were being held by Soviet military authorities, the Department made prompt efforts to secure their release. After they had been released, the Government expressed regret for what had taken place and "appreciation of the despatch with which the Soviet Government completed its investigation and facilitated the return of these persons to Berlin". In a third case it was the Soviet turn to be at fault. When an employee of the Soviet Embassy in Ottawa behaved improperly, by making a speech in July, 1947 defaming Ukrainian Canadians at a public meeting in a Manitoba town, the Chargé d'Affaires was asked to call at the Department, after vain attempts had been made to secure from him definite confirmation of what had actually been said. During the interview he was informed of the grounds for protest and warned that;

"if Mr. Scherbatiuk or any other member or employee of any diplomatic and consular mission in Canada used language in future which was similar to that which had been attributed to Mr. Scherbatiuk, the Canadian Government would have no alternative but to request the immediate recall of the official or employee concerned".

100. The retention of the Soviet Embassy in Ottawa and of the Canadian Embassy in Moscow has provoked much comment and discussion, within and without the Department. Public concern about the Soviet Embassy in Ottawa was to be expected, in view of the revelations of the complicity of members of the Embassy in the spy case. The press, for example, did not fail to draw attention to the increase in the number of Russian Service Attachés here which took place in the spring of 1950. Periodically, there would be complaints in Parliament as to the folly of permitting the Soviet Union and its satellites to benefit by possession of a base of operations in Canada. But the Department has not approved of any policy of suspending diplomatic relations. There were however restrictions placed upon visits by Soviet Attachés to Canadian key defence establishments, but on the solid ground that Canadian Service Attachés were equally discriminated against in Moscow. Although severe restrictions upon travel were imposed upon Western diplomats in the Soviet Union in September, 1948, no limitations were enforced here until March 10, 1952 when parallel action of this kind was taken by several NATO countries. There has been no Soviet Ambassador in Ottawa since December, 1945, and no Canadian Ambassador in Moscow since Mr. Wilgress (who had been absent much of the time since the summer of 1946) formally departed in 1947. The Canadian Government has been willing to appoint another Ambassador, if the Soviet Union would take reciprocal action, but Mr. Molotov only said that the subject was under study when Mr. Wilgress raised the matter during his farewell call. At the end of that year (1947) Mr. Robertson reported from London that he had a conversation with Mr. Molotov during which the question of exchange of ambassadors had arisen. The Soviet Foreign Minister then said that "they would hesitate to appoint an Ambassador to Ottawa

because they did not know what might be prepared against him". Mr. Robertson naturally combatted the insinuation, but the Soviet Government has still withheld making an appointment. The question of keeping open the Moscow Embassy, in view of the restrictions placed upon Canadian diplomats, the much more serious limitations upon the freedom of access of Soviet nationals to members of the Mission, and the nagging and expensive irritations of currency and customs regulations has been reviewed almost annually in the past four years. But the balance of arguments has remained in favour of retaining the Mission. They are best summarised in the letter of instructions prepared for Mr. Ford in May, 1951:

"The Embassy continues to serve as a channel for discussing and attempting to solve certain outstanding practical problems existing between Canada and the USSR, and as a source of information on Soviet and Communist developments which are of interest to the Canadian Government. In a more general way, the Embassy provides a means of maintaining a common diplomatic front with other Western states vis-a-vis the Soviet Union, and of collaborating with other Western missions for the preservation of peace and in the mutual interest of Western defence. Moreover our diplomatic representation in the USSR serves to keep ajar the door of communication, since the diplomatic channel remains one of the few openings for some degree of association even if only of a formal character".

101. Canadian policy towards Yugoslavia has raised some interesting considerations because of the development of "Titoism" in that country, the ensuing breach with Moscow and cautious rapprochement with the West. In the early post-war period, before the quarrel with the Soviet Union had become public knowledge, Canadian relations with Yugoslavia were correct but not cordial. The admiration of the gallantry of the Yugoslav peoples in their resistance to Nazism had been tempered at the close of the war by realization that Tito and his Partisans were determined to make their country into a thorough going Communist state as rapidly as possible. When the Charge d'Affaires of the Yugoslav Legation informed the Department on December 8, 1945, of the creation of the Federative Peoples' Republic of Yugoslavia, he received a formal reply which said that "Due note has been taken of this act of the Yugoslav Constituent Assembly and the supplementary information conveyed in your note". Stiffness gave place to coolness, as the new government proceeded to embark upon a series of provocative acts from the shooting down of U.S. planes over the country in August, 1946, to the aid and encouragement of the guerilla war in Greece, and the trial and imprisonment of Archbishop Stepinac. This last action aroused Catholic feeling in this country, and a number of representations were received asking the Government to make a formal protest. Such a step was not taken, as Mr. St. Laurent told the House of Commons on February 24, 1947, because it was felt that the Yugoslav Government was within its rights in trying a citizen subject to the domestic law of the country. When the Yugoslav Consul-General Designate made some disparaging remarks about the Archbishop and the Pope in Montreal the following month, there were further protests by the press and by correspondence. Mr. St. Laurent then said that part of the speech made was "clearly offensive", but no formal representation was made to the Yugoslav Minister in view of the Consul-General being recalled by his government. The zeal with which Yugoslav officials in Canada, the pro-Communist Council of the South Slavs, and Canadian Communists set about in 1946-48 to organize a return to their homeland of some two thousand Yugoslavs, many of whom later regretted their enthusiasm, also caused considerable adverse criticism. Again it was necessary to make a statement in the House of Commons. These facts, plus the partisan speeches made

by Yugoslav official representatives in Canada on several occasions, undoubtedly contributed, in addition to the shortage of personnel, to the tardiness with which a Canadian Legation was opened in Belgrade. M. Vaillancourt did not present his credentials until February, 1948, thus making Yugoslavia the last of the countries, with which in wartime Canada had agreed to exchange representatives, to receive a Canadian Minister.(1) In his letter of instructions on February 3, 1948, the Canadian attitude is illustrated by the following remark:

"There is a general desire in Canada that the Yugoslav Government should lift restrictions on freedom as quickly as possible and eventually establish a genuinely democratic state. It would not be in the interests of good understanding between Yugoslavia and Canada if either the Yugoslav Government or the Yugoslav people were to harbor illusions on this matter".

The Minister was further told that:

"It must be an important object of Canadian and other Western policy that Yugoslavia, which through centuries of political, cultural, and religious history, has been a part, although perhaps only on the fringe of Western civilization, should not now cease to be in community with us. The maintenance and development of effective community between the Yugoslav people and the rest of us is not only desirable in itself, but, if achieved, may also constitute an important step towards the eventual re-establishment of true community between the peoples of the Soviet Union and those of Canada and the rest of the world".

102. Although the U.S. Embassy, in the weeks immediately preceding public admission of the rift between Moscow and Belgrade, had expressed suspicion that all was not well in Soviet-Yugoslav relations, the news came as a considerable surprise in June, 1948, to our, and other Western missions. The initial reaction in the Department was one of guarded interest. In a despatch to Mr. Vaillancourt in September, 1948, he was told that the Department doubted whether the situation that had developed was of any real advantage to the Western Powers. It was expected that the ultimate aim of the Yugoslav Communists was "undoubtedly" to achieve a reconciliation with Moscow. By April 1949, a more hopeful view was expressed that Tito might place "at least one foot in the Western camp". Although the Yugoslav authorities put out feelers about negotiating a trade agreement in September, 1948, there does not seem to have been much interest evoked in Ottawa. This can be explained by the Yugoslav preference for a barter system, which was not in line with Canadian policy and the small extent of trade between the two countries in the past.(2) It was not until

(1) In spite of the tardiness in completing an exchange that had been approved six years before, there were hostile comments in some newspapers, which impelled the Department to prepare an explanatory memorandum in case the matter was raised in Parliament.

(2) In June, 1950, Mr. Crean, then Chargé d'Affaires reported that the Foreign Minister had again raised the question of a trade agreement, and that he was obliged to reply that he had no fresh instructions from his government, and gave some vague assurances "in order not to appear hopelessly negative". The most recent overtures were made by the recently appointed Yugoslav Ambassador in April, 1952. He then referred to the "belief in official Yugoslav circles that Canada is reluctant to trade with Yugoslavia". The Deputy Minister of Trade and Commerce told him Canada would be "very happy" to see an expansion of trade, and that, "as far as we are concerned there is certainly no reason why a valuable movement of trade should not develop between the two countries". But the Canadian position remains that "bilateral arrangements would run counter to Canada's obligations under GATT and her general trade policy".

December 23, 1949, that Mr. Vaillancourt saw Marshal Tito, for his first interview since his formal presentation to the Yugoslav leader. He simply utilised what might have proved a significant occasion to raise the question of repayment of some \$226,242 U.S. funds of Military Relief that Canada had extended during the war, and to ask for more sympathetic consideration for the requests of those repatriated Yugoslavs and their Canadian-born children who wished to return to Canada. After a visit in March, 1950, by Mr. James Sinclair M.P., Parliamentary Assistant to the Minister of Finance, the Relief question was settled by an agreement to pay \$150,000 in Yugoslav currency to the credit of the Canadian Government in the National Bank over a period of four years commencing April 1, 1950. The return of Yugoslavs was of less concern in Ottawa, since some at least were ardent Communists. Those who are allowed to leave Yugoslavia are now screened less suspiciously by the Departments concerned, than was the case before the split with Moscow. Throughout this period the Legation continued to remind the Department that Yugoslavia was still far removed from the type of democratic state on which emphasis had been placed in the letter of instructions. Thus in a despatch of January 23, 1950, commenting on a speech by the Minister of the Interior which criticized his claims for the humane character of Yugoslav justice the Minister observed:

"The fact remains that Yugoslavia is, at present, a country scarcely unified, still torn by religious and racial prejudice, still unrecovered from the effects of disastrous war; its people are primitive, ignorant, stubborn, ill-clothed, ill-fed and poor. Its rulers preach brotherhood and unity, but the impact of their policies is so revolutionary that they can be said to divide as much as rule. Besides the Army, the Ministry of the Interior and the police are the chief factors in keeping the country together. Yet their problems remain enormous".

103. But police state or not, Yugoslavia assumed an increasing importance in Western eyes after the outbreak of war in Korea, and the growing recognition in NATO circles that Yugoslavia could be of significance in the balance of forces. Accordingly, the instructions given to Mr. Crean as Chargé d'Affaires on July 23, 1950, contain an excellent analysis of the implications of Titoism in the wider world, (1) a reference to the "obvious advantage of removing a strategic area and a brave and stubborn people from the Russian camp", and the following more friendly appreciation of the Yugoslav Government:

"It is axiomatic that the Canadian Government condemns totalitarianism per se, whether it be exercised by a political party as part of an international plan, such as is directed by Moscow through Cominform, or by an independent dictator such as Tito. We would therefore welcome a more democratic regime in Yugoslavia. Our disapproval of a form of government (which shows little indication of being displaced by something more acceptable to Canadian standards) should not, however, blind us to the advantages to the Western world of the revolt of Yugoslavia against Moscow's domination, nor should we lose sight of the fact that it is doubtful if that revolt could have achieved any success but for the existence under Tito of a ruthless police state with the means at its disposal to resist overthrow from within. This does not mean that the Canadian Government condones the police state created by Tito. It is simply a recognition of the fact that the continued independence of Yugoslavia from Soviet domination would not have been possible under a less authoritarian type of government".

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(1) The Department prepared a survey of Titoism in Europe which was distributed as a Circular Document in 1951.

The aim of Canadian diplomacy was described as bringing Yugoslavia to our side without too great a sacrifice of democratic principles. On the other hand, it was regarded as a mistake "to accept Yugoslavia wholeheartedly into the Western alliance" even if Tito was prepared to go that far. What was desired was the maintenance of "a relatively strong and independent state" which would record an increase in its internal prosperity and in time "move gradually back into the ranks of the Western nations."(...)

104. In encouraging Yugoslavia to act in this fashion the lead has naturally been taken by the United States, the United Kingdom and France. Canada has neither attempted nor wished to play a direct part in such a policy. Of this attitude our views on Trieste are an example. In 1948, at the time of the Italian elections, in order to help the democratic cause Canada publicly associated itself with the declaration of the United States, the United Kingdom and France that they now favoured the return of the Free City of Trieste to Italy. In subsequent years, when it was obvious that such an action was most difficult of accomplishment and the possibility of developing up better relations with Yugoslavia improved, the three Western Powers tried and failed to find a way out by securing a settlement of the issue through direct talks between the two countries. The view in Ottawa of these attempts was that it was strategically to our interest to further Yugoslav co-operation, but it was also important not to give comfort to the anti-democratic forces in Italy which might overthrow the de Gasperi Government. In July, 1952 Mr. Dupuy reported from Rome on informal talks about Trieste with the Yugoslav Minister in Italy and the Italian Under-Secretary of State for Foreign Affairs. He wrote that he had agreed with the latter to arrange for the two diplomats to meet "unostentatiously" in September at lunch in his house. On instructions from the Minister he was warned to use great discretion. The despatch of August 8, 1952, to Mr. Dupuy stated:

"As you are aware we do not want to become involved in this question, and I know that your constructive efforts to bring together Dr. Velebit and Mr. Taviani will be made in such a way as to give neither party cause to exaggerate our interest in the matter".

105. When the survival of the Yugoslav Government was threatened by an acute economic crisis arising from the over-ambitious nature of the Five Year Plan and the serious drought in 1950, Canada was unexpectedly confronted by the practical problem of whether it should share in extending aid. The question did not arise at the outset from a direct appeal of the Yugoslav Government, but word was received from Mr. Crean in October, that both the French and United States Embassies were planning, as the result of an urgent appeal from the President of the Planning Commission, to propose a joint meeting, of the United States, the United Kingdom, "and possibly Canada and Australia" to discuss the Yugoslav economic situation and decide what, if anything, should be done. Mr. Crean thought that such an approach might be made in Washington within a week. In his judgment, if it was decided to extend aid, there should preferably be no strings attached, and it be granted on the basis of overriding strategic interests. On October 16, 1950, the Department sent its tentative views to the Washington Embassy in anticipation of the invitation. It did not regard the inclusion in the proposed meeting of Canada and Australia primarily as grain-producing powers, as a satisfactory criterion for participation, and suggested this

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(1) These passages were repeated in the instructions prepared for Mr. Macdonald in September, 1951, after he was appointed our Ambassador to Belgrade.



might be made clear at the outset, if and when an invitation was extended. But, if the powers most directly concerned extended an invitation, Canada would probably accept. Since it did not appear that Canadian aid would be required before the spring, there was no need for a hurried decision. This was helpful, as neither a loan nor a gift could be made without Parliamentary approval, and Parliament would not meet until February. It was doubtful if Cabinet would consider a gift on the terms the Yugoslavs would suggest. The Department did not entirely share Mr. Crean's views on the inadvisability of tying terms to the assistance, and did not believe that Tito's regime would be endangered if he assumed a more co-operative attitude in the United Nations and toward his Yugoslav neighbours, Greece and Italy. In a reference to Canadian public opinion the Department noted that "a more co-operative attitude about the return of Greek children or the release of Msgr. Stepinac would create a healthier atmosphere". On October 24, a meeting was held in Washington attended by the United States, the United Kingdom, France and Canada. The Canadian representative had not made clear the Department's dislike of the origin of the request for Canadian participation, and, judging from their report, had appeared more willing to consider Canadian assistance than had been intended. In a memorandum of October 26, Mr. Plumtre, then chief of the Economic Division, expressed his concern and personal doubts on the desirability of extending aid. He thought there were many more desirable outlets for Canadian charity, and that Yugoslavia had no special appeal to the Canadian people. The only way Canada could justifiably be included as a donor would be on a United Nations contributions list which the problem did not seem to justify. He urged caution in the Washington discussions until Ministerial views had been received. Mr. Pearson agreed that there was not much chance of a loan or gift, unless there was something approaching starvation in Yugoslavia, and said that Canada could already anticipate "some very heavy relief and economic aid obligations" in the coming year. He thought the countries most directly concerned, the United Kingdom, the United States and France should be prepared to carry the full burden but, if it was decided to extend relief through an international agency such as FAO, OEEC or NATO, Canada would consider assuming its share of responsibility. These views were sent to Washington, where the U.S. authorities, who were already committed to extending aid, showed interest in the suggestions of the possible use of an international agency. On November 6, the United States Government sent Canada an aide-memoire, indicating its intention of aiding Yugoslavia and doing so in part from funds available under the Mutual Defence Assistance Act. Such aid could only be advanced under the act, if the United States and the other members of the North Atlantic Treaty were in agreement that such a step would contribute to the preservation of the peace and security of the North Atlantic area and was vital to the security of the United States. Canada was accordingly asked if it considered that the immediate increased ability of Yugoslavia to defend itself would contribute to the preservation of peace etc. in the North Atlantic area, bearing in mind the strategic location of Yugoslavia and the effect of drought on the ability of that country to supply the food requirements of its Armed Forces. It was also told that the United States would be interested in knowing "whether the Government of Canada feels able to make a contribution of its own to meet the problem effecting the interests of all the North Atlantic Treaty Nations". A memorandum was prepared for Cabinet which stated the reasons for an affirmative answer to the first question on the strategic importance of Yugoslavia. On the second question no direct recommendation was made. It was suggested, however, that if no direct assistance was extended on a NATO basis, FAO might be the channel through which Canada co-operate in relief. Cabinet agreed on November 8 to the first recommendation, but decided that "in

view of present commitments it would not be possible for Canada to participate at this time in the provision of relief in Yugoslavia". The United States was informed accordingly. When the U.S. Embassy asked if the Canadian aide-memoire could be made public the Department replied, rather lamely, that there was no objection to the substance of it being made public, but it would be preferable to keep text secret. As a note to the Minister in that connection observed, "This might not be a very happily worded aide-memoire from the public relations point of view".

106. Having met, none too gracefully, the questions raised by the United States the Department was then confronted by a direct request for assistance from the Yugoslav Government. Their Minister told Mr. Heeney, on December 13, that the assistance promised by the United States and the United Kingdom would still be insufficient to meet the crisis, and that any assistance Canada could give would be most welcome. In appealing for help the Minister emphasized the political capital which the Cominform was making of the situation. Mr. Pribicevic was told of the heavy commitments Canada had already made for aid in Korea and Palestine, but was promised the most sympathetic consideration. In a note to the Minister on the interview Mr. Heeney favoured some assistance, and pointed out that even a token gesture, such a single shipload of grain, would have considerable political value in the current situation in Europe. As he put it:

"It seems to me that there is as much, if not more value, in keeping the morale of the Yugoslav army in fighting form as there is in the spending of the equivalent amount of money on our own defence programme. As a matter of fact, the Canadian dollar would probably stretch farther in that direction".

The interview was brought to the attention of Cabinet at its meeting of December 28. It reached the conclusion that "while there were difficulties in the way of direct aid to a Communist country, it would be desirable to explore further the possibility of Yugoslavia obtaining aid through the Food and Agriculture Organization". Unfortunately an examination of that possibility, (which should have been made earlier), revealed that FAO had no funds for financing gifts of surplus commodities to needy countries, and no existing machinery by which a Canadian donation for that purpose could be placed at the disposal of Yugoslavia. Dr. Barton of the Department of Agriculture, who was chairman of FAO's Commodity Committee, was also opposed to an attempt to turn the organization into an organization to administer relief. The United Nations Division of the Department then submitted the ingenious suggestion that the United Nations International Children's Emergency Fund might be used by making a donation of commodities, such as fish, part of which could then be made available for Yugoslavia. Although it was the established policy of UNICEF, which Canada had consistently supported, not to accept contributions earmarked for a specific country, there were unofficial assurances that the proposed gift from Canada could be diverted for the most part to Yugoslavia.(1) A contribution at that time would also aid UNICEF in getting further aid from the United States on a matching basis. The Department therefore recommended that an appropriation of \$500,000 Canadian be made to

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(1) The amount UNICEF sent to Yugoslavia was five hundred tons of salt codfish.

UNICEF for the purchase of foodstuffs in Canada. Before a submission went forward to Cabinet, the case for helping Yugoslavia had been strengthened by the action of the NATO Council Deputies in London in agreeing that "it is most desirable that the Western Powers give economic assistance to Yugoslavia to the best of their ability". The United States Government also presented a second aide-memoire in March, in accordance with the provisions of MDAP to permit further aid being granted. The Government, in its reply of March 27, reaffirmed its previous views and agreed that the provision of further assistance would contribute to the maintenance of peace and security. A Cabinet Paper was distributed in March which summarized the recent developments in providing economic assistance and military aid for Yugoslavia. After all this preparation, the Departmental submission of April 11 was then presented with the powerful supporting argument that the Fisheries Supply Board was anxious to dispose of a surplus of Labrador salt codfish. Cabinet approved of the grant to UNICEF on the terms suggested, and Mr. Heeney was asked by the Minister to inform the Yugoslav Minister of its action. He was to express at the same time the hope that the Yugoslav authorities would release Archbishop Stepinac, a step which would be helpful in Western relationships with Yugoslavia. During the interview the Minister was also to be informed of the Government's desire to raise representation in the two countries to Embassy level. In reporting on his interview with Mr. Pribicevic, the Under-Secretary observed that the Minister displayed no great enthusiasm for the gift, pointing out that what was really needed in his country at that time was fats. Nor was he forthcoming about the case of the imprisoned Archbishop, except to give a clearer impression of how much the case was enmeshed in domestic politics.(1)

107. In view of Mr. Pribicevic's lukewarmness about the nature of the Canadian gift to UNICEF it was ironical that, on the same day as the submission was sent to Cabinet, a member of the Yugoslav Permanent Delegation to the United Nations called on Mr. Holmes to inquire, personally and tentatively, if it would be possible for Canada to make a further direct gift of fish. He explained that they were particularly liked by adults in the Dalmatia area, and the gift to UNICEF was, of course, solely for children. The Department recommended favourable acceptance of this request. On May 30, Cabinet agreed to include an item in the supplementary estimates of \$45,000 for the purchase and delivery to Yugoslavia of approximately 125 tons of codfish. As an illustration of the disfavor with which even grants of this kind were regarded in some parts of Canada, it may be noted that the Postmaster-General wrote to Mr. Pearson on July 3, 1952 to secure details on the extent of assistance the manner in which it had been undertaken, and the aim of this assistance in order as he explained "to make a reply to a Catholic who bitterly complains that "Catholic Canadians are paying taxes in order to help a country engaged in the persecution of followers of the Catholic faith".

108. It looked for a time that Canada would find it difficult not to make a further and much larger contribution to the policy of "keeping Tito afloat", as it came to be known. In May 1951, the Washington Embassy reported that it had learned the members of NATO, and probably other countries as well, would be asked to participate in a new economic assistance programme. The Deputy Director of the Office of Eastern European Affairs asked that those

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(1) Subsequently the Archbishop was freed on condition that he reside in his native village.

officials concerned in Ottawa give "preliminary consideration" to the possibility of Canada playing a part. In reply the Department again advised great care in talks in Washington, since it foresaw considerable difficulty in securing agreement to extending aid. It explained that in any event consideration could only be given, if the programme had the full support of the NATO countries, and the United States and the United Kingdom were contemplating substantial aid beyond what had already been contributed. During this period it was also learned that Tito had asked for military supplies and had submitted lists to the United States, the United Kingdom and France. Since the availabilities fell "far short of Yugoslav requirements", Canadian assistance was requested through NATO military channels "within the scope and limitations of Canadian excess military material", that is to say over and above Canadian requirements and those of other NATO countries.(1) It was then possible to reply, initially, that the amount of equipment available and suitable for Yugoslav purposes was too slight to be of use, particularly if, as was anticipated, it might be required in aiding Greece and Turkey. When it transpired later that these countries did not wish to receive such equipment, the question was raised again and is still under active and embarrassed consideration. Meanwhile, officers at Canada House reported that they had been asked to attend a meeting of United States, United Kingdom and French officials where they were told the plans of the three countries for further aid to Yugoslavia and shown the draft recommendation which would shortly be presented at the meeting of the NATO Council Deputies. In view of the difficulty of getting a Cabinet decision at that time, the Department was forced to ask Mr. Wilgress to reserve Canada's position at the meeting. This he did on July 16, when he found himself in the invidious position of being, with the Luxemburger representative, the only ones to delay adoption of the resolution. As Mr. Pearson was then in London, he was consulted and suggested a way out of the difficulty. He thought it was possible to accept the resolution which, as slightly amended by Canada, recommended to member governments that "if they are approached by the Yugoslav Government to extend economic assistance, they should co-operate to the fullest extent possible", with the understanding that in so doing "we are not hereby morally committed to any positive action on any direct request for aid from Yugoslavia". Accordingly the resolution was endorsed at the Deputies meeting of August, 1951. To date Tito's Government has not approached Canada for further economic assistance. The Big Three, after having given assistance to the extent of \$75,000,000 since the summer of 1951, were faced in February of this year with the necessity of advancing a further \$45,000,000 for the twelve months ending June 30, 1952. In the process of providing this aid the United States submitted to Canada a third aide-memoire on the strategic importance of Yugoslavia to which the government returned an affirmative answer on July 26, 1951.

109. It is perhaps true that Canadian assistance to the government of Yugoslavia would be more palatable in Canada, if Marshal Tito would consent to some form of association with NATO, possibly through participation in a Balkan Command in which Greece and Turkey might be associated. But this policy has not been

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(1) Previously, in co-operation with the United States after the rupture with Moscow, Canada had eased the controls on the export of strategic materials to Yugoslavia so as to permit the purchase of "reasonable quantities".

accepted in Belgrade, the only concession to date being that consultation and co-operation with a view to resisting aggression would be considered, as the Foreign Secretary said in September, 1951 "...if the situation deteriorated and if the danger of aggression became immediate". As things now stand the significance of the part Yugoslavia plays in the rift between the Soviet Union and the West is fully recognized within the Department. But the past record of its relations with Canada and the sensibilities of Catholic and anti-Communist opinion domestically preclude as thorough co-operation with Yugoslavia as strategic and political considerations might justify.

110. The best illustration of domestic religious considerations affecting Canadian foreign policy is afforded by the controversy over establishing diplomatic relations with the Vatican. As early as 1937, when Canadian missions abroad numbered less than half a dozen, the question of appointing a Minister to the Vatican had been placed before the Prime Minister in a memorandum prepared by the Provincial of the Dominican order in Quebec. Eight years later, in July, 1945, following a conversation with Mr. Robertson in which the matter had been discussed the Provincial submitted a revised copy of his memorandum. He intimated that, although he was not acting in an official capacity, he had "all reasons to be sure" that any proposal from the Canadian Government for the institution of diplomatic relations with the Holy See would be "favourably received, considered and accepted". Father Gaudrault declared that there was no country in the world with such a proportion of Catholics in its population (43%) that did not have diplomatic relations with the Holy See. He recognized that opinion would have to be "very well-prepared with the non-Catholic members of the Cabinet", but believed that the present time was favourable, in view of the opening so many new Embassies and Legations and the prospect of still more being established. In November, 1945, when answering a letter of the Prime Minister's on another matter, Cardinal Villeneuve inquired as to the possibility of such a step being taken. Mr. King answered that the question had been under consideration from time to time, but it had been felt that the establishment of diplomatic relations with Italy should come first. He touched upon the difficulties created by rapidly expanding representation abroad, and his desire to avoid controversy on the question either in Parliament or the press. In his view that would "almost certainly happen", if the question of Vatican representation was "pressed prominently to the fore". In January 1946 Father Gaudrault had a second interview with Mr. Robertson, during which he described Archbishop McGuigan's being made a Cardinal as "an action of great benevolence from the Holy See towards Canada", which should greatly reduce opposition from non-Catholics to the establishment of diplomatic relations. He inquired whether, if that could not be done before the Consistory when the thirty-two newly created Cardinals would be elevated to their offices, it would be possible to have the Canadian Ambassador to France specially commissioned to represent Canada at the ceremony. The Prime Minister brought both questions before Cabinet on January 24, 1946, but it was agreed that no action should be taken at present.

111. Since then the appointment has been an object of petition and counter-petition(1) almost every year, with M.P.'s from Quebec frequently raising the question in the House of Commons. On two occasions the views of the Vatican have been made known. In April, 1947, the Apostolic Delegate to Canada informed General Vanier, while both were in Rome, that the Pope would agree to the appointment of an Internuncio to Canada instead of a Nuncio, and

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(1) There are nine volumes of resolutions and protests on file to June, 1952.



was prepared to see the Canadian Ambassador to France, or the Ambassador to Greece, being also appointed to represent Canada at the Holy See. There would also be no objection to a Protestant acting as Canadian Minister as was done by the United Kingdom. During an interview with three Canadian journalists a year later, the Papal Under-Secretary of State said, in answer to a question, that the matter of exchanging representation could be settled "in a day". The initiative would have to be taken by Canada, since the Holy See was anxious to preserve the present "very friendly" relations with Canada, and "did not wish to do anything that might be interpreted as an attempt to interfere in Canadian affairs". When there were widespread rumours, early in 1949, that the Government was going to appoint a representative, a marked increase took place in the flow of letters on the subject.(1) At a Cabinet meeting on February 18, 1949, it was again agreed that no action should be taken "at the present time". The Prime Minister and several members of the Cabinet subsequently received a delegation from the Canadian Council of Churches on April 9 at which the appointment was one of the questions discussed. The clearest statement of the Prime Minister's position in answer to protests from Protestant groups(2) was given in a letter to the General-Secretary of that organization on February 21, 1949. In that letter Mr. St. Laurent said:

"The Government has not yet adopted any policy on the matter of a Canadian diplomatic representative to the Vatican.

Many of us feel that it would be quite useful to have one there because of the confidential information he would be able to obtain for us from other diplomats accredited to the Vatican. We realize, however, that there are probably many Canadians who would look upon our action, if we made an appointment, as a religious gesture to the Head of the Catholic Church and would resent it.

It would be unfortunate to have any controversy in that regard, when it is so necessary for the Christian Churches to unite their strength against the aggression and persecution to which they are subjected, regardless of their denominational affiliation, by Communist Governments.

We have to do our best to appraise the value of the information we would obtain, and also be able to convey, from a mission at the Vatican with the stresses of a religious controversy at home, and be sure that we would not be doing something apt to produce more disadvantages than advantageous consequences.

You may be assured that I am endeavouring to envisage the problem, not from the angle of what it might be worth to Catholics, but exclusively from the angle of what it might be worth to Canada as a whole".

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- (1) Between February and July there were 125 letters of protest from individuals and organizations, and 46 of approval.
  - (2) Protestants, especially Baptists, and adherents of the United Church of Canada, lay great stress on the principle of the separation of church and state. They maintain that the few acres of Vatican City do not constitute a temporal state requiring diplomatic representation from Canada, and any appointment is essentially for religious reasons of which they do not approve.

The fullest statement of the Prime Minister's views in answering a letter favouring the appointment is contained in a letter to Bishop Boyle of Charlottetown in August, 1949. Mr. St. Laurent told the Bishop:

"The question of the possibility of Canada having diplomatic relations with the Holy See is one which is receiving most urgent consideration at this time.

I think we have made considerable progress in fostering a more tolerant attitude throughout the whole country, but all matters such as the appointment of a Canadian representative to the Vatican, which could be occasion for the clashing of sentimental differences of viewpoint, are still apt to be very explosive. I am not unhopeful, however, that the Canadian public is more and more coming to realize that, for strictly political advantages in the international field, we should be represented at the Vatican. It might take some little time before the education has been thorough for the government finally to take action, but you may rest assured that full consideration is being given to the problem, both by the Secretary of State for External Affairs, who is the Minister concerned with it, as well by myself".

112. In the meantime the Department secured information from the United States and the United Kingdom on the special value which they attach to representation to the Vatican. The United States, which has also faced denominational arguments over the appointment of a diplomatic representative, as distinct from the President's special representative, remains actively interested in the Canadian position, and has promised, not always successfully, to keep Canada informed of its policy. In April, 1949, our Ambassador in Washington was told, for example, that:

"The issue is thus being publicly debated on factional lines and it is becoming difficult to consider it from the point of view of the benefit and value to our foreign service of opening the mission".(1)

113. The question of representation at the Holy See also reacts upon consideration of other appointments. Thus, in July, 1949, Mr. St. Laurent pointed out that it would give serious offense to have representation in Israel, and not at the Vatican. When the question of recognizing Communist China was under active consideration, he commented in January, 1950 that, in addition to the concern at recognizing a Communist state which would be felt by many Canadians, "some would be inclined to relate the question of recognition and dealings with other Communist Governments to lack of Canadian representation at the Vatican". In a Divisional note for the Minister's handbook the claim was made that, in 1950, the adverse effects of non-representation at the Vatican were particularly felt. These included lack of adequate assistance for the thousands of Canadian visitors to Rome during Holy Year, the necessity of relying on information from other countries on the attitude of the Vatican towards the Jerusalem issue in the United Nations, lack of access to the valuable information which the Vatican possesses on developments behind the Iron Curtain and lack of any opportunity "of

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(1) Factional feeling was revealed in 1951 when President Truman abruptly nominated General Mark Clark as "Ambassador to the State of Vatican City", and had to withdraw his nomination. The adverse reaction of U.S. public opinion did not pass unnoticed in Cabinet circles in Canada.

attempting to influence the role which the Roman Catholic Church is playing in the current ideological struggle". When the European Division was asked in the autumn of 1951 to list in order of importance possible new missions in Europe and the Middle East, it placed the Vatican in a tie with Spain for third or fourth place after Finland and Austria.

114. In an earlier chapter it was pointed out that when Turkey first expressed an interest in joining NATO, Canada had been opposed to the suggestion. The manner in which the Government found it necessary to retreat from that position illustrates the difficult situation in which Canada is placed when a major issue of defense policy is firmly advocated by the United States. On August 10, 1950, the Turkish Ambassador called on the Minister to make "preliminary feelers" about the attitude which Canada would take if Turkey applied for membership in NATO. After explaining that the considerations which in 1949 had prompted the Canadian Government to think that "the nations signatory to the Treaty should be limited, as far as possible, to the North Atlantic area, Mr. Pearson commented that the aggression in Korea and subsequent events had somewhat changed the picture, and had shown that the struggle against Communist would have to be waged on many more sectors than the North Atlantic. While pointing out that the admission of Turkey might make it difficult to refuse applications from less effective states in that area, he stated that if the United States, the United Kingdom and France had no objection to the admission of Turkey Canada would not impose a veto, but would indeed give sympathetic consideration to the application. Two weeks later the Ambassador called to present an aide-memoire formally applying for membership. Mr. Heeney repeated the assurances given by the Minister but added a cautionary statement that:

"The Turkish Government would certainly realize that the admission of Turkey was, up to a large extent, linked up with the admission of Greece and possibly of other countries, such as Iran, the admission of which might become a liability for the North Atlantic Treaty Organization, and that the application of his country would have to be studied in that context...whatever the outcome of this request for admission, a way would certainly be found, within or without the Pact to strengthen the relations between NATO and Turkey".

In a memorandum at the time Mr. Leger commented that Turkey's admission would still further extend Canadian military commitments, and make more difficult the gradual attainment of the economic and social aspects of the Treaty which Canada had always considered important. As Ambassadors from other NATO countries called on the Department to inquire what line Canada was taking on the Turkish request Mr. Pearson decided on August 28 that the reply should be that there was a good deal for and against the Turkish proposal, that we would not oppose if the United States, the United Kingdom and France favoured it and that until their views were known we should not take "any firm position". Three days later it was learned that at the NATO Deputies' meeting in London the Chairman, Mr. Spofford, had referred to the Turkish application and given the view of the United States that "it would be undesirable for any North Atlantic country to give the Turks any indication of its position .... pending an exchange of views among all North Atlantic countries". This unexpected development necessitated the Department notifying all its missions in North Atlantic countries to avoid discussion of the question, or, if that were impossible, to make it clear that "Canada is not taking any firm position and will not take any, unless and until the attitude of the powers more directly concerned is known". At Ankara, where General Odlum had been for some time reporting enthusiastically upon Turkey's

will to fight in the event of war, the need for caution was particularly stressed. At the NATO Council meeting in New York in September, 1950 it was decided not to admit Turkey but it was agreed that "association of the Turkish Government with the appropriate phase of the planning work of the North Atlantic Treaty Organization with regard to the defense of the Mediterranean would contribute significantly to the defense of that area". The Council invited the Turkish Government to be associated with NATO for that purpose and Turkey agreed. Greece was given and accepted a similar invitation.

115. Unfortunately this solution did not meet the wishes of either country, where concern for the future had been sharpened by the serious developments in Korea at the end of the year. As a result defense planning made little, if any progress in that area. When a meeting of the heads of the U.S. missions in the Middle East was held in Ankara in February, 1951, they drafted a recommendation to the State Department that "other things being equal", a mathematical phrase with more apparent than real clarity, "the best method to provide for the security of these countries was to invite their adherence to the North Atlantic Treaty". It was not until a story about this recommendation had appeared in the New York Times and enquiries were made that the State Department admitted to the Canadian Embassy on March 20, 1951 that the recommendation was being studied. It promised that the United States would consult other treaty members as soon as it had decided to support such a recommendation. Shortly afterwards, the fact that Mr. Pearson invited the Greek and Turkish Ambassadors to attend the luncheon given on the second anniversary of NATO (April 4) seemed to have rekindled the hopes of the representatives of the two countries that Canada was also willing to reconsider sympathetically their position. The Departmental view, as given to the Canadian Ambassador in Washington on April 20, 1951 was that so far as Canada was concerned "the cons were more convincing than the pros". Ad hoc arrangements for the defence of the Middle East could be lased more effectively on existing foundations than by a new arrangement such as the extension of NATO. It was still true that Canada would not oppose the admission of Turkey and Greece, if the other powers and particularly the United States wished to accept them. But what was preferable was serious consideration of other courses of action several of which were mentioned, "since we consider that the admission of Turkey to NATO is not to the best of our interests in present circumstances". These views were communicated to the State Department on an informal basis. It promised to bring them at once to the attention of the interdepartmental group working on the problem and to inform the Department what decisions were made before the question was brought up in NATO. However on May 15, the U.S. Ambassador called on the U.K. Foreign Office to present an aide-memoire, which said that the United States had come to the conclusion that the relationship of Greece and Turkey to NATO could best be met by their inclusion as full members. The same action was taken in France, as both these countries were linked with Turkey in security pacts. On the following day this news leaked to the press in both London and New York. In the Foreign Office the official feeling was that they would have preferred an alternative solution to that suggested, but, "if the United States held firmly to the view that only the inclusion of the two countries in NATO can solve the problem, the Foreign Office isn't likely to oppose this development". The question was formally raised by the United States in the NATO Deputies' meeting on May 16 with a request for an early discussion.

116. In Ottawa there was indignation at the failure of the United States to inform Canada in advance, of its position, and annoyance at the speed which the press had learned of developments. Canada House was told, apropos of the U.S. suggestion for an early

discussion of the question that:

"We regard the question of the admission of Greece and Turkey as one with such far-reaching implications that it would be unwise to allow ourselves and other NATO members to be hustled into a premature discussion of the topic in circumstances which are reminiscent of the tactics employed over the German rearmament issue".

Mr. Wilgress was instructed to recommend, in accordance with a Cabinet decision on May 18, that discussion be postponed until a later date, while making clear that Canada was not opposed in principle to a discussion of the problem. He was to request documentation on the political and military considerations from the countries more directly concerned. It did not ease the situation for the Department to have the Turkish Ambassador call upon Mr. Heeney on May 21, to remind him of the assurances given the previous autumn, and to intimate that he had viewed the invitation to the NATO lunch in April as an indication that the Canadian Government wished to see the association of his country become closer. He asked that Canada take active steps to further the Turkish application, and not be content to follow the lead taken by the United States, the United Kingdom and France. To justify the request he flatteringly stated that his country considered there were four Great Powers in the North Atlantic Alliance, and, as the fourth one, Canada "was expected to make its voice heard". Mr. Seymen was given the same assurances as in the previous year, and assured that Canada would not take a passive role in the discussions. At the same time, there were suggestions that a Mediterranean Pact might be an alternative to the proposed policy, and a reminder that:

"Under no circumstance should a situation develop whereby the unity of the members of NATO should be weakened, because if such a situation arose, the whole fabric of Western defence would be weakened accordingly with serious consequences for Turkey as well as for all of us".(1)

Five days later the Greek Ambassador called to present a formal note from his Government asking for Canada's support of Greek membership.(2) He advanced as a principal argument the claim that:

"Any prolongation of the present situation of uncertainty and suspense in which the two countries, who, like Greece and Turkey, could contribute substantially in the defence of Europe, are left outside the North Atlantic Treaty, constitutes in itself an additional danger of war, since the eventual aggressor is likely to take it as a positive lack of solidarity among democratic countries between themselves and towards Greece and Turkey more specifically".

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- (1) The Turkish Government also presented, a formal aide-memoire to General Odlum and Ambassadors of other NATO countries represented in Ankara on June 13, stating that it would consider "a prompt acceptance without reserve of the recent proposal of the United States of America proof of their friendly sentiment towards Turkey".
  - (2) The Greek request came after the Deputies had agreed in London to recommend to their individual Governments to refrain from indicating their respective position to the two applicants. In view of the talk with the Turkish Ambassador, it was impossible not to give him parallel assurances and thereby unavoidably go beyond the intent of the Deputies' recommendation. The formal reply to the Greek note promised friendly consideration "Subject to the limitations imposed by the paramount importance of maintaining the solidarity of the existing Treaty Organization".



117. While the Department was weighing the various elements in the problem and requesting National Defence to prepare a military appreciation of the issues involved, Mr. Wilgress was reporting from London on the U.S. memorandum to the NATO Deputies. It was his view that it primarily reflected "the pressure of military thinking rather than a careful balancing of politico-economic factors as well as purely military considerations". He believed that Canada should emphasize the point that the inclusion of Greece and Turkey would substantially alter the basis of the North Atlantic Community which underlies the treaty itself. He forecast that, Italy excepted, the other smaller European powers more likely to take a position of active opposition or passive acceptance, to the U.S. proposal, while the United Kingdom would not offer sustained opposition. The Department shared the High Commissioner's views about the weakness of the political arguments in the U.S. memorandum. It was somewhat encouraged by news from Washington that the conclusions report Greek and Turkish membership were in no way final, and that the United States "looked forward to the fullest exchange of views within NATO with the object of achieving a solution mutually agreeable to all". It had also learned from Mr. Ford in Moscow that two views were held there by Western diplomats on the interpretation which the Russians might place upon the admission of Greece and Turkey to NATO. The Netherlands and Norwegian Ambassadors were of the opinion that it might be regarded by the Russians as the first step towards turning NATO "into a real encirclement of the Soviet Union". The United States-Italian argument was that the Soviet rulers were already so firmly convinced of the aggressive intent of NATO that they would not be so disturbed by the admission of Greece and Turkey as to create a situation where the advantages of their admission would outweigh hesitations about offending Soviet sensitivities. Mr. Ford took a halfway position. He thought the admission of Greece and Turkey would not be sufficient to force a showdown "unless it were combined with a decision to arm Germany and bring it also into the North Atlantic Treaty Organization". It might discourage hasty action by satellites against Yugoslavia. But the main effect in Mr. Ford's judgment might be "to harden Russian minds against the idea that an accommodation with the West is possible". Mr. Ford concluded that on the whole the positive gains exceeded this disadvantage if it existed. His comments were of particular interest, since the United States had not commented on that aspect of the question in its memorandum.

118. By the end of May the Department had decided to support a suggestion from the United Kingdom that the question should be examined in its military aspect by the Standing Group of NATO a suggestion which the Deputies accepted. Mr. Wilgress was advised to abstain from playing a prominent role in the Deputies' discussions since

"It would be improper for the Canadian Government to take a leading part in urging a course of action which would involve others in extending commitments, although it is quite proper for Canada to comment on any measure which would substantially alter the character of NATO".

The Department had decided that parliamentary approval would be required if the decision to admit the two countries was made, as it would constitute a major commitment for defence in an area in which Canada had not been hitherto directly involved. Such a consideration further underlined the need for great care in reaching a decision, and the inadvisability of the Deputies reaching a hasty conclusion "for the mere sake of trying to meet a given deadline". For that reason Canada favoured examination of the problem at the next meeting of the North Atlantic Council.

119. While the Standing Group was preparing a reply to the military questions prepared by the Deputies, they continued to study the political aspects of the problem. During that period Mr. Pearson visited London and had an opportunity on June 25 to address a meeting of the Deputies. For obvious reasons he avoided any direct reference to the membership question, but, after pointing out that common defence was "the immediate and urgent goal" of the North Atlantic Organization added that there was no reason why the farther horizon should be lost sight of "the ultimate creation of the Atlantic area of a great community of free nations". During his visit Mr. Pearson decided that it was pretty clear that the United Kingdom would not push too hard its opposition to the United States proposal. He told the United Kingdom Foreign Secretary that "we still preferred to meet Turkish desires by some method short of full membership". The United Kingdom made known its support of Turkey and Greece as full members of NATO on July 18. It expected Turkey's role in Middle East defence arguments to be clarified before admission. Further embarrassment was caused Canada when the Times reported in London that when this statement was discussed in Ankara during an Assembly debate the President received the British and Canadian Ambassadors and "thanked them for British support of the Turkish cause". Fortunately, General Odlum was able to report that, although he had been summoned with Sir Noel Charles to meet the President, he had acted as an "incidental spectator" who had not been thanked. He had told the President that, as Canada was a member of the Atlantic Pact and a colleague of Britain's in the Commonwealth, he was "delighted to be associated with Sir Noel on so happy an occasion". The Deputies continued to study the non-military implications of the U.S. recommendation. Mr. Wilgress had found it, as he reported on July 17, "difficult and embarrassing" to remain in the position of cautious detachment from the debate in which states like Norway had vigorously pressed for a Mediterranean pact. After consultation with the Department, which shared the doubts of "our friends the Netherlands, Norwegians and Belgians", but did not wish to let them get a false impression that "we could maintain a position of last ditch resistance to the admission of Greece and Turkey, Mr. Wilgress made a statement on July 30, which had been cleared by the Minister.

120. He said that his country realized there were only two methods of meeting the needs of the situation, a Mediterranean Pact or full membership in NATO for Greece and Turkey. Canada was inclined to favour the former but would accept the alternative "if that became clearly the most acceptable solution". He suggested that a Mediterranean Pact should be "considerably abbreviated", omitting such provisions as were contained in Article 2 of the North Atlantic Treaty, and should deal "entirely with the reciprocal security consideration of the signatory countries". If that were done, it would enable NATO to develop along the lines originally contemplated. Mr. Wilgress believed that the practicability of this solution would become clearer when details were received from the Standing Group in answer to the Deputies' questions on the command arrangements for the Middle East area. Lastly, he advised that no decision be made by the Deputies, who should simply advance consideration of the question sufficiently for the Ministers to reach a decision at the coming Council meeting. As it turned out, the Standing Group made no helpful contribution to the discussions of the Deputies on a Mediterranean Pact and at one point observed, rather ingenuously, that "the formal decision cannot be given therefore to the military command structure until Greece and Turkey are admitted to NATO".

121. By this time Mr. Pearson had decided that, since the United States continued to press strongly for according Greece and Turkey full membership and had made it clear that no NATO bases would be involved, which reduced the provocation to the Soviet Union, and since all other countries, except Norway and Canada, seemed prepared to fall in with U.S. wishes, it would be undesirable to have further delay and controversy. He so reported to Cabinet on August 8. There was general agreement that "if an aggression were launched against Greece and Turkey it would likely be met by a collective effort, as in Korea, and that it was doubtful if Canada would be more involved through having Greece and Turkey in NATO than by the hard facts of the present world situation". The Cabinet therefore decided that the Minister should support the admission of Greece and Turkey at the meeting of the North Atlantic Council in Ottawa and should so inform the governments of Greece and Turkey. Since it was still unclear that the question could be settled at the Ottawa meeting on September 15, Greece and Turkey were not immediately informed. By August 23, the Minister felt sufficiently confident of the outcome to tell the Counsellor of the Turkish Embassy that the Canadian Government hoped to see a favourable decision reached at the forthcoming meeting. He had also decided not to support the view of the United Kingdom Government that the question of command arrangements in the Middle East should be resolved before the decision on membership was taken.

122. On September 18 Mr. Pearson formally stated the Government's position at the Council. He conceded that Canada had adopted a "fairly cautious attitude" on the issue - a caution which was dictated by concern for the future of NATO "lest by setting a precedent for extending membership in this way its original purpose and character be lost and the whole organization be converted into a purely military alliance of anti-Communist states". He also expressed concern that the considerations which appeared so strong in the case of Greece and Turkey might not be raised in the future in the case of other countries in the Middle East involved in defence planning for the Middle East. It was his view that Greece and Turkey should from the first be regarded as full members "glad to accept all the obligations as well as to receive all the rights of membership" . . . The Minister concluded by saying that:

"Having regard to all these considerations and the necessity, as we see it, of taking action without delay on this matter, the Canadian Government has come to the conclusion that, despite the obvious merits of a Mediterranean pact, admission of Greece and Turkey to full membership in NATO is the only practical solution at this time".

In telegrams to Ankara(1) and Athens giving this information, the Department commented that:

"Although the objections of some countries have still to be overcome, the announcement of Canada's position will probably be an important factor in eventually securing unanimous approval".

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(1) This action greatly eased things for General Odium, who had been reporting on Turkish sensitivity over procrastination about admission, which he described as the "apex of Turkey's short-term ambitions", and his increasing difficulties in avoiding comment.

This approval was given on the following day, when it was agreed that each government should take the necessary steps to secure approval of a protocol to the Treaty effecting the necessary modifications to Article 6, which has to do with the territory covered by the Treaty. Five days later a memorandum to Cabinet asked that Mr. Wilgress be authorized to sign the protocol, and that a resolution be introduced to Parliament as soon as possible after signature of the protocol, approving of its ratification by the Government. On September 26 Cabinet approved these recommendations, and Mr. Wilgress signed the protocol on October 17. It was not until five days later, however, that the Danish deputy added his signature, as his Government insisted that it could not act until the Danish Parliament had given approval.

123. The lengthy gap between approval in Ottawa and signature in London raised some irritating problems of ratifications. It had been the Minister's view, which was endorsed by Cabinet on October 13, that Canada should postpone action until the three governments principally concerned, the United States, the United Kingdom, and France, had ratified the Protocol. He expressed this opinion in a debate on foreign policy in the House of Commons on October 22, although it was qualified by saying that "it might be desirable". Mr. Bliss of the U.S. Embassy sent a letter saying that the State Department was "rather unhappy" about this statement. He explained that, because of the unfortunate delays in London, Congress had adjourned before signature of the Protocol had been completed and could therefore take no action until it reassembled in January. There was no difficulty anticipated in securing senatorial approval, but, if Canada could take action in advance of the United States but after either the United Kingdom or France or both had obtained approval, it would be "very helpful in keeping up the momentum and influencing other members of NATO to complete the requisite Parliamentary action".(1) It must have given Mr. Ritchie some satisfaction to remind Mr. Bliss in a second interview of the background of the situation and to comment that it "would certainly seem a very extraordinary procedure for the Canadian Government to press ahead with her ratification of the Protocol before the Governments which had primary responsibility for the matter". As Mr. Wrong was told: "This United States attempt to push us out ahead of themselves seems to us, in view of the whole history of this question, to be somewhat preposterous". But Mr. Bliss was assured that Canada would not be the cause of any unnecessary delay.

124. While Mr. Pearson was in Paris for the meeting of the U.N. General Assembly, he had an opportunity of discussing the question further with Mr. Acheson and Mr. Eden. Since Parliament might not reassemble after the Christmas recess until February, it was possible that all other NATO states would have completed ratification by that time, leaving Canada in the invidious position of holding up the invitation to Greece and Turkey. As he cabled Mr. Heeney on November 9, 1951, he was therefore considering Parliament being asked to take action during the closing days of the session in late December. Cabinet was informed of this proposed change in timing on December 6 by the Prime Minister, and agreed to it. Accordingly, as the final item of business in the session the House of Commons approved of adherence to the protocol on December 29, 1951. The debate was marked by cordial references to Greece and Turkey from all the speakers. The Minister did not explain, and was not asked, why Canadian action was preceding that of the United States. His main justification for the protocol was that it strengthened peace by removing uncertainty, and that

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(1) The State Department spoke on similar lines to Mr. Wrong in Washington.

it strengthened the deterrent value of NATO by adding the defensive strength of Greece and Turkey to the organization. On January 21, 1952, the Canadian acceptance of the Protocol was deposited with the State Department, Canada being the second country to take action. There was no doubt by that time that the United States Senate would act affirmatively upon the question. It was now the Canadian turn to express the hope in the Deputies' meeting that other NATO members would complete ratification in order that Greece and Turkey be present as full members at the Lisbon Council meeting, and not merely as observers, as had been necessary at Rome during the November meeting. Ratifications were completed by February 15 and three days later Greece and Turkey formally acceded to the North Atlantic Treaty.

125. During the debate in the House of Commons on the admission of Greece and Turkey to NATO, Mr. Pouliot, in one of his characteristically clever confused speeches, raised the issue of Spanish membership in the following statement:

"In my humble opinion, if we are to have an Atlantic Pact the more members we have the better. If we are to include Turkey and Greece among the Atlantic Pact nations, why not stop and take Spain on the way? What is the objection to Spain? It would be easy to have them with us and they would be an asset. Some people are afraid to talk about Spain. Spain would be a loyal ally. There is no reason for not having Spain".

It is highly probable that in these views the speaker expressed the opinion of most of Quebec, where the appeal of Spain as a Catholic and anti-Communist country is very strong, and where the objections to Franco as the head of a totalitarian state who came to power after a particularly cruel civil war carry far less weight than in other parts of Canada, especially in Labour and C.C.F. circles. It is true that the Spanish Civil War did not as deeply stir public opinion in Canada as in the United Kingdom, France and the United States. As Mr. St. Laurent told Mr. Plevin, during his visit to Ottawa in February, 1951, "apart from a few extremists on both sides, the subject of Spain's relationship with NATO was not of serious political importance in Canada". The Prime Minister believed that, if given time, the Canadian people would accept Spanish adherence to the alliance without very much serious criticism. Nevertheless Canadian relations with Spain have had a chequered character since 1946, arising, as the note in the Minister's Handbook puts it, "from the attitude of the world community as expressed through the United Nations", from the resentment at Franco's pro-Axis "neutrality" during the Second World War, and from its legacy of the Spanish Civil War.

126. Before the Second World War, Canada had formally recognized Franco's government (April, 1939) as the de jure government of Spain, and a Spanish Consul-General was stationed in Montreal. At that time there was no thought of exchanging diplomatic relations. This question was raised by the retiring Spanish Ambassador in London with our High Commissioner in September, 1945. Under instructions from Mr. Robertson, who was in London with the Prime Minister shortly afterwards, Mr. Massey told the Charge d'Affaires that the Canadian Government was "not prepared to receive a diplomatic mission from the present Spanish Government", a decision which was received with "gratification" in the Foreign Office. When the former Consul-General in Montreal, Count de Morales, who had been transferred to Havana, told our Minister in Cuba in June, 1946, that he had in mind coming to Ottawa to discuss with the Canadian Government an exchange of missions, after which, if successful, he would be appointed the



first Spanish Minister to Canada, Mr. Vaillancourt was told that the visit would "serve no useful purpose", since the views of the Government were unchanged. The Count did come, however, and was informed that Canada was not only indisposed to exchange diplomatic missions but also did not wish, as suggested, to send a Consul-General to Spain. It would accept him again as Consul-General in Montreal if a formal request was made. This was done, and Count de Morales received provisional recognition in August 1946. So matters stood when the question of Spain again came up in the General Assembly of the United Nations.(1) The Count then called, under instructions from his Government, to urge that Canada should not support any resolution attacking Spain or its government. He took occasion to raise again the question of diplomatic relations, but with the same result. In reporting on the interview, Mr. Pearson commented that the Consul-General was:

"At some pains to point out that he had received many indications of friendship for, and understanding of, his Government from persons he had met in Quebec, especially those connected with the Church".

127. The debates in the U.N. General Assembly in 1946 and thereafter indicated one phase of Canadian policy. Although Canada abstained from voting on the resolution concerning Spain which was adopted at the General Assembly in December, 1946, because it disapproved of some of the sections of the resolution, Mr. Ilsley summed up the Canadian position on Spain as follows:

"We abhor the record and the present policies of the Franco dictatorship.

"We earnestly hope that the Spanish people may be able to rid themselves of Franco by peaceful means and establish a democratic, responsible and enlightened administration.

"We are not prepared to support at this time any intervention in Spain which might impede Europe's recovery or revive in Spain the horrors and sufferings of civil war".(2)

The resolution, as adopted, asked U.N. members to withdraw their heads of missions from Madrid (which, of course, did not affect Canada), barred Spain from membership in specialized agencies until a new and acceptable government is formed in Spain, which Canada considered inadvisable, and recommended to the Security Council that if, within a reasonable time, the Franco regime had not been replaced by a satisfactory government, the Security Council should consider "the adequate measures to be taken in order to remedy the situation" . . . As this final claim was constitutionally improper, in recommending that the Security Council take action which was a violation of the Charter, it was the chief reason for the Canadian abstention on the omnibus resolution. At the Second Session of the General Assembly in 1947, Spain was again a subject of debate. The Canadian spokesman reaffirmed the dislike of the Franco regime expressed on the last occasion, and Canada voted for the resolution which, in its final form, simply expressed the confidence of the General Assembly in the Security Council exercising its responsibilities under the Charter as soon as it considers that the situation in regard to Spain so requires. When the Security Council deleted the Spanish

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(1) At the first part of the General Assembly Session in London a resolution had been carried that barred Spain from membership.

(2) This statement was repeated by Mr. St. Laurent in the House of Commons on February 16, 1947, in answer to a question from Mr. Dorion.

question from its agenda in June, 1948, on the ground that no new developments had occurred to justify its retention, Canada, then a member, supported the resolution. There still remained on the U.N. record the recommendation concerning heads of mission in Madrid and the ban on Spanish membership in Specialized Agencies. The latter Canada had never liked, but felt bound to uphold, since it believed that it was clearly desirable that U.N. members should abide by resolutions which are passed by substantial majorities and are in accord with the Charter, and since it also believed that it was more important to have the Specialized Agencies in proper relationship with the United Nations than that Spain should be a member of any one of them. By 1950 the doubts concerning the wisdom of continuing the boycott of Franco's Spain had increased sufficiently to force a successful reconsideration of policy in the General Assembly. The resolution which recommended the revocation of the remaining operative clauses of the first resolution on Spain was supported by Canada and was adopted.(1) Again, however, Canada expressed dislike of the totalitarian form of government in Spain, while emphasizing that the General Assembly was not being asked to reach a political verdict.

128. During this period of U.N. activity Canadian diplomats who met Spanish colleagues in missions abroad were instructed in a circular despatch to assume an attitude "of formal courtesy and no more". They were also reminded, when necessary, to be discreet in expressing their personal views on Spain. On April 2, 1948, the Canadian Minister in Denmark, Dr. Laureys, reported a conversation of his in which the Danish Foreign Minister agreed with him that "now, in the presence of the Communist programme in Europe, we should all be more lenient towards Franco and not exclude Spain from our midst, a great people of twenty-seven million, which, in all Europe, is the only one to have really barred the way to the Communists". He was informed in a personal letter by Mr. Pearson of the former's concern that he might have gone "a little too far" in developing his own ideas on the relations between Spain and other Western countries. He was also reminded of the official Canadian views expressed at the U.N., which had not changed, and confidence was expressed that "you would have prefaced your remarks to Mr. Ramussen with some clear indication that they were very personal and tentative opinions that you were advancing, and that they did not in any way represent the views of the Government".

129. Shortly after this admonition another Spanish Consul-General raised the question of diplomatic relations with Mr. St. Laurent, emphasizing that it would not be necessary for Canada to send a Minister to Spain immediately. Because of his claim that the only countries which refused to accept Spanish missions were the Slav countries, Mexico and Venezuela, it was decided to prepare a departmental memorandum summing up the general situation. The Consul-General's statement was found to be incorrect, notably with regard to the Commonwealth, and on July 21, 1948, the usual refusal was sent to him, although it was qualified by the adjective "malheureusement". The wish was also expressed that circumstances might make it possible in the future "d'agir dans la sens de la suggestion que vous avez soumise". In January, 1948, Mr. Desy reported from Rome that he had been approached informally by the Spanish Ambassador with a suggestion much on the lines of the Consul-General's, but with the additional

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(1) Canada is now (1952) also prepared to support the admission of Spain to UNESCO, and would not object to Spain being included in a "package deal" on admission of states to the United Nations.

concession that Spain would welcome his own appointment while he continued to reside in Rome. He was given a copy of the letter to the Consul-General and the views expressed at the General Assembly were again summarized. The letter added that we could hardly consider appointing a Minister while the U.N. resolution still stood, and in any case would not wish to accept a Spanish Minister, unless it were possible to reciprocate at an early date, which current staff shortages made out of the question.

130. After a request from the Department of Trade and Commerce the Cabinet agreed on July 13, 1949, to the appointment of a Trade Commissioner in Spain, subject to the concurrence of the Secretary of State for External Affairs. Concurrence was given, but Mr. Pearson continued to express the same views as in the past in an interview with Maclean's Magazine that appeared on October 15, 1949. After pointing out that Canada had no diplomatic representation in Madrid and had not supported Spain's attempt to join the United Nations, he continued:

"Certainly relations between the two countries . . . cannot be on as friendly a basis as they should be while the memory of Franco's relations with the Nazis and the Fascists during the war remains so fresh, and while so many people in Canada feel that this government in Spain does not derive authority from the Spanish people and does not admit freedom of speech, religion, and assembly".

131. But the interest in a more friendly attitude towards Spain continued to find expression in Parliament and elsewhere, as was illustrated by speeches from Mr. W.J. Browne, M.P., of Newfoundland, and Dr. Gauthier, M.P., of Quebec, in November, 1949.(1) Because of this and the changing attitude of the United States, a lengthy Departmental paper on Spain was prepared in December which reflected the influence of NATO. It concluded that the Spanish question had "resolved itself largely into a problem for the North Atlantic countries". It did not regard Spain as of sufficient strategic value to warrant inclusion among the Western countries, and argued that the policy of maintaining the status quo, unspectacular as it was, and liable to the danger of lassitude, appeared to be "the only possible and reasonable course to take". Yet the paper declared at the same time that it was important that Spain should take its normal place in North Atlantic political and economic planning as soon as possible. It believed Spain, as a democratic and co-operative power, could be of great assistance in maintaining a community of interests with Latin America. It laid down four main principles of policy for Canada:

- (1) to keep in step with the United Kingdom, the United States, and France;
- (2) to take no initiative because of lesser Canadian interests in Spain;

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(1) In an editorial at the time the Toronto Telegram urged consideration of Dr. Gauthier's arguments. In a survey of editorial opinion on Spain during January and February, 1950, by the Information Division, the conclusion was reached that the cleavage of opinion occurred "primarily along religious and cultural lines" and that "prejudice, wishful thinking and deeply-rooted antagonisms played an inordinate part in determining attitudes". It predicted "an outburst of virulent denunciation" no matter what stand was taken by the Canadian Government. No such outburst occurred, however, on the announcement of Mr. Maguire's appointment as Trade Commissioner in Spain.

- (3) to try and prevent any divergence between the United Kingdom, the United States and France;
- (4) to develop Canadian commercial relations with Spain.(1)

A copy of this paper was sent to the Department of Trade and Commerce for the information of newly-appointed Trade Commissioner, Mr. E.H. Maguire. The covering letter remarked that it might be of assistance "in view of the special political significance of this post and, for the time being at least, the somewhat delicate nature of his position in Madrid".

132. By July, 1950, the Department had modified its conclusion to the point of agreeing that, if staff considerations permitted, "a sound case could be made for opening a mission for its own sake" in Spain and not, as had been considered, simply in balance with the recognition of Communist China. The arguments advanced in favour of this move included the increasing political, economic, and strategic importance of the Iberian Peninsula, the failure of the policy of the Western Powers to shake Franco's régime in any way, the possibility of normal diplomatic relations, supported by patient trade efforts, doing more "to embolden normal democratic impulses, than continued ostracism, the anxiety of Spain and a considerable section of Canadian opinion to see diplomatic relations established, the probable gains in trade which were of special importance to the fishermen of Newfoundland, and the value in negotiation of direct contact with Spain over financial problems such as the treatment of the Barcelona Traction Company. The Minister concurred in the recommendation but favoured delay until it was seen what action the U.N. Assembly might take at its next meeting. As has been noted, the Assembly did remove the bars to normal diplomatic contact at its 1950 meeting, a policy which Canada supported.(2) But budgetary reasons prevented any action then being taken. In answer to an enquiry from the Commonwealth Relations Office, they were informed on December 16, 1950, that "we are not contemplating opening a mission in Madrid in the near future". The same view was held in the spring of 1951, when there was some discussion of establishing a Consulate-General, pending a diplomatic appointment, as had been suggested by the Spanish Government. In September, 1951, as has already been noted, the European Division placed Spain and the Vatican in a tie for third place for exchange of missions. For "practical reasons" it placed Spain slightly ahead of the Vatican, "subject to the importance of the domestic political issues involved". The Minister agreed that an office should be opened in one of these places, and the question is now (August, 1952) under active review.

133. Early in 1951, the position of Spain began to impinge more directly on NATO considerations. Portugal had, naturally, always been sympathetic to the Spanish position and had warmly advocated Spain's admission at New York, in September, 1950.

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- (1) These were limited by reason of Spain's dollar shortage and the dispute with Canada over the treatment of the Barcelona Traction Company and its subsidiary. They were also impeded by disagreements on pre-war commercial debts, which were recently removed when the Deputy Minister of Trade and Commerce visited Madrid, early in 1952, and secured an agreement.
  - (2) Canada was still not prepared to see Spain become a member of the United Nations, and had so informed the United Kingdom before the Assembly met.

During General Eisenhower's visit to that country, he was given a strong advocacy of Spanish membership in NATO by Prime Minister Salazar. Mr. Ritchie formed the impression during a conversation on February 5, 1951, with the United States Minister in Ottawa that the Supreme Command had been "considerably impressed". When this was reported to Mr. Pearson, he commented that he did not think anything should be done without very careful diplomatic preparation, and in any event not until after the French elections. The last observation was prompted by remarks from Prime Minister Plevin during his visit to Ottawa. Mr. Wilgress was informed of these developments, with the suggestion that Spain might be made a topic for discussion by the Deputies as one way of heading off the danger of it being raised in more abrupt fashion by Washington, as the French Prime Minister feared. He was not to take any official initiative, but might find a way of suggesting it privately to his NATO colleagues. Mr. Wilgress replied that he thought it would serve no useful purpose at the present time, since it might reveal wide differences of view, and also "might serve to disclose the main preoccupation of the United States military, which would have a disastrous effect on the morale of the Western European countries". On February 19, three days after this telegram, the Counsellor of the U.S. Embassy asked an officer of the Department what the Canadian reaction would be to association of Spain with NATO either formally or informally, or to some bilateral arrangement between the United States and Spain, or to the inclusion of Spain in the European Army scheme. He was given a cautious reply which repeated the views expressed by Mr. St. Laurent and emphasized the difficulties of the situation for European countries. Mr. Morgan said that the United States realized the controversial nature of the problem and the need for its careful handling. The State Department did not incline towards a bilateral treaty and had no intention of making any arrangements with Spain without previously informing its NATO partners. At the time Mr. Morgan called, Mr. Acheson had already told Congress that he hoped Spain could be "linked with Atlantic Defence plans". It was also learned from London that the new United States Ambassador to Spain had been instructed to carry on "exploratory conversations" with the Spanish Government on that question. This development impelled the United Kingdom to inform the State Department that such discussions at the present time might have "most unfortunate repercussions". They had asked the United States to suspend conversations until there was a clarification of the military objectives which the United States desired.

134. All of these developments were summarized in a memorandum for the Minister, who commented that he would prefer the question discussed by exchanges of views between the countries more directly concerned than at NATO meetings. It was felt that Canada's main concern was to have the problem of Spain "discussed in such a manner that it does not poison relations between NATO members". Accordingly, our Ambassadors in Washington and Paris and our High Commissioner in London were so informed, all three being asked to make Canada's views known at a suitable opportunity. From Washington came the news, at the end of March, that the exploratory conversation between the U.S. Ambassador in Madrid and Franco had indicated that, under present conditions, the best solution for Spanish security might be a defence agreement among the United States, Spain, and Portugal. Given adequate military assistance by the United States, Spain would be willing to enter an agreement with exactly the same obligations as if Spain were in NATO and, properly armed, Spain "would, under any and all circumstances, be prepared to send troops to fight beyond the Pyrenees, even if there were no defence agreement". The State Department believed it was premature to raise the question of NATO membership. By June, the question had been made more difficult by



General Bradley stating publicly in Paris that the Western Powers would be "better off" to include Spain as well as Greece and Turkey in NATO.(1) The State Department assured our Embassy that the General spoke "from a strictly military point of view" and that no steps would be taken without consultation with the U.K. and French Governments. In the meantime the assessment of Spanish military capacities and requirements would continue. In July the Washington Embassy learned that the U.S. Government intended to consult the United Kingdom and France on the possible security and economic arrangements which might provide the basis for a bilateral agreement with Spain. Shortly afterwards, the Ambassadors of those countries were told that, subject to consultation with their Governments, the U.S. Government proposed to approach the Spanish Government with a request for naval and air facilities in Spain and Spanish Morocco in exchange for economic aid and assistance in developing airfields of interest to them and communications. Military equipment would not be made available at present and no assurances would be given for the future. As Earncliffe informed the Department on September 19, 1951, the United Kingdom strongly opposed this policy on both moral and material grounds. It believed that the admission to Western ranks of Franco's Spain would have the result of dangerously weakening the ideological foundations of the Atlantic Pact and would seriously impair Western morale "if the idea were to spread that Europe was to be defended from the Pyrenees". For material reasons it was highly undesirable to have United States arms and equipment diverted to Spain from the urgent needs of more deserving countries. For these reasons the United Kingdom proposed to make it clear to the United States that the Spanish question was a matter "on which the United Kingdom feels very strongly indeed". The French Government also registered disapproval. The anxiety of the United Kingdom was not lessened by the visit of Admiral Sherman to Spain. The State Department informed all NATO countries on August 3 that there was no proposal for the inclusion of Spain in NATO, no proposals had been advanced for an alliance, and no requests had been made for U.S. bases. The latter statement was qualified by the statement that negotiations had been restricted to "arrangements for facilities for the U.S. Air Force and Navy in Spain". By September a U.S. Service mission was in Spain to survey the existing airfields and anchorages to see what alterations and additions would be required, and an economic mission followed later.

135. It would certainly be putting it far too luridly to suggest that these developments have tended to "poison" relations among NATO countries, which had been described as Canada's prime concern when the talks first began. Since the failure of their overtures in July, the United Kingdom has taken the line that, if the United States chose to treat these talks as a purely local matter and on a bilateral basis, there was nothing to prevent such a course of action. Similarly, France appears to have lodged no further protest against U.S.-Spanish discussions.

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(1) In March, Canada House learned from the Foreign Office that the United Kingdom considered the inclusion of Spain in NATO as a "non-starter". A Departmental memorandum, of April 17, declared that the admission of Spain would "greatly stretch the fabric of the North Atlantic alliance", and that the element of timing was much less urgent in the case of Spain than was true of Greece and Turkey.

On its part the United States has reaffirmed its views on last August on not discussing Spanish membership in NATO, or a U.S.-Spanish alliance, or a bases agreement. It has proceeded to bargain with Franco for naval and air facilities with the backing of Congress, which has voted substantial sums expressly earmarked for Spain. Like Nazi Germany it has found Franco to be a tough negotiator. Last August Portugal reminded the NATO Deputies that approval for the admission of Greece and Turkey to NATO only strengthened the case for admitting other new members, and that Spain was clearly more of an Atlantic Power than either of those countries. In the spring of 1952 the Spanish Ambassador to the United States did suggest that his country might be interested in closer association with the North Atlantic Alliance. During this period the Canadian position might be described as one of discreet concern. There do not appear to have been any expressions of anxiety on the trend of policy to the United States following the receipt of the U.K. memorandum last July. At a press conference on August 7, 1951, after pointing out in answer to a question that Spain's association with NATO was not an immediate problem, the Minister commented that he thought "defence arrangements between Spain and the United States were a matter for those two countries". In March, 1952, during a radio interview, when he was asked if Canada was "headed for some kind of alignment with Franco Spain", he replied that there was nothing that he knew of to suggest that. He pointed out that there had been bilateral talks between the United States and Spain, but it was not on NATO questions.

136. At the request of the Department, National Defence has prepared an appreciation of the military value of Spain in the defence of Europe. This report of January 15, 1952, from the Joint Planning and Joint Intelligence Committee concluded that:

"In view of the current risk of war and the estimated capabilities of the U.S.S.R. before 1954, and although there are areas of greater importance to the Western Powers in Europe and the Mediterranean countries, it is conceded that in event of war before 1954, Spain is of considerable strategic importance to the Western Powers".

The report believed that, from the military point of view, it was desirable to give Spain some assistance, subject to the following conditions:

- "(a) It does not prejudice the build-up for the defence of Europe and the Middle East;
- "(b) It is undertaken in such a way that it would not promote any serious disharmony among the Western Powers".

The latter stipulation again underlines the strength of the political considerations in relating Spain to Western strategy, and the corresponding necessity for the Department of keeping constantly under review the manner in which these may affect the attitude of the European members of NATO. The fact that NATO had come to be regarded, in Mr. Ritchie's phrase, as "a first-class club for organizing the free world" also makes it imperative to study in ample time problems of membership rather than, again to quote Mr. Ritchie, "to let the organization stumble into new commitments and semi-commitments prompted by the exigencies of the moment".

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A SURVEY OF CANADIAN EXTERNAL POLICY

CHAPTER 7

PROBLEMS OF ECONOMIC AND FINANCIAL FOREIGN POLICY

When Mr. St. Laurent became Secretary of State for External Affairs the international economic policies and objectives which the Government intended to pursue in the post-war period were already well defined. Its advisers remembered the slump which had followed the First World War, which in Canada's case, had been greatly aggravated by the high tariff policies then pursued by the United States. They realised that Canada's productive capacity had been greatly expanded by the demands of the war and thought that strenuous efforts would be required to maintain it at full speed. If peace and recovery could be assured, the prospects of so doing would be enhanced. Consequently it was clearly in the Canadian interest, as Mr. St. Laurent said in his Gray lecture, to "support every international organization which contributes to the economic and political stability of the world". For that reason Canada had been an active participant in the conferences which preceded the appearance since 1944 of such new international agencies as the U.N., the Bank, the Fund, F.A.C., W.H.O., ICAO, etc. Canadian experts had discussed with their opposite numbers in Washington and London the prospects for promoting more orderly trade after the war, and were encouraged by the avowed American intention, as expressed by the Lend-Lease Agreement, of striving to secure the elimination of all forms of discriminatory treatment in international trade and the reduction of tariffs and other barriers. The renewal of the Reciprocal Trade Agreements in 1945 for another period was also an encouraging omen. Difficulties were anticipated about the future of Imperial Preferences, which were notoriously disliked in the United States, but it was the Canadian view that these preferences had proved useful to Canada in the past and should only be modified as part of a general international agreement for lowering tariffs. It was in that spirit that Canadian experts attended the preparatory talks in London in the autumn of 1946 to prepare a charter for an International Trade Organization and the Preparatory Committee of the United Nations Conference on Trade and Employment that began its sessions in Geneva in April 1947 when international tariff negotiations were inaugurated.

2. Before these new international economic institutions could gather momentum and play a commanding part in furthering stability their member states must be healthy and vigorous. By contributing to their recovery Canada would not only further this objective, but also assist in the maintenance of international trade at high levels upon which her own prosperity so greatly depended. Viewed in that light, participation since 1944 in UNRRA, in which Canada had been the third largest contributor and the second principal source of supply, was a form of enlightened self-interest and not simply a charitable gesture. It also had the advantage, as a departmental memorandum pointed out in July, 1946, of "removing the pressure on the government for the grant of export credits which are not, from a trade point of view, justified."

3. Unfortunately, UNRRA was facing political complications by the autumn of 1946, with the breach widening between the USSR and the West. The United States was determined

to terminate UNRRA as a relief agency and extend relief bilaterally as soon as possible. With this policy Canada felt obliged to concur and supported accordingly the decision to terminate UNRRA in Europe by the end of 1946 and in Asia three months later. But Canada did not plan to withdraw entirely from relief, as Mr. Pearson told the UNRRA Council in August, 1946, and in 1947 the Government extended post-UNRRA aid to the amount of \$20 million, from which the International Children's Emergency Fund, Greece, Italy and Austria were the chief beneficiaries.

4. To promote recovery, and finance the anticipated surplus of Canadian products, the Government had adopted a policy of extending export credits in 1944 which had resulted by May, 1946, in agreements being negotiated with six European Governments and China. The amount set aside for this purpose was fixed at \$750 million in December 1945. This limit was adhered to, despite several requests for further assistance during the balance of 1946. The chief reason for clamping down on further advances had been the size of the loan extended to the United Kingdom in April of \$1.25 billion which it was thought strained Canadian capacity to the limit.

5. Such a loan was described by Mr. Ilesley, the Minister of Finance, as "not in any sense an act of charity, it is an investment in the future of Canadian trade"! It supplemented the U.S. loan of \$3.75 billion which had been negotiated earlier, but for which Congressional approval was not secured as rapidly as had been expected. The prior American negotiations compelled the adoption of similar clauses in the Canadian agreement, which was not altogether welcomed in Ottawa. Moreover, the slowness in implementing the U.S. agreement forced a greater withdrawal from the Canadian credits than had been expected. By December 31, 1946, \$540 million had been drawn by the United Kingdom, over twice as much as had been anticipated.

6. Not directly linked to the U.K. loan, but obviously related to it, was the Anglo-Canadian Wheat Agreement for four years signed in July, 1946, and the arrangements made for bulk purchases by the United Kingdom of bacon, cheese, eggs, etc. at moderate prices. This search for stability through a bilateral policy was not consistent with the Government's insistence upon the virtues of multilateral trade. Yet it did represent the majority view of the West, the Winnipeg Free Press excepted, upon the importance of maintaining a stable market in what might be a singularly insecure world. In so doing, Mr. Gardiner and the prairie farmer reflected their bitter recollections of the low prices for farm products in the depression years of the Thirties, and the damage done to Canadian agriculture by United States tariff policy in the Twenties and Thirties.

7. The final major economic decision of 1946, for which the Department of Finance, in consultation with the Bank of Canada and the War-Time Prices and Trade Board, was responsible, was the return to parity of the Canadian dollar with the United States dollar on July 5. By this policy, which was fortified by the fact that Canadian gold and United States Dollar reserves had reached a figure of approximately \$1,600 million, four times the pre-war level, it was hoped to offset to some extent the financial burden of continued heavy imports from the United States at a time when American prices were rising rapidly. It was also designed to protect the Canadian price level in some degree from the impact of rising prices in the United States.

In the press it was hailed as "a clear and splendid testimony to Canada's strong financial resources and to the serene determination with which she faces the anxieties of the future".

8. In retrospect the adjective "serene" has an ironical ring. Within less than a year the financial experts were journeying to Washington to see what could be done to save the Canadian dollar from serious difficulties. But, in fairness to all concerned, it was not then appreciated as Mr. Marshall said on June 5, 1947, that

"The rehabilitation of the economic structure of Europe quite evidently will require a much longer time and a greater effort than had been foreseen."

The unprecedented combination of drought, frost and flood in Europe in 1946-47, and the division between East and West which hampered its trade, the continuance of unrest and revolt in South East Asia, the slowness of convalescence in so many countries, combined with a hunger for commodities that only North America could provide but at rising prices, a greater degree of economic debility in the United Kingdom than even her own experts had appreciated, at a time when United Kingdom international commitments in Germany, Greece and elsewhere involved substantial expenditures abroad - these and other factors combined to give Canada a series of difficult and delicate negotiations with the United States and the United Kingdom during 1947 that far overshadowed the patient efforts in Geneva of those who were painfully drawing up a General Agreement on Trade and Tariffs.

9. In February 1947, Mr. Graham Towers, Governor of the Bank of Canada, gave a warning in his annual report to the Minister of Finance that there was trouble brewing. His warning was summed up in the sentence:

"Canada cannot continue indefinitely to sell on credit in overseas markets while she is incurring a substantial cash deficit in her balance of payments with the United States".

What was happening was a heavy demand for American raw materials for industrial purposes, for American capital goods for the expansion of Canadian production, and for consumer goods by a people whose earnings were high and whose hunger for goods of all descriptions had been sharpened by war restrictions. As Mr. Rasminsky of the Bank of Canada noted, under conditions of high income Canadians have an "extraordinary propensity" to import. As a result Canadian exports to the United States lagged far behind imports from that country, while United Kingdom exports to Canada were still very low and the United Kingdom need for Canadian commodities great.

10. The following table illustrates the Canadian dilemma in 1947:

Trade in Millions of Dollars

	United Kingdom		United States
1937	402	Exports	382
	148	Imports	491
1947	751	Exports	1,034
	189	Imports	1,975

11. At the same time as Canada's trade in her major markets was experiencing this alarming shift, exports to other markets were either restricted by lack of purchasing power or were financed by Canadian credits. A further difficulty was the fact that American capital investment in Canada had fallen off with the return of the Canadian dollar to par. In 1946, in her balance of payments, Canada had come within \$251 million of covering gifts through UNRRA and post-UNRRA, as well as loans and export credits to the United Kingdom and other countries, which totalled almost \$860 million and the strain upon her reserves was not disturbing. But in 1947, the gap widened rapidly with about \$600 million of exports not paid for, and, as a result, the reserve of gold and United States dollars declined from \$1,245 million at the beginning of the year to \$700 million in April. Before the year was out the holdings of gold and United States dollars had fallen by \$743 million. On February 27 the New York Commercial and Financial Chronicle was featuring on its front page an article headed "Canada's Critical Exchange Problem". Six weeks later the Financial Times of London was discussing Canada's dollar difficulties under the provocative heading "Will Canada Join the Sterling Area!". From Brussels our Ambassador cabled, on April 17, that rumours of an imminent devaluation of the Canadian dollar were circulating. He asked what truth there was in the rumour and was informed by the Department, on the advice of the Bank of Canada,

"that;... rumours of change in the exchange rate have circulated from time to time and that the policy of the Minister of Finance has been to make no comment on these rumours."

12. The Government first met the crisis by slowing down the pace of United Kingdom drawings upon the Canadian loan, as will be described later, and by attempting to bring home to the United States the "extreme urgency" (Mr. Wrong's phrase) of the situation both in Western Europe and in Canada. On May 28, Mr. Wrong, Mr. Towers and Mr. Rasminsky saw Mr. Acheson, Mr. Clayton and Mr. Hickerson, and reviewed at length the world dollar situation in general and the Canadian in particular. Mr. Towers referred to the "great anxiety" produced by the intolerable drain on reserves, and said that various measures were necessary to bring Canada's dollar accounts close to balance "during the breathing-spell provided by the proposals we have made to the British." He thought that even drastic restrictions on purchases in the United States and upon pleasure travel there might not fill the gap and asked if other constructive arrangements were possible, such as United States purchases in Canada for relief purposes, stock-piling purchases, supplies for the American forces, etc. He also made the point that "There is no satisfactory solution for Canada as long as the United Kingdom and Western Europe are in difficult straits." Mr. Towers closed his statement by saying that;

"if no action is taken in 1947, developments will get under way which may produce incalculable political effects. It means the writing-off of the whole United States international economic program as one country after another gets into difficulties."

13. The Americans were alive to the danger but agreed that their main preoccupation was with "what was politically possible and not with what was economically necessary." In a forecast of what was to be known later as the Marshall Plan they spoke of an "integrated plan of economic co-operation worked out for Europe as a whole", but argued that the initiative would have to come from the Europeans, (they were critical of lack of leadership by the United Kingdom) and would have to involve more than the extraction of American dollars from

the United States. But American plans were still vague and unformed, and for the time being the Canadian problem was only met by agreeing to set up a small informal committee to examine the various suggestions for expanding United States purchases in Canada. There was no suggestion that Canada should depreciate her currency and only one aside about the possibility of a Canadian loan in the United States.

14. When these developments were reported to the Department, Mr. Pearson wrote a memorandum, summarising what had been said and commenting that

"Once again weaknesses of the United States political and constitutional structure stand in the way of strong action by the United States, the only country which can give it, to solve a critical international situation."

He thought that Canada's dollar shortage, though critical, was not as grave as the European situation which, in the long run, might be a much greater threat to Canadian economic security. "We can", he wrote, "always make, in an emergency, arrangements with the United States, but we would certainly not be able to do so with a disintegrating Europe". He hoped that Mr. King would urge bold imaginative leadership upon President Truman during his forthcoming visit to Ottawa. Lastly the Under-Secretary welcomed the suggestion of the informal committee as "a most useful development" and stressed the need for the utmost secrecy in its operations.

15. While the Canadian team was preparing for action and encountering some disconcerting instances of lack of integration among the Americans concerned in the talks, Mr. Marshall had made his famous June 5th speech which set in going a chain reaction in European economic affairs. From London Mr. Robertson cabled on June 19 to suggest that the government study the likely short and long-term effects of a Western European customs union upon export trade. He was not too disturbed by its implications and felt that Canadian interest and encouragement of closer European economic co-operation would be helpful.

16. Mr. Robertson did not want to see the Canadian economy pushed "into an impoverished sterling area held together by policies of discrimination against United States exports and not much more..." and said if he had to make a choice favoured the other "polar extreme" of much closer continental integration with the United States. He was emphatic in urging that every alternative be explored before embarking upon a purely "defensive", discriminatory policy against the imports from the United States. Writing from Geneva at the end of September, Mr. Wilgress expressed equally strongly the same point of view but in relation to the future of I.T.O. In Washington, Mr. Wrong informed Mr. Acheson that the experts believed the various methods suggested of increasing United States purchases in Canada were not likely to produce more than \$25 million. As it turned out the results were disappointing. He said the Government would not ask Parliament in the current session for authority to impose import restrictions, but, unless the Marshall Plan came into full effect in a few months, or some other new device could be discovered to dealing with the Canadian exchange problem on a bilateral basis, the Government would have to take the necessary steps. Mr. Acheson did not see how the Marshall Plan could operate before the beginning of 1948, and agreed with Mr. Wrong that it was time for Canada to discuss the problem with the Treasury as well at the highest levels. However, the Department of Finance and the Bank of Canada felt there might be some misunderstanding if this were done so soon after talks with the State Department, and assumed that the Treasury would



learn from the State Department the facts of the Canadian case, an assumption which proved erroneous. On July 30th, 1947 the State Department was again warned that Canada would be obliged to take drastic action involving direct discrimination against the United States. Mr. Lovett, to whom this was reported, was already in a gloomy state of mind and the only result was his suggestion that "...if we had any good ideas of what might be done, he would be delighted to hear from us." Mr. Wrong thought that the Secretary of the Treasury might be invited to visit Canada, but this suggestion was ruled out, since Mr. Abbott and other Ministers concerned would be out of town in the period when Mr. Snyder was available. On August 7th it was decided to make direct approaches to the Treasury in Washington. What immediately followed this suggestion is not on the departmental records, which deal next with the Deputy Minister of Finance's talks with both the Treasury and the State Department on September 18. The United States officials were still in no position to offer any concrete suggestion, and our Embassy reported a week later that, apart from loan prospects, the major hope of increasing the Canadian supply of United States dollars lay in trying to bring about "the inclusion of Canada as a source of supplies for Europe to be purchased with "Marshall Plan" dollars. But the State Department kept insisting that no "prudent" man should rely on help from the Marshall Plan, and seemed resigned to discussing how best the blow of Canadian import restrictions could be softened, and how direct discriminatory measures could be avoided.

17. Mr. Wrong summarised the situation in a telegram to Dr. Clark on October 2:

"Although it is useful to know that the United States Government officials will be co-operative on the imposition of restrictions, at the same time, it is discouraging that they have nothing constructive to offer except an amendment to the Trade Agreement and a friendly statement."

This resigned fatalism prevailed at every level, as Mr. Pearson found in a talk with Mr. Clayton four days later, but it was being recognised in the United States, however, that Canada could not give further assistance towards European recovery without some action to ease substantially her own dollar shortage. Meanwhile, on October 10, a special Cabinet Committee was appointed "to consider the financial questions raised by the serious current deficit in Canada's Balance of Payments with the United States."

18. When Dr. Clark, Mr. Towers, Mr. Robertson and other experts visited Washington and held a series of talks with State and Treasury officials between October 28 and 30, the Americans were told that the Canadian reserves had declined over \$100 million since September 18 (by the end of November they had fallen below \$500 million) and that action could not be delayed beyond mid-November. They were given outlines of alternative programs of restrictions and told that the tough program would require a loan of \$350 million and the moderate one \$500 million. Although anxious that such action be postponed to January, if possible, to avoid the news of the Canadian restrictions coinciding with the planned announcement of the new trade agreements negotiated at Geneva, the United States officials were far from helpful about prospects of a Government loan and spoke about approaching private source in New York or the International Monetary Fund. The head of the Export-Import Bank initially described the prospects of a loan from this institution as "bleak". But the United States was prepared to release Canada from these clauses of the Reciprocal Trade Agreement of 1938 which barred quantitative trade restrictions, to study the texts of notes and announcements that could be necessary, and to initiate

studies of long term issues such as customs simplification, a general treaty of friendship, commerce and navigation, stockpiling of strategic materials, and availability in Canada of supplies required by the Marshall Plan countries.

19. It was not until November 12, that Canada was assured of a loan from the Export-Import Bank of \$300 million for five years with payments commencing at the end of the third year, a smaller amount and a shorter period for repayment than had been desired. In negotiating it the Government was also called upon to undertake to secure funds from private sources in the United States, an arrangement which the Export-Import Bank regarded as "a matter of primary concern". With the loan assured the Government could then inform the State Department that it proposed to apply the more moderate plan for restricting imports. That Department had already drawn up drafts for an exchange of notes which, after some alterations in Ottawa, were approved and dated November 14 and 15. After describing the causes of the dollar shortage, the note announced a general program of curtailing imports to conserve the limited supplies of gold and United States dollars. The Government emphasized their intention of administering the controls in a manner consistent with the General Agreement on Tariffs and Trade, and of removing the controls "at the earliest possible moment that circumstances permit." The note also placed on record the Government's hope, which the United States reply confirmed, that the United States would not invoke against the restrictions the pertinent clauses of the Trade Agreement of 1938, which would remain in effect until superseded by GATT. The State Department issued a press release when the Canadian control program was announced, which had been discussed in advance with the Department and which described sympathetically the Canadian difficulties. It ended with the sentence:

"In terms of her continued contribution to world reconstruction Canada's action should be considered as a short term measure which does not mean abandonment of the long term objectives shared by the United States."

20. The note struck in this last sentence was repeated in the Prime Minister's broadcast from London on November 17. In his broadcast, which preceded Mr. Abbott's detailed account, Mr. King put the major emphasis on the significance of the General Agreement on Tariffs and Trade which had been signed at Geneva on October 30. He described GATT as charting Canada's long run course and opening up to her exports "a larger and more equal access to the markets of the world than they have ever enjoyed." The trade restrictions were admittedly a "sharp detour" over what might prove to be "rough and difficult ground". Because they were measures which cut across fundamental trade policies Mr. King stressed the importance of keeping Canadian policies directed towards the long-range objectives of GATT. "At all times and at all costs we must keep our real and long run objectives constantly in sight", declared the Prime Minister. "By making sure that the emergency measures we have to take are not permitted to hamper or distort our long-run objectives, we shall by the enlarged opportunities for world trade made public today, be greatly furthering our country's growth and development." Mr. Abbott's address explained the reasons for the dollar conservation program, and outlined its nature. He urged that various positive measures be taken including a subsidy on gold production to increase sales to the United States. At the request of the State Department, which did not want to get entangled in difficulties with Congress before the ground had been carefully prepared, he did not say, as originally intended, that

the Government had proposed discussions "looking toward a more far-reaching and effective reduction of trade barriers between our two countries than is possible under the existing United States legislation respecting trade agreements." Like the Prime Minister, Mr. Abbott placed the emphasis upon longer range constructive measures and promised "We intend to get rid of these restrictions just as soon as circumstances will permit."

21. The day following these broadcasts Canadian officials from the interested departments had a three day conference in Washington with representatives of the United States Department of State, Commerce, Agriculture, Treasury and the Federal Reserve System to discuss Canada's possible role under the Marshall Plan. Considerable optimism developed as a result of these conversations, and the proposals which President Truman presented to Congress on the European Recovery Program. Mr. Howe, then Minister of Reconstruction and Supply, went so far as to say publicly that, if the President's proposals were adopted, it was possible that Canadian quotas and restrictions could be removed in a few months. From Washington Mr. Wrong warned, in December 23, 1947, that such statements did not help the Canadian position, since they gave ammunition both to Congress and to some officials who held the view that making too liberal off-shore purchases in Canada, instead of loans, was baling Canada out of her difficulties. Soon afterwards it was learned that United States officials were especially anxious for Canada to play a larger part in helping the United Kingdom, with whom the Government had already had some delicate negotiations during 1947.

22. These negotiations arose from the fact that the Government was disturbed at the rapid drawings which the United Kingdom was making on the Canadian loan, at a time when United Kingdom exports to Canada were rising slowly and Canadian reserves were dropping rapidly. As early as January 15, 1947, Mr. Robertson had sent a long despatch from London analysing the United Kingdom dollar difficulties which he described as "a time bomb ticking away in the heart of Whitehall." He accepted without enthusiasm the assurance of Treasury experts that they did not see any immediate crisis around the corner, but noted that they were reluctant to make any comment on the question whether the obligation to make sterling freely convertible in July, 1947, one of the terms of the United States loan, would be very onerous. Two weeks later a circular D.O. telegram was received describing current economic difficulties which might lead to exhaustion of the Canadian loan by the end of 1947 unless vigorous steps were taken and spoke of various drastic measures of "masterful administration" under consideration. In a covering note from the United Kingdom High Commissioner, the hope was expressed that the Canadian Government would accept the general conclusions "with understanding and good will", since there would be occasions when "the practical application of the policy may adversely affect certain Canadian exporters and may give rise to criticism from certain quarters in Canada." In commenting on this warning telegram Mr. Robertson thought that "masterful administration" as far as imports were concerned, might mean reductions in the imports of high cost foodstuffs from Canada such as bacon, poultry and eggs. He added that this was "a frank and important warning which merits continued consideration in Canada". For his part, Mr. Towers was disturbed by the suggestion in the United Kingdom circular that the Canadian loan might be exhausted in the current year, since it seemed to be based on the assumption that the United Kingdom deficit was to be met solely out of the loan rather than in part by payments of convertible sterling to Canada. He pointed out that exclusive reliance upon the loan was not a practical possibility,

as had been recognised at the time of its negotiation when the United Kingdom Government agreed that it would pay sufficient convertible sterling for imports to ensure that the Canadian loan would not be exhausted before the American. Mr. Towers also pointed out in his memorandum that Canadian reserves of hard currency were smaller proportionately than those of the United Kingdom, were dwindling more rapidly, and were reaching a point when further reductions could not be allowed.

23. Unfortunately the Department of Finance was so heavily burdened with considerations of the budget and other matters that no formal reply was sent to the United Kingdom despatch until April 11 when Mr. Towers' memorandum was forwarded. By that time United Kingdom Treasury experts were noting that Canada was also faced by a shortage of United States dollars and were suggesting that an exchange of views about the problem would be useful. Sir Wilfrid Eady, chief negotiator of the Canadian loan, made plans to visit both Washington and Ottawa in the first half of May. In reporting this Mr. Robertson surmised that, besides placing the overall picture before the two creditor countries, he would be asking for the suspension of the undertaking to make sterling freely convertible in July, and for exemption from the clauses in the agreement barring discrimination in imports. This prophecy was fulfilled when Sir Wilfrid and his colleagues met Messrs. Clark, Towers, Gordon and Mackenzie on May 8. They asked for agreement to permit such discriminatory imports but hoped not to make severe cuts in imports from Canada, although the amounts of some food contracts would be decreased as contracts expired. Sir Wilfrid also expressed concern as to the possible future effects upon United Kingdom funds of the clause in the Wheat Agreement for payments to Canada in the latter years of the agreement in compensation for sales by Canada below world prices in the first two years. It was not possible to express immediately a definite view on discrimination, although the Canadians hoped it might be further discussed with the United States. On the wheat clause Sir Wilfrid was told that "this matter was one of considerable political importance that could only be dealt with by the Government itself in the light of circumstances."

24. The real shock to the United Kingdom negotiators came when the Canadian officials described the Government's exchange problem, and the resulting need for "very substantial payments of convertible exchange from the United Kingdom". They informed Sir Wilfrid that the Cabinet had instructed them to say that Canada would probably find it necessary to ask the United Kingdom to make no further drawings upon the Canadian credit during 1947, and to meet the requirements until the end of the year entirely by payments of convertible sterling or United States dollars. It was agreed that Mr. Towers should go to London as quickly as possible to learn the United Kingdom Government's reaction to the possible Canadian request. When he did so, the Canadian proposal had been modified slightly to the effect that the United Kingdom should make available to Canada for its purchases \$40 million a month commencing May 1, 1947. Informally, Mr. Towers also suggested that no drawings be made at all upon the Canadian loan during May and June.

25. The United Kingdom counter-offer was that they should finance the deficit on trade with Canada between July 1, 1947 and June 30, 1948, by drawing on the Canadian loan and their reserves on a fifty-fifty basis, up to a limit of \$400 million United States dollars. They were prepared to forego drawings in May and June and repay what had already been drawn

in the first half of May in United States currency. What the United Kingdom was most anxious to secure was agreement to the equal-shares plan for underwriting the deficit. There was some delay in answering the proposal after Mr. Towers' return to Ottawa, presumably caused by the parallel negotiations proceeding with the United States that have already been described. By June 14 the United Kingdom authorities were inquiring urgently when the Canadian Government would make its formal request. The answer came on June 16. After a full explanation of the Canadian difficulties, it followed the lines suggested, except for the stipulation that the \$400 million to be paid in convertible sterling or its equivalent should be the minimum, and for the absence of any request that there should be repayment of sums already drawn in May. The Chancellor of the Exchequer replied accepting the proposals to finance each month from July 1 only half of the United Kingdom requirements from the Canadian credit, but felt unable to give a promise of so doing for the full period of twelve-months. He hoped that a radical improvement in the situation through American action would make possible supplying the suggested minimum of \$400 million United States over a year. Dr. Dalton warned that:

"If nothing substantial happens within the next three or four months, our position will become so serious that we shall have no alternative but to ask you to consult with us how you and we should handle the situation which will affect us both equally, though perhaps in different ways."

26. It was now the turn of the Canadian authorities to receive unpleasant news. On July 29, Mr. Wilgress cabled from London (Mr. Robertson was absent through illness) to say that he had called on Sir Wilfrid Eady for a general discussion of financial affairs, only to be told that events had moved so fast that the United Kingdom Government "might shortly find it necessary to ask the Canadian Government to agree to much more than a minor modification of present arrangements and might be forced to introduce measures which would have a far more serious effect upon the Canadian economy." Sir Wilfrid was afraid that in "their desperate straits" the Cabinet "might plunge about wildly and commit themselves to decisions with insufficient regard to their peripheral consequences." As he could not leave London, he wondered whether Dr. Clark or Mr. Towers, or, failing them, Mr. Rasminsky or Mr. Bryce might fly over for consultation. The Treasury doubted if the United States had yet realised the full seriousness of the United Kingdom predicament and the measures which would have to be taken. In the gap between exhaustion of the United States credit and aid under the Marshall Plan it would probably be necessary for the United Kingdom to introduce "severely restrictive measures".

27. As the Canadian reply was delayed by the absence of many of those concerned on holidays, it was not until August 6 that Mr. Pearson was able to cable Mr. Wilgress to say that Mr. Bryce would arrive about August 23 and that the Minister of Finance would be in London in early September for meetings of the World Bank and the International Monetary Fund. The Government was taking a strong stand against any modification in the financial arrangements. It was appreciated that decisions on import restrictions were the United Kingdom's responsibility, but information was requested as to details. In the closing paragraph of the cable surprise was expressed at the speed with which the crisis had developed and the hint thrown out that possibly "... efforts are being made to exaggerate the crisis in order to make acceptable not only in London but also in Washington and even Ottawa the various



measures considered necessary in dealing with it." This suspicion was not shared by Canada House which replied that "an animal caught in a trap has very little room for tactics or manoeuvre."

28. By that time the United Kingdom officials were proceeding to Washington for necessary talks on suspending convertibility of sterling which had been in effect for a month, and it was suggested that Canadian officials might meet them there. In that connection Mr. Pearson told Sir Alexander Clutterbuck that he hoped the United Kingdom officials would take no action in Washington which might appear to bind Canada directly or by implication in any discussions that would take place later with Canadian negotiators. He reminded him that the United Kingdom was under obligation to consult with Canada as well as the United States on provisions for non-discrimination. The United Kingdom officials left for Washington on August 16. Meanwhile the situation grew still worse in London, where the Chancellor had to revise for the fourth time his estimate of the duration of the United States credit. Sir Alexander Clutterbuck was instructed to ask the Canadian Government to join with the United Kingdom in reconsidering the agreement which had been made so recently about drawing on the Canadian credit. It was urged that the talks be held "with all possible speed" in London. In Ottawa, the officials were reluctant to consider any modification of the existing arrangement, arguing, as Dr. Clark said in a cable to Mr. Bryce, in London on August 15, that "our problem was really worse than theirs". In a rather stiff letter, on August 26, the Prime Minister agreed to the discussions, while expressing "some surprise" at the intimations of British policy contained in the United Kingdom invitations. He said that Mr. Abbott would be leaving for England on September 2 for the Bank and Fund meetings, and that:

"If, while in London, the United Kingdom Government should desire to discuss with Mr. Abbott any aspect of the world dollar situation, in its bearing on existing arrangements between our respective governments, Mr. Abbott will seek to arrange to have such discussions held at such a time as may be mutually convenient."

29. Before Mr. Abbott arrived, Mr. Bryce had a long and revealing talk with Sir Wilfrid Eady who said that the United Kingdom "just could not go ahead with our 50/50 arrangement" even for a matter of weeks. Sir Wilfrid also spoke very gloomily of United Kingdom purchases from Canada, even of essentials, and said that until financing was arranged, no agreement could be reached on food contracts with the Canadian Minister of Agriculture who had arrived primarily to negotiate the price of the 1948-49 wheat contract. He was convinced that his government could not contemplate any addition to the price of wheat for the third year, based on the "have regard to" clause upon which Mr. Gardiner was pinning his hopes. He seemed to imply that Canada would have to preserve the United Kingdom market for her supplies and would be compelled to bear that in mind in the financial negotiations. As Mr. Bryce put it in his report "... without doubt he will want to use Gardiner as a means of pressure on Abbott". It was also clear from the discussions that the United Kingdom cabinet ministers were puzzled at the Canadian lack of United States dollars, and were inclined to take the view that "Canada was doing relatively little itself to conserve United States dollars at a time when all countries were denying themselves things they wanted because of the dollar shortage."

At the same time Sir Wilfrid was himself definitely concerned about the Canadian situation. He was reported as saying that he did not see how Canada could possibly wait until January to introduce import restrictions. In conversation with another senior official Mr. Bryce was given a series of estimates of the balance of payments of the sterling area with Canada during the year which pointed up to a possible deficit of \$60 million a month over the next six months. He came to the conclusion that the United Kingdom was "clearly hoping to use their import programs to some degree as a bargaining point".

30. The Bryce reports were received with some irritation in Ottawa, where garbled press reports of what Sir Wilfrid Eady had previously said about the Canadian situation, during his visit to Washington, had not helped matters. Dr. Clark complained of "the complete failure to understand the Canadian position", which he attributed to the fact that "We have tried to carry a disproportionate share of the burden of European reconstruction and that the British and European recovery have been distressingly slow". He disliked the "extraordinarily gratuitous" expressions of alarm about it. He believed that either the present arrangement about drawings on the Canadian credit would have to be continued, or Canada would follow the United States example and stop drawings altogether. The correct locale for discussions of food contracts and trade was Ottawa and not London.

31. It did not lessen Canadian irritation when, on the eve of talks with other Commonwealth sterling countries about the crisis, (at which Canada decided not to be represented by an observer), Mr. Bevin, though making plain that he spoke entirely for himself, told the Trades Union Congress at Southport he thought a customs union was necessary for the British Commonwealth and Empire which could not "avoid any longer common defence and common acceptance of certain common economic principles if we are to avoid recurring crises." This unguarded statement was described in a cable from Canada House as having come as "a bolt from the blue" to the Commonwealth Relations Office, but was also interpreted as being possibly "a deliberate tactical move directed towards the Americas". Mr. Pearson commented on its effect in Canada in a personal letter to Mr. Robertson.

"It has done no good here, especially in its references to common defence and a customs union. All the old skeletons are rattling furiously in the cupboard.

Mr. Pearson remarked that, in spite of very real sympathy with the United Kingdom the tactic of urging all good Britishers to rally round the flag would produce no useful results in Canada where, if the choice of some closer economic and financial alignment had to be made "... it will have to be with Washington rather than London". He suggested that it was a matter of first importance "... to urge at every opportunity that broad general declarations about the Commonwealth, especially in regard to strategic and economic matters should be avoided like the plague", and added that "there is a real danger of dramatic perfunctory utterances in London making much more difficult here an already difficult situation".

32. In Cabinet on September 11 the Bevin proposal for a Commonwealth or Empire Customs Union came under discussion, following a report by the Cabinet Committee of External Trade. It was agreed that "the United Kingdom be informed that it would be impossible for the Canadian Government to contemplate

adherence to anything in the nature of a Commonwealth Customs Union..." Mr. Lapan, who was then at Canada House, was also told by the Department in a cable on September 2 that:

"If the United Kingdom authorities think, and there are indications that they do, that our financial difficulties with the United States might make us more receptive to the Commonwealth scheme, they are making a great mistake, and the sooner that they can be disabused of this idea the better."

33. In London, the Minister of Finance had a preliminary talk with the Chancellor of the Exchequer on September 12, during which Dr. Dalton said he hoped it would be possible to draw more rapidly on the Canadian credit than the present arrangements permitted. By that time the residue was only \$402 million. Mr. Abbott got the impression that the United Kingdom did not intend "to press too hard for a revision". He suggested that the officials might again jointly survey the field. These talks began on September 16.

34. The Departmental files do not appear to contain a complete record of the London talks. Mr. Bryce is reported, on September 19, as saying that he was confident that Mr. Abbott had made "crystal clear" the Canadian position, and that he did not think the request for accelerated drawings on the Canadian credit would be repeated. In return, Mr. Abbott had told the Chancellor of the Exchequer that he realised the United Kingdom would be compelled to cut its imports from Canada. Consequently, between September 15 and December 11 the United Kingdom drew \$100 million of the Canadian credit on the normal terms. By that time the United States treasury had agreed to allow the United Kingdom to resume its drawings upon the American credit, and it was a question of making do until Marshall Aid to the United Kingdom would ease the strain.

35. What this involved was made clear to the British people on October 23, when they were told of the necessity for a number of cuts in food rations. Such cuts, and others proposed in various imports like canned salmon, tobacco and fruit, affected the size of purchases from Canada, especially those under long-term food contracts. It was decided to send a team of experts to Ottawa to review the programme. The Canadian Government was anxious that they should come as soon as possible, particularly in view of the annual Dominion-Provincial Conference conducted by the Department of Agriculture early in December when food production programs were prepared. The experts were to discuss the stepping up of exports to Canada and the balance of payments problem as well as the question of imports.

36. The discussions began on November 26, and were inaugurated by a United Kingdom statement that in 1948 they proposed to reduce imports from Canada by some \$45 million in certain commodities, a program which would involve complete cessation of purchases of beef, eggs, and bacon, and some reduction in timber imports. The target figure for United Kingdom exports to Canada was placed at £80 million, which was regarded as overly optimistic and almost certainly impossible of fulfilment by the Canadian officials. What was left of the Canadian credit would be required to finance part of the deficit on trade.

37. When these developments were reported to the Cabinet Committee on External Trade, the Minister of Agriculture emphasized the importance of a balanced agricultural program which would be impossible, if selected commodities were contracted

for at special prices and others were sold freely on the open market. He and his officials wanted a policy of all contracts or none, and the purchase of beef, bacon and eggs to the amount of \$120 million. At the same time the United Kingdom officials were told that dollar difficulties already made difficult the continuance of drawings on the remainder of the Canadian credit and that the proposed revisions would make drawings "quite impossible". As the negotiations continued, the United Kingdom delegation revised their offer so as to include purchases of \$65 million of beef, bacon and eggs on condition that \$229 million of the Canadian credit be made available for 1948, a drop of \$51 million from the previous year. This proposal was also unsatisfactory, since Finance regarded any extensive drawing upon the Canadian credit as "completely out of the question". From Washington Mr. Wrong commented that, in his view, the United Kingdom underrated the amount of help that they might receive under the Marshall Plan. He suggested that decisions on the size and financing of food contracts be made on an interim basis, subject to review when the European Recovery Program began to operate. Mr. Robertson wrote from London that he felt that the Department of Agriculture was concentrating too much on the specific requirements of the United Kingdom market. He advocated:

"a higher priority in our thinking to the need for expanding agricultural exports to the United States than to compelling this country to take foodstuffs which it would dearly love to have but for which it really cannot afford to pay."

Like Mr. Wrong, he favoured a temporizing policy in negotiations until Marshall aid was available, but coupled it with emphasis upon "more diversified outlets for Canadian agricultural products."

38. Since a deadlock appeared imminent, Mr. Pearson played an active part in personal negotiations with Sir Percivale Liesching, and prepared a memorandum for Cabinet on December 9 describing the discussions and raising certain questions upon which direction was necessary. The Cabinet was not prepared to make any commitments about drawings from the Canadian credit beyond \$10 million a month for a three-month period, after which the position was to be reviewed. From London it was learned that the offer to find \$360 million of American funds in 1948 to help buy Canadian products, which was part of the Liesching proposal, was the limit. It looked as though the deadlock was complete. Mr. Pearson noted in a memorandum:

"We agreed that both sides were facing facts which were difficult to reconcile, and that the facts of the situation and not any lack of goodwill on either side was responsible for our present difficulties."

At this time the Government was even willing to drop the wheat contract. It offered to make available in the first three months of 1948 45 million bushels, and supply credits to cover the difference between the world price of about \$3. a bushel and the contract price (\$1.55). The United Kingdom officials were most anxious not to lose the wheat agreement which they had not anticipated the Government being prepared to drop.

39. At this point Mr. Pearson intervened with a compromise proposal, by which the wheat agreement would be maintained which provided for a price of \$2. a bushel in the crop year 1948-49 and other food contracts renewed at adjusted prices. In return \$15 million a month would be made available from its credit for the first three months only. At the end of

that time the situation would be reviewed. During that period the United Kingdom would furnish \$100 million U.S. dollars for the purchases. Finance officials were doubtful of the wisdom of the size of the credit but the Prime Minister intervened to give his support to the proposal. He told the senior United Kingdom officials that financially the Government was taking "great risks" in making such an offer, and added that

"We were willing to take such risks in order to avoid the cancellation of a contract which might arouse misunderstanding between the two countries and cause a feeling of resentment in the United Kingdom that we were prejudicing the bread ration".

Mr. King was also influenced in this intervention by concern about the international situation. He was reported as feeling that "an inability to agree here and a cancellation of the wheat contract would be interpreted as an abandonment of the United Kingdom, would be exploited by unfriendly elements, and would be generally undesirable". The Canadian offer was accepted. On December 16, Prime Minister Attlee sent Mr. King a personal message of "very warm thanks".

40. Two days later a formal and most carefully worded exchange of letters between Mr. Pearson and Sir Percivale completed the agreement. Mr. Pearson made it plain that the continuance or renewal of the contracts for livestock products for 1948 was without prejudice to their further renewal for the later period of the contract, and that is was:

"always been the understanding of the Canadian Government not only that the wheat contract is to be carried out, but also that the other Canadian agricultural supplies are to be purchased during the same period at prices adjusted, as may be required, to wheat contract prices, and that the prices for bacon and beef for 1949 will not, in any event, be lower than those of 1946".

These affirmations, which reflected the belief of the Department of Agriculture in particular that the price of cheap contract wheat was the observance of all the contracts through 1948, were countered by a United Kingdom understanding that should the deficit on Canadian trade in the first three months of 1948 be less or greater than the estimate placed upon it (\$145 million) the question whether any adjustment is required in the proposed financial arrangement would be the subject of discussions between our two governments. The Government accepted the United Kingdom observation, but placed on record in the reply the fact that there was no prospect of any increase beyond the \$45 million promised.

41. Mr. Wrong was asked to inform the State Department of the results of these negotiations, which, taking into account the price at which the Canadian wheat was sold, amounted to approximately \$115 million of help to the United Kingdom in the first quarter of 1948. It was expected that this assistance to the United Kingdom would be of substantial value in showing the United States that Canada was continuing to play her full part in furthering European recovery, at a time when off-shore purchases in Canada under the Marshall Plan were eagerly desired.

42. A further exchange of letters over the understandings of the two governments as to the meaning of the agreement was made necessary early in 1948 when a press release issued by



Mr. Gardiner on the contracts said that the prices and quantities could not be affected by any further discussion of financial relationships at the end of the three months covered by the recent agreement. The United Kingdom was determined that it should be understood that, just as the Canadian Government had made no commitment for credits beyond March 31 1948, the United Kingdom had made no commitment beyond that date as regards the provision of United States dollars. A letter on these lines was given to Mr. Pearson by Sir Alexander Clutterbuck on January 24. Mr. Pearson, who was well aware of the "calculated ambiguity" of the December letters, agreed that no financial commitment had been made, but on the other hand argued that the United Kingdom had "entered into an obligation to purchase certain agricultural products at certain prices". If they were unable to finance their purchases the obligation could only be ended by a repudiation of the contracts, an action which would then reopen the wheat agreement. After consultation with the Ministers concerned he drafted a reply on those lines to Sir Alexander Clutterbuck on February 6. His letter also said that:

"it would, moreover, be most unfair to Canadian agricultural producers, and indeed make their production planning practically impossible, if the uncertainty of these contracts becomes clouded with uncertainty or if the feeling becomes widespread that they might be dropped or abandoned at some date in 1948 after March 31."

43. What was to be done after the three month period expired was very much in the minds of both governments, particularly as the debates over the European Recovery program and the legislation necessary for it limped along in Congress. In a conversation with Sir Stafford Cripps towards the end of January Mr. Robertson found the Chancellor in a gloomy mood. The deficit with Canada had been increasing, largely because some of the other Commonwealth countries had not limited their dollar deficits to the amounts previously agreed upon. Sir Stafford realised that the Canadian Government had "stretched itself to the uttermost" to find a solution, but it seemed likely that both countries would find themselves unable to find satisfactory financial answers at the end of March. He thought that the only way out would be to transpose the problem to one affecting the United States as well as the other countries but was not counting upon Marshall aid until September at the earliest. What he hoped might be possible was that, as a result of approaches by both governments, the United States administration might be induced to make an informal commitment about future Marshall aid as to how much of the amount earmarked for the United Kingdom could be used in Canada so that the United Kingdom could "take some large risks" before the program came into effect. The Chancellor was anxious that Canada consider such a concerted approach to Washington, and suggested that Mr. Pearson might come to London for discussion as to ways and means. Mr. Robertson supported this suggestion. Mr. St. Laurent was not enamored of the idea, and pointed out that the food the United Kingdom secured from Canada was at prices below world ones and should be regarded as an item on which they must if necessary use their reserves. In his view, "The matter of safeguarding their reserves is a matter for them to discuss with Washington and I do not like the idea of joining them as supplicants for the replenishing of their reserves".

44. Meanwhile the United States State Department had sent an aide-memoire to the United Kingdom asking what would be the consequences if aid were delayed until July 1st.

The Treasury was planning to include in its reply a paragraph stating that the question of financing Canadian imports after March 31 was one that would present "peculiar difficulties" and that "the sympathetic co-operation of the United States would be required to meet this difficulty, in particular". From these developments Mr. Robertson drew the conclusion, as cabled to Mr. Pearson on January 27, 1948 that "the iron is now hot in Washington and we should concert as quickly as possible with the United Kingdom plans for approaching the State Department". But officials in Ottawa and Mr. Wrong were all in agreement that such an approach was not advisable, being doubtful as Mr. Pearson wrote "about the wisdom of taking our own problem to Washington as an appendage to or as the main reason for the United Kingdom problem", and being mindful of "the traditional American suspicion of Commonwealth "ganging up" tactics". They agreed on the United Kingdom and Canada maintaining the closest possible touch in their separate negotiations with Washington, but ruled out any special visit to London which might be misinterpreted in the United States. They also believed that, after the separate talks began, the United States administration might on its own suggest combined discussions. Mr. Robertson reported these views in London. It was suggested that, if Mr. Pearson could not come to London, Mr. Robertson might return to Ottawa for a brief visit to describe the situation.

45. Before Mr. Robertson returned to Ottawa, as had been arranged, he was given a fresh and still gloomier survey of the United Kingdom position by the Chancellor. The drain on reserves was still heavier than had been forecast at the time of the Liesching mission to Ottawa, so that the reserves at the end of 1943 were now expected to be £100 million less than previous estimates and the deficit with the Americans was expected to be £60 million more than previous forecasts. When those figures and others were analysed in Ottawa by the Bank of Canada their accuracy as statistical forecasts was questioned. Sir Stafford was thinking more and more of "developing the resources of Western Europe plus Africa on a hemispheric basis" as a long term device to reduce the dependence upon the Americas. Mr. Robertson made what he described as "cautionary remarks" about such a solution tending to "dry up the springs of American generosity which fed the Marshall Plan". He added a "gentle warning" that too vigorous a hemispheric policy "would probably force us into a parallel hemispheric grouping with the United States and might destroy the special trading relations which had existed for so long between the United Kingdom and ourselves". He found the Treasury resigned to the prospect of no further drawings on the Canadian credit after March 31, and not too hopeful that it might be possible in negotiations to separate the wheat contract from the others. The United Kingdom would be "more than content" if the Canadian Government would make a separate and prior approach to Washington and would prefer Canada's making the first overtures in the United States.

46. On February 16 and 17 meetings were held of the Interdepartmental Committee on External Trade Policy which Mr. Robertson attended, and for some of which Mr. Wrong, Sir Alexander Clutterbuck and Sir Gordon Munro, head of the United Kingdom Treasury Delegation in Washington, and other United Kingdom experts were also present. No detailed record of the meetings is available, but it was decided that Mr. Wrong should see Mr. Lovett of the State Department to familiarise him with the Canadian aspect of the problems confronting the United Kingdom. He was given a memorandum to indicate the manner in which he might approach the problem. It was pointed

out that Canada had supplied \$860 million of unrequited exports, mainly to the United Kingdom and Western Europe, in 1946, and \$601 million in 1947.

47. The Canadian gold and United States dollars reserves were still at an unsatisfactory, low level and it was now necessary for drawings to be made upon the Export-Import Bank loan. For these reasons and the fact that the estimated surplus on current account was placed at \$130 million Canada would not be able to go beyond releasing to the United Kingdom and other countries \$100 million in credits previously authorized. This amount covered the \$45 million allotted for the United Kingdom in the first three months, and the extent to which credits granted other countries like France might be utilized. Mr. Wrong was to express the grave concern felt in Ottawa at the general position of the United Kingdom reserves, but was not to suggest any specific course of action which either the United States or the United Kingdom should adopt.

48. On February 27 Mr. Wrong, accompanied by Mr. Deutsch, had an interview with Mr. Lovett and his economic advisers. The results were not encouraging, as Mr. Lovett said he was in a position to give "little current comfort". The Americans thought the Canadian estimates of possible assistance to Europe in 1948 were too low, and were inclined to suggest that Canada should continue to make \$15 million a month available to the United Kingdom for a period after March 31. They did not appear satisfied with Mr. Wrong's explanations as to why this would be too risky, but did accept Mr. Deutsch's arguments that if further restrictive measures were taken to bolster Canadian reserves, they would at once reduce productive capacity. Mr. Lovett was more optimistic than in the past about the passage of European Recovery Program, but had no suggestions to offer about meeting the United Kingdom problem in the initial stages of the program.

49. As the days ticked off in March and the European Recovery Program Act had still not been passed the United Kingdom requested the Canadian Government to permit a drawing of \$15 million on the Canadian credit for the month of April, on the understanding that the amount would be repaid, if and when ERI came into effect and was made retroactive to April 1st. This request the Government felt obliged to decline, but offered to review its position in September when the prospects for the 1948 crop would be known. On learning this Mr. Robertson cabled from London on March 16 to say that, in the altered political situation caused by the tragic events in Czechoslovakia, and the resulting probability of more rapid action by the United States Congress, he strongly believed "it would be a mistake to urge too far our unwillingness to advance even a comparatively small amount of further credit". His telegram ended:

"I very much hope that those who are properly anxious about our financial position will feel at this critical moment that it is possible for us to share in this additional but comparatively modest way in the risks involved in attempting to safeguard Western Europe from further encroachments and infiltrations".

Mr. Pearson forwarded the telegram to Mr. St. Laurent and commented that he had some sympathy with the point of view expressed and felt that;

"no matter how carefully we handle this matter, the Americans are going to criticize us for refusing to

grant the British the \$15 million credit which they have requested to help them out during the period before ERP comes into force".

From Washington Mr. Wrong, who had been asked to explain the Canadian refusal, confirmed this statement in a teletype which said that in discussions he had had

"... it was very clear that the Americans could not easily adjust themselves to the shock of knowing that Canada has reached a decision not to extend any additional credit to the United Kingdom for the time being".

He was more encouraging in reporting that the United Kingdom would receive \$375 million of ERP aid between the passing of the bill and June 30, and would be able to use some portion of ERP funds for Canadian goods delivered after the date of enactment of the ERP bill.

50. Fortified by these assurances, the United Kingdom Government then approached Canada on March 22 to ask if it would be permitted to draw on the Canadian credit at the rate of \$3.5 million a week until the date of the passing of the ERP Act. The memorandum pointed out that "every dollar is of supreme moment until the corner has been turned", expressed appreciation of the Canadian difficulties, but argued that

"... in a situation in which whoever assumes the liability is bound to suffer it would seem to be the fairest solution that the liability be shared through the continuance until the Act is passed of the existing financial arrangements".

In a second note left by Sir Alexander Clutterbuck attention was drawn to the fact that shipments of livestock products from Canada in the first quarter had exceeded the original estimates, and that ERP aid would not cover these extra costs. He suggested that discussions might have to be re-opened on the question.

51. On March 25, Mr. St. Laurent wrote to say that the Government agreed to the United Kingdom drawing on the Canadian credit at the rate of \$3.5 million a week in the first two weeks of April, with the additional concession that this offer held good irrespective of whether the ERP Act came into effect before that date or not. Coupled with this offer was the understanding that there would not be any discussions on the export of livestock products. Mr. St. Laurent also said that it remained the Canadian intention to review the whole position again in September. The offer was accepted by the United Kingdom with "great appreciation".

52. Although the ERP support of the United Kingdom purchases in Canada eased the strain upon both countries, it also introduced requirements for statistical calculations to justify the advances that led to more than one argument over accuracy of figures. In general the Canadian experts thought that the United Kingdom underestimated their needs, sometimes to a considerable degree, and memoranda flew back and forth between the two countries. Mr. Robertson observed in April that the United Kingdom was undoubtedly "close-hauling" their estimates of dollar expenditures and giving themselves the benefit of every possible doubt in estimating their dollar earnings. He thought that the differences between United Kingdom and Canadian estimates were essentially statistical

and did not "conceal any new policy considerations which might result in a deliberate curtailment of imports from Canada". He believed the United Kingdom would take and pay for the food products covered by contracts, but would not go beyond their firm commitments and would need to hold Canada firmly to delivery dates. He urged that every effort be made when difficulties developed to avoid complaints and recriminations. Sir Stafford Cripps had hoped to visit Canada in May, to become personally acquainted with the Canadian attitude, but was obliged to postpone his visit till later in the year. In August one of his advisers Sir Henry Wilson Smith, had talks with officials in Finance, Agriculture, Trade and Commerce and this Department. They expressed concern at tendencies in United Kingdom policy which were cumulatively working against a viable multilateral system. Sir Henry maintained that many of the developments disturbing Canada "were purely of an emergency or short run character". Mr. Pearson commented that the memorandum on these talks prepared by Dr. Clark (which referred to the "bleak prospects" for Canadian exports to the United Kingdom) made "discouraging reading" and that the lesson to be drawn was;

"... we should consider more seriously the possibility of some pretty far reaching agreement with our neighbours to the south "which might become not a matter of choice but of "dire necessity".

53. Before Sir Stafford arrived in September the Cabinet External Trade Committee and the Inter-Departmental Committee in the same field held a joint meeting. Mr. Abbott was able to raise his estimate of the Canadian surplus on account for the year to be about \$400 million, to announce that the reserves had risen from \$500 million at the first of the year to \$870 million, which he regarded as the minimum figure for safety, and to claim that Canada would have extended about \$316 million in credits during the year. Of this amount \$150 million was based on the price differential in the United Kingdom contracts, \$148 million on credits and \$17.5 million on Post-UNRRA relief. Mr. Gardiner was anxious to hold a long-term market in the United Kingdom for agricultural products and would like to have United Kingdom credits earmarked for certain products, as well as \$120 million of it for the "have regard to" clause of the Wheat Agreement. He gained no support for his proposal. Mr. St. Laurent took the broadest view of the problem. He suggested that the United Kingdom and Western Europe should perhaps be now regarded, not so much as a market but as a buffer between the Iron Curtain countries and the Western Hemisphere, which we should help to make self-sufficient.

54. In a memorandum of September 18 Mr. Reid Acting Under-Secretary, discussed the views expressed at the meeting and argued that greater attention should be paid to the political and strategic arguments for extending economic aid to Western Europe and the United Kingdom, a new premise which had emerged from developments in international politics. He thought it was unrealistic "to proceed on any other assumption that we are going to contribute further financial assistance to Western Europe", since it would be required and pressure was already mounting for such a policy from Washington. To give in grudgingly would endanger relations with the United States. Like Mr. Robertson, he was disturbed at the possibility of a closed economic system developing in Western Europe. He also believed it was in the Canadian interest to work out a middle course, between tying up economically with the



United States and separating from the United Kingdom economy, and maintaining the traditional markets in the United Kingdom. In a second memorandum of September 24 Mr. Reid recommended regular drawings of \$10 million a month by the United Kingdom on the Canadian credit in 1949 on condition that a satisfactory token import scheme be continued in both the United Kingdom and the colonies, and that a satisfactory percentage of Canadian exports to the United Kingdom be carried in Canadian ships. He also favoured an extra drawing of \$25 million in the last half of 1949 if it were spent for foods other than wheat and in addition to the existing contracts.

55. The Cripps visit took place between September 20 and 24. At Sir Stafford's suggestion it was decided to establish a continuing joint committee from the two countries, which should meet from time to time in either capital to review the progress of the import and export programs. The Committee, which was called the United Kingdom - Canada Continuing Committee on Trade and Economic Affairs, met twice in 1949, once in 1950 and once to date in 1951. It has been helpful, in Cripps' phrase, as a "channel for the more expeditious clearance of views."

56. Sir Stafford's forecasts of United Kingdom purchases in 1949 were higher than had been anticipated, but did envisage the elimination of purchases of eggs after June 30, 1949, and a sharp cut in the bacon contract. The United Kingdom position was complicated by the fact that they had been called upon by the United States to prepare an estimate of what aid might be received from other than ERP sources up to June 30, 1949, and had, on their own responsibility, ventured to assume that \$10 million a month would be available from the Canadian credit in the first half of 1949. The Government was not prepared to accept that assumption unqualifiedly in the Cripps talks, but agreed that, given reasonable arrangements with the United States, it was probable that these amounts would be available. For the period after June 30 no decision could be made until more was known as to the continuance of off-shore purchases from Canada. But, "if the present U.S. policies of assistance to Western Europe continued satisfactorily and in adequate measure, Canada would do what a reasonable nation should do in the circumstances." The United States officials were openly disappointed at the news of the \$60 million figure, which was considerably lower than they had hoped, chiefly on the ground that they wished to satisfy Congress that Canada was making a contribution to European recovery commensurate with that of the United States. On the other hand, they did not suggest that the present plans for off-shore purchases would be reduced if the Canadian offers of aid were not raised. In return, Mr. Abbott undertook to review the amount of aid if it were possible.

57. During the Cripps talks, the Canadian spokesmen also expressed, as they had done to Sir Henry Wilson Smith, their concern and dissatisfaction with the nature of the United Kingdom bilateral trade agreements which, they feared, would result in preventing the ultimate establishment of genuine multilateral trade. They pointed out as well that "the development of a trading area among Western European countries which excluded Western hemisphere dollar countries would prejudice the development of a strong and unified North Atlantic community". Sir Stafford stressed that the United Kingdom had no desire to embark on a course that would exclude Canada from British markets and promised that short-term emergency measures affecting Canadian exports

would disappear gradually as economic conditions permitted. In correspondence with the Prime Minister, who was in London for the meeting of Prime Ministers and enquired about the possible nature of comments that he might be called to make on economic matters, Mr. King was given, on October 9, a summary of views which Mr. Abbott (who was away at the time) had expressed at Cabinet meetings. Those were a little more liberal in tone on the release of credits. If adjustments could be made in United Kingdom purchases, especially to take care of surplus production of Canadian bacon and eggs, estimated at about \$15 million, and a satisfactory understanding reached with ECA in Washington, the Minister of Finance thought a larger amount than \$60 million might be released if the Government thought it advisable and necessary. But any announcement of the action to be taken was deferred until agreement was reached on the export program for the United Kingdom in 1949. Meanwhile a proof of greater willingness to consider relaxation was given in Cabinet's approving in principle Belgium spending \$31 million in Canada, half to be paid for out of her unexpended credit, on condition that the purchase include specified amounts of wheat, flour, canned salmon, flax seed and rape seed.

58. The principal obstacle to the release of the announcement concerning the unfreezing of credits was the difficulty encountered in securing satisfactory arrangements for the final year of the Wheat Agreement. The Cabinet had agreed, on December 8, that the Minister of Agriculture should negotiate with the United Kingdom authorities on the basis of a price of \$2 per bushel for wheat deliveries in the next crop year, "provided that United Kingdom authorities recognized and re-affirmed their obligations under the "have regard to" clause (the extent thereof to be the subject of negotiation later on)". This clause had stipulated that;

"in determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom Government will have regard to any difference between the prices paid under this Agreement in the 1946-47 and 1947-48 crop years and the world price for wheat in the 1946-47 and 1947-48 crop years."

Since the agreement had been made, prices had been below world prices, insofar as they could be determined, and, according to Mr. Gardiner's calculations in London, involved a loss of approximately \$133 million. Mr. Gardiner had negotiations in London in December 1948, during which the United Kingdom Ministers began by offering to pay \$1.75 a bushel for 140 million bushels in the crop year 1949-50 and to give Canada the option by April 30, 1950, of selling 100 million bushels at \$1.40 in the next crop year. They regarded this offer as constituting a final settlement. Mr. Gardiner fought hard for his "have regard to" clause. He proposed a price of \$2. for the next crop year, and asked for United Kingdom consent "to our making not more than \$100 million available from the loan with which to make whatever payment we found it necessary to make at the end of the 1949-50 crop year." The best offer he could get was an agreement to take 140 million bushels in 1949-50 at \$2. per bushel, with the understanding that, if the average price for Canadian wheat dropped below \$1.50 per bushel during that crop year the United Kingdom would have made a full and final discharge of its obligation. If the price fell between \$1.50 and \$1.75, full settlement would be reached by offering Canada the option by August 15, 1950, of selling 100 million bushels at

\$1.40 a bushel. If the price was equal to \$1.75 or higher, the obligation would be met by an additional offer at Canada's option to buy 100 million bushels at \$1.40 per bushel in the crop year 1951-52. Mr. Gardiner agreed to take this offer to Ottawa for further study and negotiation, but said he thought it would not be satisfactory. The proposal was studied by the Cabinet Wheat Committee and, on their recommendation, the Cabinet agreed on December 23, that a counter offer be made asking that the options for the crop years 1950-51, 1951-52 cover 140 million bushels at a price of \$1.55 per bushel. A telegram was sent to Mr. Robertson who was told that "... in the absence of settlement the whole matter of further drawings on the credit would have to be reviewed again". It was pointed out that the offer might result in a discharge of the "have regard to" clause at a cost of \$70 million if the price fell to \$1.50 in the coming crop year, which would be attractive to the United Kingdom, and that under the arrangements for purchases in the next two crop years after that it might be of greater benefit to the farmer who would also have the additional assurance of a continued and stable United Kingdom market. It was agreed that negotiations would not have to be concluded by the end of the year and that January 15 might be regarded informally as the new deadline. The United Kingdom Government was not satisfied with the volume and price figures in the Canadian offer, and Mr. Robertson thought they were "... apt to overlook the political importance of cleaning up the "have regard to" obligation in a tidy and mutually satisfactory way". They decided to transfer negotiations to Ottawa and Sir Alexander Clutterbuck presented their views in January. He drew attention to the effect upon the United States of such a bilateral agreement at a time when they were pressing for an International Wheat Agreement and were using United States funds to be used for large purchases of Canadian funds. This apprehension was confirmed by a letter from the United States Embassy in Ottawa, saying that the London Embassy had been instructed to express the hope that the United Kingdom would not commit itself to a further bilateral agreement before the Wheat Conference opened on January 23. It was also to say that the extension of the contract "would be inconsistent with British undertakings in the United States regarding the restoration of trade and multilateral international dealings" and would produce a strong reaction in the United States against ECA financing of United Kingdom purchases outside the United States.

59. The irony of being reminded of the virtues of multilateral trade was lost on the Cabinet which well knew that it faced a difficult situation both domestically and internationally in the wheat problem. The United Kingdom had somewhat improved its previous offer by agreeing to take 120 million bushels at \$1.55 in 1950-51 and 100 million bushels at \$1.45 in the next crop year, if Canada would make a firm commitment to that effect and would recognize that on that basis the "have regard to" clause would have been fully satisfied. This offer was unsatisfactory to the Cabinet which wished to retain the optional clause in the earlier proposals. Mr. Pearson conveyed the refusal to the United Kingdom High Commissioner. In a memorandum afterwards expressed his concern to the Prime Minister at "the vulnerability of our position vis-à-vis the United States". He thought Washington should be kept fully informed of the difficulties. To head off suggestions of "greater sacrifices" by Canada to help European recovery, discussions at a high level should link up wheat and ECA problems with "questions concerning co-operation in other fields such as defence, Atlantic security, the United Nations, the St. Lawrence

Waterway, etc." In his view it was important to make a new offer to the United Kingdom. He suggested three possible approaches, one of which, "to establish a price of \$2 for 1949-50 and leave the 'have regard to' obligations to be determined later", appealed to the Prime Minister.

60. On January 7, 1949, the Prime Minister discussed the situation with Mr. Pearson and Mr. Wrong, in the light of information from the Embassy in Washington the ECA officials were concerned at the delay in unfreezing the Canadian credits. Other officials were most anxious that the wheat contract should not be extended without prior consultation with the United States in view of its effect on the International Wheat Conference which was to meet in two weeks' time. After consulting Mr. Gardiner, the Prime Minister told Sir Alexander to get in touch with his Government as a matter of urgency and suggest that agreement be reached only on the price for the 1949-50 contract (\$2). Later in the crop year the "have regard to" clause could be discussed. This offer was telephoned to Mr. Robertson who was to see Sir Stafford Cripps and urge its acceptance. It was sent to the Washington Embassy, which was also told that "its acceptance would permit the prompt re-opening of the United Kingdom credit to the extent of \$60,000,000." The United Kingdom accepted the offer, but wanted it to be made clear in a joint announcement that:

"If prices under an International Wheat Agreement differ in 1949-50 from \$2, this will subsequently be taken into account in making a final settlement of any balance of the United Kingdom obligation under the 'have regard to' clause".

Sir Alexander also said in his letter on this point that:

"his Government did not regard 'the type of arithmetical calculation which was presented to them in the London discussions as forming a satisfactory basis for settling the 'have regard to' clause".

They hoped to settle it by arrangements for future wheat purchases. He was asked to make it clear in his letter that:

". . . in the view of Ministers it would not be satisfactory from the United Kingdom standpoint to have to make a further cash payment in respect of any of the wheat coming within the four years of the 1946 agreement".

These views were reflected in the draft press release which was enclosed. The Cabinet did not concur with these remarks, and it was a week before a satisfactory announcement was found which, because of opposed points of view, erred on the side of brevity. The price of \$2 a bushel was described as having been chosen after all relevant considerations had been taken into account, ". . . including, but without attempting to reach a final settlement of the United Kingdom obligations under Clause 2 (b) of the agreement". It was vaguely stated that "the extent to which any such obligations will remain will depend largely upon the actual prices ruling for wheat during 1949-50". On the day following the press release Mr. Abbott announced that, commencing with January, 1949, drawings on the Canadian credit would be resumed at the rate of \$10 million a month. He also said that the arrangements concerning the rate of drawing would be revised from time to time. His statement ended on a flourish for American consumption that:

"it is the intention of the Canadian Government to co-operate with the United States and the other trading nations of the western world in furthering the great work of European recovery".

61. The course of Anglo-Canadian trade was destined never to run smoothly for long in the post-war period. The next shock to its position was given in February when the ECA officials intimated that they would not authorize funds for payment of United Kingdom orders of Canadian wheat in the second quarter of 1949 and thereafter. (1) The appropriation permitted for that purpose in the first quarter had caused rumblings in the Senate, as the United States farmer was becoming alarmed at declining prices and the prospect of his wheat becoming harder to sell on world markets. As wheat accounted for so much of the United Kingdom purchases in Canada under ECA, it was difficult to see how they could switch funds from that source to buy other commodities not declared surplus by the United States and buy Canadian wheat from other sources of United States dollars. The Canadian point of view was that the Canada-United Kingdom wheat contract should stand firm. It was important to avoid any approach either in Washington or London that would suggest doubts concerning the contract. However, when Prime Minister St. Laurent visited Washington in February, he did bring up the importance of the agreement and "was assured that the President was cognizant of the situation and satisfied that it would be resolved satisfactorily". The President was also reassuring about the general problem of off-shore purchases in Canada. Yet the fact remained that the United Kingdom was not able to use ECA funds to purchase Canadian wheat. As Sir Stafford Cripps told Mr. Howe at the end of April

"... the present tendency of ECA was to ask that purchases be made from the United States as well as from Canada on a price competitive basis in all cases where the United States could also supply the goods. Now that supplies were becoming freer in the United States this was making it more difficult to buy in Canada with off-shore dollars."

62. Mr. Howe's visit to London produced promises of some increase in orders for west coast timber and flour, or new orders for small amounts of Canadian commodities such as salmon, apples and fruit - pulp which had been hit by loss of United Kingdom markets. The Minister agreed to see in return if certain Canadian import restrictions could be relaxed and if more sugar and petroleum might come from the sterling area. He had told United Kingdom Ministers that the immediate problem for the Government was to secure relatively small agreements on the most difficult export surpluses so as to provide an answer to critics who were urging that Canada make barter deals with the United Kingdom, a policy which he thought inappropriate in view of the wide field of United Kingdom-Canadian trade. Such orders would be aided by the saving on Canadian bacon exports which would fall short of expected contracts. The Chancellor of the Exchequer gave Mr. Howe a memorandum which defended the United Kingdom policy of using bilateral deals and similar devices to conserve dollars on the ground that

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(1) For the first quarter \$55.4 millions for U.K. purchases of Canadian wheat has been authorized.



"... there appears to be no known alternative policy which would offer the prospect of regaining that equilibrium which all countries regard as absolutely essential if we are to return to a single world in trade and currencies."

Sir Stafford pointed out that the Canadian surplus from trade with the United Kingdom was \$500 million in 1946, \$653 million in 1947 and \$488 million in 1948. This surplus could obviously not continue to be financed by gifts and loans. In accordance with its long term plan the United Kingdom would have to reduce further Canadian imports and hoped that the Canadian Government would do all it could

"... to prevent their public opinion from forming an impression that what is in reality an inescapable choice for the non-dollar world and the United Kingdom in particular arises only because of doctrinaire attitudes, unwillingness to understand the Canadian point of view, or plain ingratitude for what Canada has done in the past."

The United Kingdom could see no alternative to their present policy " .. short of denying to their own people many supplies of food and raw materials or the manufactured goods that they can exchange for them".

63.. An illustration of the development of this policy was afforded on May 28 when the United Kingdom stated they were anxious to liberalise trade, but could not do so on a world wide scale, and wished to begin by relaxing restrictions against the OEEC countries in the Marshall Plan, and the sterling area. To do so would involve a discrimination barred by the loan agreements with both Canada and the United States. They were first approaching the United States on the question and hoped that the Canadian Government would also be agreeable "to whatever solution of the problem the United States authorities might propose". What was hoped for was a suspension or waiving of the pertinent article in the loan agreement. The initial Canadian reaction was to reserve comment until more was known of the American view, and to avoid formal discussions with the United States which had been pressing for a liberalization of trade among the OEEC countries and might wish to involve Canada in its general ERP policies. A reply was also delayed by the preoccupation of the Cabinet with the general election on June 19. The Government expressed sympathy with U.K. proposals to exempt OEEC countries from quantitative restrictions, but also said it would be seriously worried

"about both the short-run and long-run effects on Anglo-Canadian trade and financial relations of a decision on your part to extend to all soft currency countries or even to other overseas members of the sterling area a system of exemptions from which Canada would be excluded".

The Government hoped that the United Kingdom would be able to separate these two problems, the question of OEEC liberalizations from the larger one. It urgently requested that no public announcement of policy be made to Parliament until the Canadian Cabinet had been able to consult about it.

64. By this time the United Kingdom was immersed in much deeper problems caused in part by the recession in the United States and was facing another crisis caused by declining reserves. In May and the first half of June 1949,

the dollar deficit had been running at \$50 million a week, almost double the amount of ERP aid. On June 17 Prime Minister Attlee telegraphed all Commonwealth Prime Ministers to inform them of the situation, and to suggest a meeting of Finance Ministers not later than July 11. The choice of a Commonwealth rather than a sterling area meeting was made, Mr. Attlee explained,

"because of the general reactions of current development, in the United States on the trade and prosperity of the Commonwealth, and because we regard it as essential that any solution should be worked out in full cooperation with Canada".

Mr. Attlee hoped that rapid and vigorous action might ease the shock of the United States recession, and asked for an immediate reply to his suggestion. Two days later Mr. St. Laurent replied that, with most of his colleagues away electioneering, he could not give any immediate indication of the Government's views but was arranging that Mr. Robertson should proceed to London at once by air, to represent the views of Mr. Abbott and himself.

65. In his discussions Mr. Robertson was able to secure some alteration of the wording of the proposed statement to make it less disagreeable to Canadian ears. He reported that "there was little evidence that my arguments against the necessity of extending the (trade liberalization) arrangements to include sterling area Commonwealth countries made much impression on Wilson" (President of the Board of Trade). An urgent task was the necessity of convincing the United Kingdom that the Commonwealth meeting should not be announced before the Canadian Cabinet had agreed to it. It was felt that in view of Canada's special economic relations to the United States the Government should have been consulted before the general invitation was sent. Regret that so much emphasis appeared to be placed upon the United States trade recession was expressed since, from past experience, it would be seized upon by some member of the Commonwealth as the explanation of its difficulties. Canada was doubtful if a gathering of Commonwealth countries was the most appropriate group to discuss the difficulties, and feared there was danger that American opinion might look upon it as a parallel to the Ottawa conference of 1932 and react in the same way. It was stressed that every step should be taken to keep in touch with the United States. Mr. Robertson reported that he told the United Kingdom officials and Ministers that

"In general it seemed to me that in the circumstances Canada should probably not participate in a meeting of the Commonwealth representatives if the discussion at that meeting was to be concentrated on the United States recession".

In reply Sir Stafford indicated that he would like to see as well as the Commonwealth meetings "confidential discussions at the highest level among the United States, the United Kingdom and Canada," and emphasized his desire to keep the United States fully informed. The Chancellor also argued that "the presence of Canada would serve as a restraining influence on those representatives who might be inclined merely to pillory the United States and to urge reductions in dollar imports as the solution".

66. By the time Mr. Robertson had returned to Ottawa a second letter had come from Mr. Attlee fixing

July 13 as a firm date for the meeting. While the invitation was being discussed, Mr. Wrong was able to send an unusually revealing description of a talk he had had with Sir Oliver Franks, the United Kingdom Ambassador in Washington. Sir Oliver's views were very much like those held in Canada. He disliked the proposed Commonwealth meeting, and thought that too many people in the United Kingdom thought of relationships with the United States, the Commonwealth and Western Europe as being in separate compartments. He favoured a meeting between the United States, the United Kingdom and Canada, and proposed to express his views fully in London. On June 29, after a third note from the United Kingdom saying they would have to make an announcement very shortly, it was agreed that Mr. Abbott should attend the conference, but that it was essential that he should have talks with the United Kingdom before the Commonwealth meeting. Abbott would also take part in talks with Secretary of the Treasury Snyder who was visiting the United Kingdom and other OEEC countries. On the last question, on the same day as these decisions were made, the United Kingdom learned that the United States was agreeable to Canadian participation in the tripartite talks. In the numerous exchanges of views that went on before the various meetings in London the Government emphasized its greater interest in such talks than in the Commonwealth meetings. The United States was anxious to keep the London talks as informal as possible in an attempt to minimize the seriousness of the situation in London. This fact, combined with the general feeling in Washington that Mr. Snyder should go to London to listen, but not to negotiate, made arrangements difficult. At the same time its Ambassador in London was telling our High Commissioner that he welcomed the tri-partite talks in which Canada could play a key role "particularly as we could say things to the United Kingdom that the United States could not say." It was his view, as reported by Mr. Wilgress, that "we could play a useful role by, from time to time, making the United Kingdom realise that the remedies for the situation were in their own hands." In line with this view Mr. Snyder invited Mr. Abbott to see him at the United States Embassy an hour in advance of the tri-partite talks which began on July 8. In keeping with their difficult role as middle man Canadian officials on hand for the talks, including Messrs. Robertson, Clark, Rasminsky, Mackenzie and Wilgress, had dinner the evening before they began with senior United Kingdom officials such as Sir Percivale Liesching, Sir Henry Wilson-Smith, Sir Norman Brook, the United Kingdom High Commissioner in Canada, and the United Kingdom Ambassador in the United States. Their informal talks surveyed the possible field of the tri-partite discussions, and also examined, "Points which the Canadians might consider making to the United States". These points were discussed, the notes report, either because the Canadian group might be "in a better position than the United Kingdom to raise some of them or because they might have an interest in supporting the United Kingdom or others."

67. There is little on the files about the two-day talks of the Cabinet Ministers from the three countries. Mr. Abbott cabled the Prime Minister that the item of greatest significance to Canada was a very tentative outline of a United Kingdom program for restricting imports from the dollar area in 1949-50, which would particularly affect Canadian exports of base metals, wood products and foodstuffs. In an intentionally innocuous press release the three countries stressed the fact that their common economic objectives remained the same, but referred to "deep-seated maladjustments" for which other remedies than aid from the United States and Canada would have to be examined.

68. Before the Commonwealth talks began the United Kingdom Government gave Mr. Abbott a list of possible measures which Canada might take to ease the short-term problem. Of these the most important were an immediate decision to agree to United Kingdom plans for liberalising trade with the OEEC countries, greater use of the Canadian credit, a Canadian stockpile of certain strategic materials, direct government encouragement to capital imports from the United Kingdom, and the hardy perennial, "the most active encouragement of United Kingdom and sterling area imports". These measures were discussed by a meeting of United Kingdom and Canadian officials on July 11, 1949, but little was achieved as United Kingdom policies could not be clarified until the meetings with the United States were held. Dr. Clark did not see how any increase in the drawings on the Canadian loan could be justified, but saw no reason why the current \$10 million monthly drawings should not continue as there was no necessity yet to review them. In any case he doubted if these drawings could be of any great assistance in a major crisis. Mr. Mackenzie was not hopeful that much could be accomplished by increased stockpiling.

69. In the Commonwealth Finance Ministers' meetings Canada played a secondary role, since the main purpose of the conference was to give the United Kingdom a chance to impress the other sterling area members with the seriousness of the exchange reserve problem and bring pressure upon them to parallel the United Kingdom in drastic programs of dollar import restrictions. By the time the Conference got under way the central reserves for the sterling area had declined to £385 million, almost one quarter below what were regarded as the minimum figures for safety. Mr. Abbott and his officials, cautioned against over-emphasis upon the United States recession as the sole cause of the current difficulties and too much pessimism about the outlook for exports to the dollar area. The sterling countries were urged not to insulate their economies and to make greater efforts, by cutting costs and prices and by other means, to stimulate sales in the dollar area. The Canadians expressed relief that there was no intention of dividing the world into three trading areas, and hoped that any policies adopted would be consistent with the avowed objective of multilateralism. They made it clear that Canada as a dollar country could hardly be expected to approve of restrictions on imports from the dollar area, but did admit, as Dr. Clark put it, that "when a hemorrhage was in process it might be appropriate temporarily to apply a tourniquet to stop the flow of blood, but ... "the greatest care was necessary to avoid allowing the tourniquet to become a substitute for other positive measures designed to avoid the loss of a limb." Their emphasis in examining import restrictions was upon constructive rather than purely restrictive measures for the reduction of the dollar deficit.

70. When the Canadian experts returned home in late July they were kept busy in preparations for the technical discussions before the second round of Ministerial talks began. The result was a thorough and comprehensive "Black Book" of background material. As early as July 26 ECA officials had been suggesting to Mr. Wright the advisability of preparatory talks with Canadian officials. The departmental view was at first that it was better to work independently since it would be "clearly undesirable" that the United Kingdom got the impression that Canada and the United States were preparing a joint case. On the other hand, since it would be advisable to know as much as possible of United States thinking, the solution was adopted of co-operation

as fully as possible, with United Kingdom officials in Ottawa and Washington being kept fully informed of developments. Mr. Robertson and Mr. Plumptre went to Washington early in August to acquaint the American officials with the kind of preparatory work being done in Ottawa, and to comment on the proposed United States agenda. The Canadian view was that it "too heavily weighted towards the duties of debtors with too little attention to the responsibility of creditors". Several suggestions were made for items on the agenda which might be included under the latter head which were well received. It was learned that ECA regarded any other step than devaluation of the pound as useless, a view which Treasury accepted more readily than the State Department. Whereas in London the Canadians stressed other factors than the United States recession as a cause of difficulty, in Washington they quite properly pleaded the case for "the primary need of maintaining 'bcom' conditions in the United States". As in the past they discovered that most United States officials had not yet realized how a deterioration in the United Kingdom's position would inevitably produce a deterioration in Canada's. Proof of this fact was furnished in a United Kingdom memorandum of August 15 for the Prime Minister on dollar difficulties which described as of "extreme gravity" the lack of funds for purchases in Canada. Figures were given to show how the narrowing of ECA authorizations for off-shore Canadian purchases had widened the gap between what the United Kingdom wished to import from Canada and the funds available for that purpose. The memorandum, which asked for assistance in seeking a solution, but made no request for increased drawings on the Canadian credit, was regarded in Ottawa as "open to considerable criticism". Ottawa, however, favoured giving the United Kingdom some support in securing broader uses for ECA funds than existed at the time, if it could be shown "that the ERP aid allotted to the United Kingdom would not otherwise be fully expended on essential needs."

71. In a Departmental memorandum of August 22 prepared for Mr. Pearson, who was to take part with Mr. Abbott and Mr. Howe in the ministerial talks, concern was expressed at the probability of inertia at the conference. Mr. Plumptre thought the United Kingdom group was likely to arrive undecided as to their new course, tottering on the edge of involuntary devaluation and unwilling to strike out on any "bold course", while the United States group, ever mindful of Congress, was thought likely "to feel that they have done their bit by providing ERP and that all the main initiatives must come from the United Kingdom". Mr. Plumptre suggested that Canadians had seldom had a better opportunity to play their "traditional role" of interpreting one country to the other. He had not many positive suggestions to make as to what Canada might do as a creditor vis-a-vis the United Kingdom, but listed as possibilities the maintenance of incomes and imports, the abolition of protection except against the United States, and some assumption of sterling balances if the United States were also doing so. Mr. Pearson was also cautious in his outlook on the prospects of the conference. In a public speech of August 22 he warned that there was no quick or easy solution to the current difficulties, "no rabbit to be pulled out of this particular hat in Washington or anywhere else". He thought that immediate concessions might have to be made all round, with dollar countries encouraging imports by enlightened government action while countries like the United Kingdom took the necessary steps "to get into a competitive export position". He urged that above all any emergency measures taken in sterling countries should not lead to practices and policies which would become ends in themselves rather than means to



an end, "that end being the restoration of world trade on a freely convertible basis". In his view a form of economic isolation coming just when the Atlantic pact marked the end of political isolation could benefit no one "except those patient calculating gentlemen behind the Kremlin walls..."

72. In both the technical and Ministerial meetings in Washington the Canadians found themselves in their familiar middle position, at one time differing with both countries on measures to encourage ECA purchases of wheat in Canada, at another sharing the United States point of view on the United Kingdom prices being out of line for exports to dollar markets, and at a third criticizing as vigorously as the United Kingdom the customs practices of the United States. In his opening address Mr. Abbott described Canada's dilemma as being inevitable "in the middle of any squeeze which the United Kingdom feels in her dollar position", and then continued, "We are one of the instruments through which the shock of such a squeeze is transmitted to the United States". He thought the present discussions marked the beginning of a new phase in the relationship of the three countries. The most important decision had been made before the conference began, when the United Kingdom recognized that devaluation was unavoidable and decided upon a very substantial one. Once that decision was made known at the ministerial level, in great secrecy the meetings examined thoroughly how best the long-term problem of righting the unbalance between the dollar and sterling areas could be achieved, and what immediate steps might be taken and what others left for further study by expert tripartite committees.

73. One of the short-term aids to the United Kingdom was the United States decision to permit \$175 million of ECA money to be used for the purchase of Canadian wheat in 1949-50. To sweeten this decision for the American public, the United States wanted to link with that decision a public undertaking to Canada to relax still further import restrictions on American commodities. The Canadian attitude was that it was impossible:

"to accept a statement in a United States Government document which would inevitably make it appear that the Canadian Government policy had been altered as a result of United States pressure, as part of a deal to assist the United Kingdom".

Accordingly, revision was secured of a draft ECA letter to the United States Department of Agriculture which almost made it appear that the Canadian wheat contract was to blame for the drain on the sterling reserves. The proposed statement about import restrictions was redrafted to read:

"The Canadian Government has reaffirmed its policy to keep under constant review its program of restrictions of the import into Canada of fruits and vegetables from the United States. It is my understanding that, in reviewing its program the Canadian Government will give special consideration to those instances where import restrictions are especially burdensome to United States producers".

This information was released to the press on September 15.

74. The announcement of the devaluation of the pound by the United Kingdom, on September 18, 1949, and the rapid series of similar moves by other sterling countries, except Pakistan, forced a decision on the value of the dollar by Canada. Departmental files are incomplete on this topic, but it appears that on Saturday, September 17, the Cabinet

had agreed not to devalue immediately. Mr. Pearson, who was in Washington for a NATO meeting, so informed Mr. Acheson. He was reported as having "expressed pleasure and some surprise, hoped that we would be able to stick to our position, but indicated that any decisions to devalue to a moderate extent would not be misunderstood here". On Sunday, when Mr. Pearson learned that a decision would have to be made very soon, possibly on Monday, he went to see Mr. Acheson and hinted that a 10% devaluation might be decided upon the next day. At the same time Mr. Rasminsky was deputed to talk to Treasury and International Monetary Fund officials. Mr. Gutt, Head of the Fund, had already been prepared for such a development and in fact had previously told Mr. Rasminsky that Canada would soon get in trouble if she tried to stay at parity. Before Mr. Pearson left Washington on the 19th, the day of Canadian devaluation, he was told by the Secretary of the Treasury, "If you should decide to devalue by 10%, we think that this would be entirely logical and we would not be disturbed by it". As the Canadian action also made a little less difficult the United Kingdom purchase of Canadian products with the devalued pound, the Canadian action was well received by the two countries most affected.

75. Devaluation set in motion further discussions and decisions on economic policy. The United Kingdom had less difficulty in getting Canadian assent to its proposals for liberalisation of trade and made its announcement on September 29. Canada had previously told the United Kingdom High Commissioner that Canadian action would probably parallel United States action, and no objection was made in Ottawa when United States consent was secured in a secret aide-mémoire. On the other hand, Canada was not prepared to endorse two suggestions which Mr. Bevin made, on his own initiative, in New York on September 23. Mr. Bevin said he would have liked to have seen Canada maintain some of her reserves in sterling and store some of her reserves of wheat in the United Kingdom, if the United States did the same. Neither suggestion was regarded in Ottawa as a sound or helpful policy, and nothing came of them.

76. What did come next was the annual wrangle about the size of the orders which the United Kingdom would be placing for Canadian products. The first indication of the differences in point of view came at the meeting of the Canada-United Kingdom Continuing Committee on Trade and Economic Affairs in Ottawa on September 23, 1949. The Canadian officials argued that with the cheaper pound, Canadian imports were likely to increase quickly and substantially. They suggested that the United Kingdom should therefore envisage a program of imports from Canada totalling from \$640 to \$650 million, an increase of about \$48 million over the previous suggested figures. They wished to see increases in imports of forest products and, possibly, base metals, but particularly desired expenditures of \$24 million on bacon, \$16 million on eggs, and \$15 million on cheese, of which \$25 million would belong to the 1949-50 period. These proposals were "resisted all along the line". The U.K. officials did not regard bacon, eggs and cheese as a "good buy" under the changed conditions and had already given notice of the cessation of egg contracts. In reply, Mr. Mackenzie said it would be "entirely unrealistic" to expect that drawings on the Canadian credit could be continued, if there was a complete cessation of purchases of bacon, cheese, and eggs. The United Kingdom group also felt that the Canadian forecasts were too optimistic. In order to increase still further imports from the United Kingdom they

wanted the Canadian Government to reduce tariffs unilaterally, to continue the present redemption from dumping duties, and to use import restrictions to promote United Kingdom sales. On these points the Canadian officials were equally inflexible. They pointed out that devaluation in the United Kingdom, accompanied by a lesser devaluation in Canada, had in effect already substantially lowered the tariff against U.K. imports, while in effect it increased the tariff against United States goods. In their view, it was "out of the question politically to expect the Government to lower tariffs unilaterally at this time" - a view confirmed by an examination of the list of items on which tariff reductions were requested. They warned that it might even be necessary to end the exemption from dumping which was in effect since, henceforth "... dumping from the United Kingdom was likely to be genuine and not merely a device by British firms to circumvent an under-valued currency". On the question of import restrictions, the Canadians said they had been maintained only on the basis of balance of payments difficulties with the United States, and benefits to the United Kingdom exports were incidental and not their main purpose. The United Kingdom officials did agree that to some extent at least the effects of devaluation would be generally favourable to United Kingdom-Canada trade. They undertook to keep Canadian officials informed on forecasts of United Kingdom balance-of-payments as the situation became clearer. When the Committee ended its session, no precise conclusions had been reached.

77. Although the import program from Canada could now be financed with less strain on reserves than had appeared likely before devaluation, it was still undecided whether the United Kingdom should attempt to purchase more from Canada or whether a policy of prudence should require that this apparent saving be held in reserve in view of the uncertainty of the position with other countries. United Kingdom officials continued to press for tariff reductions and also asked for more publicity by the Government, at the ministerial level, on the importance of Canadians buying United Kingdom goods in the interest of maintaining exports. They warned that in any future negotiations on food contracts:

"... the United Kingdom would be even more determined than before to secure low prices in view of the desirability of keeping down food prices in the United Kingdom and of enforcing the ceiling on subsidies despite devaluation."

It was agreed, however, that before the Cabinet approved of a definite import program from Canada, there would be an opportunity for the Canadian officials to examine the proposals in detail.

78. As time went on and nothing was heard from London, the officials concerned in Ottawa became anxious and asked Mr. Wilgress to make enquiries. They offered to have Mr. Mackenzie and a senior official from Agriculture fly to London immediately if that were necessary. It was finally arranged that talks should take place in London, at Canada House, on October 24, 1949. As the Cabinet Committee on External Trade had not reached any clear decision on what line of policy the officials should follow, Mr. Wilgress was informed that it was not desirable "to endow the discussions with any more formality or finality than is necessary". A forecast of the United Kingdom general position was given in a message from Sir Stafford Cripps to all Commonwealth Finance Ministers on October 22. He asked those from the sterling area to let him have as soon

as possible an up-to-date survey of their dollar balance of payments for 1949-50 and for the calendar year 1950. Sir Stafford revealed that the proposed United Kingdom import program for 1950 was \$1,200 million, a cut of about \$190 million on the figures for 1949-50. Estimates of dollar resources were up some \$250 million over the July figures at the Commonwealth Finance Ministers' Conference, mainly because the United Kingdom had secured more ERP funds for 1949-50 than had been expected. The talks in London proved unsatisfactory for the Canadians. Although the United Kingdom apparently contemplated purchases from Canada to a total of \$639 million, and had allowed \$25 million United States for food purchases in North America, there was no intention of buying from Canada eggs, and bacon would only be purchased, if any funds were left over from buying 100 million pounds of cheese on which a reduced price was expected. The food purchases would be "spot" ones and not given contracts at a fixed price. The program also provided for no further purchase in Canada of pit props, no newsprint or canned fish in 1950, and only 310,000 standards of softwood lumber from both the United States and Canada, to be purchased from ECA funds. The Canadians protested against these cuts. They argued that, taking into account ECA money spent in Canada for United Kingdom purchases, the United Kingdom was earning between \$100 and \$150 million in Canada which was being used to settle third country obligations. It was also pointed out that United Kingdom exports to Canada more than covered the total cost of Canadian wheat, that Canada had been providing credit at the rate of \$120 million a year and that purchases of non-ferrous metals were items that could be sold for dollars. They disliked the United Kingdom proposals for food purchases in terms of price, procedure, and allocation. The Canadian officials put forth the personal view that an additional amount of \$20 to \$30 million would probably accomplish the purpose of meeting a relatively few export problems that faced Canada. All that could be done however was to have the Canadian view put before the United Kingdom Cabinet which would then decide whether or not to modify its import program.

79. On November 10 Mr. Wilgress cabled that the United Kingdom Ministers had been unable to accept any changes. The telegram also said that Sir Stafford Cripps would be sending a letter to Mr. Abbott, inviting him to come to London some time after November 28 "to discuss the question of Canada accepting sterling for products sold to the United Kingdom". A Cabinet sub-committee was being set up in London to consider all the implications of the proposal in case Canadian Ministers would be able to come to London. This proposal had earlier been suggested to Mr. Towers by the Chancellor when he was in London in October, but in an off-hand manner which Mr. Towers took to mean that the Chancellor was "flying a kite". At that time Mr. Towers had then commented that he would have thought the United Kingdom had already been confronted with enough trouble from sterling balances in the past not to wish "to aggravate the problem by encouraging Canada to emulate India in piling up sterling balances against the United Kingdom".

80. The letter from Sir Stafford, dated November 9, duly arrived and, apropos of the import program, explained that "the perils of this summer are too near and the problems ahead are too serious for us to take risks". In such circumstances ministerial talks seemed necessary. Since it was not easy for senior United Kingdom cabinet ministers to leave England at that time, he hoped that Mr. Abbott and one or more of his colleagues might be able to come to London. The only

comment on the sterling proposal was a cryptic reference to "the important question I raised with Mr. Mackenzie" (which is not on Departmental files) which he trusted Mr. Abbott would be in a position to discuss. Before Mr. Abbott answered this letter, the Department informed Mr. Wilgress of developments and said there was a good deal of feeling against the invitation being accepted, and no feeling in favour of accumulation of sterling balances. What relief might be given to the United Kingdom might take the form of an assumption by Canada to the extent of about \$15 million of the United Kingdom debt to Newfoundland. Mr. Wilgress agreed with the Ottawa views. In a telegram of November 14, for which he was personally thanked by the Prime Minister, he said that a "mild rebuff" in declining the invitation might prove salutary. He believed that acceptance would encourage the United Kingdom to pursue a policy of building up an exclusive trade area which would sooner or later result in a direct clash with the United States in which Canada should make every effort not to be involved. The High Commissioner suggested that, if the bacon problem was the only question that needed a solution, it would be better to make a gift of surplus production until the farmers had adjusted themselves to the new situation. On November 15 the Cabinet, after two meetings, came to a decision. Accordingly, Mr. Abbott wrote to Sir Stafford Cripps restating the Canadian position, and adding that the Canadian balance of payments did not appear to make possible any further credit assistance beyond what had already been arranged. He politely but firmly opposed any suggestion of Canada's holding sterling which:

"would merely introduce new difficulties and strains in other directions . . . and would only place the position in a false light in both our countries and thus interfere with the achievement of the real tasks that have to be accomplished".

Mr. Abbott doubted if ministerial talks were essential when it was so difficult for each of them to find the necessary time and explained that it would not be possible for him to go to London in the near future. On the same day, November 16, 1949, Mr. St. Laurent sent a personal letter to Mr. Attlee in which he expressed concern at some statements made by United Kingdom M. P.'s on Anglo-Canadian trade and the implications that might even be drawn from Ministerial statements which suggested that the chief cause of the United Kingdom's financial difficulties was the necessity of paying dollars for imports from Canada. Mr. St. Laurent said that he knew the Prime Minister shared his anxiety "... that the discussion of our current financial problems should not be allowed to obscure our underlying community of interest". He was worried that serious misrepresentations of the financial relations of the two countries had not received an authoritative rebuttal. There had been widespread disappointment in Canada at the successive cuts which the United Kingdom had had to make in imports from Canada and the Prime Minister feared that "if to that natural disappointment is added irritation at statements which are considered in Canada to be misinformed and misleading, the damage done to the relations between our two countries may be serious." The Prime Minister referred to Mr. Abbott's letter to which he said the Government attached "great importance", and drew to Mr. Attlee's attention some of the facts in it which seemed to have been widely overlooked. His letter ended with an expression of admiration for the United Kingdom success in increasing its productivity and its flow of exports, and of sympathy for the serious economic problems which confronted the United Kingdom. It referred to the close and friendly co-operation which had been



recognized in the Washington talks as essential among the United Kingdom, the United States and Canada and explained that, because current misrepresentations might jeopardize that co-operation, the message had been sent.

81. Mr. Wilgress delivered the two messages to the United Kingdom Ministers and reported that Sir Stafford said he was not surprised at the reply in view of the preliminary reaction in Ottawa to his proposal. The Chancellor then added more bitterly, "It was the first time he had ever known a Commonwealth Minister to refuse to consult with another Commonwealth Minister about an important subject". He said the letter would probably be discussed at the Cabinet meeting the following day. Mr. Attlee made no comment at the time his letter was delivered. The formal replies that came promptly advanced matters somewhat. The Chancellor asked for suggestions on possible shifting of expenditures for Canadian commodities and intimated that the United Kingdom could take up to \$20 million in less wheat for 1949-50 if this readjustment would be any help. Mr. Attlee's letter was more friendly in tone and promised that "my colleagues and I will do whatever we can do in our power to help you in the situation you describe". An authoritative ministerial statement would be made at an early date (it came from Sir Stafford on November 15), and the Government would do its best to discourage articles in the press of the kind that had caused resentment in Canada. (1) In turn Mr. Attlee hoped that Government pronouncements designed to clear away misunderstanding would be widely publicized in Canada.

82. The Government, as the Cabinet minute of November 15 indicate, had already been thinking in terms of a deferment of wheat deliveries and consequently welcomed the Cripps proposal. On November 24 Mr. Abbott wrote to Sir Alexander Clutterbuck proposing that delivery of up to 15 million bushels of wheat be deferred until the 1950-51 crop year under the same terms and conditions as the present contract. With the \$30 million that would be made available the Minister of Finance suggested that \$22.5 million be used for bacon and eggs, \$5 million for B.C. salmon from the current catch, and \$2.5 million for newsprint. Of the \$27.5 million suggested previously for cheese and bacon purchases the Government would prefer as much as possible being used for Canadian cheese with the balance, if any, being used for bacon. The Chancellor discussed these suggestions with Mr. Wilgress on December 5. He explained that the United Kingdom had had in mind cancellation and not deferment of wheat deliveries, but would be prepared to agree to a deferment of wheat to the value of \$25. million. The United Kingdom did not wish to purchase any newsprint or eggs, but would be prepared to allot \$17.5 million for bacon, \$5 million for canned fish and \$2.5 million for eastern softwoods. Questions of price, about which it was clear there remained differences of opinion, were left for future discussion. On December 10 Mr. Abbott wrote to the United Kingdom High Commissioner, accepting the proposals and expressing appreciation of the United Kingdom efforts to find a solution.

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(1) Yet subsequently Mr. Wilson, of the Board of Trade, made the injudicious comment, which became known in Ottawa, that Canada was giving the United Kingdom "all aid short of help".

83. During these discussions the United Kingdom Government had an opportunity to express in turn its regret at embarrassing speeches after the Minister of Agriculture made a speech in Brantford on December 5 in which he was reported as referring to "official attempts to ban Canadian food products from the British market". Later, remarks of a similar tenor were made by him in the House of Commons. Mr. Wilgress reported from London on the press reaction to the Brantford speech and the potential embarrassment created by this development. At the same time he mentioned a suggestion from Mr. Noel-Baker that a statement by a Canadian Minister on the stability of sterling would be helpful in maintaining confidence in its strength. On December 12 the United Kingdom High Commissioner called on Mr. Pearson to express his government's grave concern at the statements reported to have been made by the Minister of Agriculture. He added that:

"We ought to be able to understand their pre-occupations in this matter as we had reacted so quickly to the statements made in the United Kingdom, which seemed to indicate a misunderstanding of the Canadian position".

On the same day Mr. Wilgress sent a second telegram, reporting on the press reactions to Mr. Gardiner's speech in the House of Commons, and suggesting that consideration might be given to the possibility "of one authoritative statement being made by Mr. Abbott or some other Canadian Minister on the whole subject of the economic position of the United Kingdom and its relation to Anglo-Canadian trade". In a memorandum Mr. Heeney doubted the advisability of such a statement. He also thought that a statement on the soundness of sterling might have the opposite effect from what was intended, since people might wonder, with some reason, why a Canadian Minister was taking that unusual step. On December 14, Mr. Pearson had another interview with Sir Alexander Clutterbuck, who brought with him a letter conveying a message from Mr. Attlee saying how "greatly perturbed and discouraged" he and his colleagues had been by the statements that had recently been made. After referring to the action taken following Mr. St. Laurent's letter, he commented that:

"It is therefore the more distressing to find a distorted picture of the official policy of the United Kingdom publicly enunciated and attacked by a Minister of the Canadian Government".

The letter said that Mr. Att'ee would continue to seek to restrain unofficial comment in the United Kingdom on Canadian policies but this task would be rendered more difficult and perhaps even impossible "by repercussions from statements such as those made by Mr. Gardiner". No formal reply was made to Sir Alexander's letter.

84. In March 1950 the future of United Kingdom wheat purchases in Canada became again a matter of concern, because of reports from Washington that ECA was recommending a substantial decline in allocations for the purchase of Canadian wheat in 1950-51. The Canadian negotiations with the United Kingdom had been delayed over wheat, partly because the general election in Britain at the first of the year. It was decided that arrangements should be made for the discussions before the crop year was too far advanced. There still remained the question of settling the obligations of the United Kingdom under the "have regard to" clause, on which it had been agreed in December that discussions should take place before July 31, 1950. When this question was

discussed in the Inter-Departmental Committee on External Trade Policy the Deputy Minister of Finance commented on the very substantial rise in United Kingdom balance of Canadian dollars in the Bank of Canada that had taken place since last September. He questioned the advisability of continuing the automatic monthly drawing of \$10 million on the Canadian credit, and suggested that suspension would not be a matter of cancelling or reducing the loan but simply of changing the time in making it available. Most of his colleagues doubted the wisdom of this policy of suspension, but agreed that each would inform his Minister of the discussions and that Dr. Clark should take up with the Minister of Finance the question of his recommendation being submitted to Cabinet.

85. On March 22, 1950, Mr. Plumtre cabled Mr. Wilgress asking for his comments on tying in suspension of drawings with the wheat talks. The latter deprecated such a policy. He thought that if the United Kingdom were forced to use credits for the purpose of buying wheat, it might subsequently ask for further credits for the same purpose. If credits were suspended, it would be better to relate them exclusively to the present large United Kingdom balance of Canadian dollars. Mr. Wilgress advised holding back on wheat discussions until May or early June, when more might be known of ECA policy.

86. The wheat discussions began on May 19 with Mr. Howe, Mr. Pearson, Mr. Robertson, Mr. Mackenzie and Mr. McIvor of the Wheat Board as the Canadian group. They resulted in an agreement that the United Kingdom would plan to buy in the next crop year, at competitive International Wheat Agreement prices, between 100-120 million bushels, including the amount deferred from the previous crop year. There was to be no firm contract, as in the previous four years, but Mr. Howe could state in public that:

"The Canadian Government, for its part, is satisfied that Canadian wheat growers will continue to find in the United Kingdom market for a very substantial part of their exportable wheat".

On the "have regard to" clause, the United Kingdom Government was anxious not to be represented as having given assurances on wheat purchases in return for waiver of a Canadian claim under the clause. The Agreed Record of the Meeting on May 22 said that:

"Nevertheless, in the context of these discussions, the United Kingdom representatives felt that it would be reasonable that all obligations under the 'have regard to' clause might be considered as to have been taken care of".

On this point Mr. Howe said that it was a matter which could only be settled by the Canadian Cabinet on his return. On May 30 Mr. Howe informed Sir Stafford that his colleagues were in accord with the conclusions recorded in the Agreed Record, including the sentence just quoted. When he announced the agreement in the House of Commons and was asked if discussions took place on the "have regard to" clause, Mr. Howe said he did not care to amplify the statement at that time. But later, during a debate on June 5, he said that the United Kingdom had met all obligations. In the light of Mr. Howe's report on his return, it is surprising to read in the Cabinet Minute of the same date that "further consideration of the 'have regard to' clause be deferred to a subsequent meeting". At the same meeting the Cabinet accepted the recommendation of Mr. Abbott that the United Kingdom Government be asked to

defer drawings on the credit until in need of additional funds. The United Kingdom Government did so, thereby leaving an unexpended balance of \$65 million in the credit.

87. When the Canada-United Kingdom Continuing Committee on Trade and Economic Affairs met in June, 1950, to review trade prospects, the discussions proceeded more easily than on the last occasion. The chief reason was the great improvement in the United Kingdom balance of payments, and the further fact that the sterling area and Canada were pretty well in balance. One United Kingdom estimate placed the deficit for the sterling area for the current year at about \$56 million. For that reason the estimates submitted of imports from Canada for 1950-51 were satisfactory. They included probable contracts for bacon and cheese, some purchases of salmon, and orders for zinc, asbestos, newsprint, nickel and lumber which Canadian exporters might have difficulty in filling. The Canadian decision to end shortly the waiver on dumping duties, except on motor cars (under certain conditions) and glass, was accepted without much protest. The same was true when it was announced that Canada intended to proceed in the near future to remove further import restrictions which in some cases had operated in favour of the United Kingdom against the United States. The United Kingdom group was ready to accept suggestions for more liberal treatment of Canadian exports to the British West Indies by broadening the list of token imports, although not prepared for a system of general licences. The Canadians announced a relaxation of regulations for purchase of supplies by Government contract which would help United Kingdom exporters.

88. The last major flurry in United Kingdom-Canadian trade relations in the period under review occurred over the ill-fated "have regard to" clause of the Wheat Agreement. Departmental records are incomplete, but it is known that the Prime Minister raised the question during his visit to London for the Meeting of Prime Ministers in January, 1951. There is on the file an aide-memoire of January 9, which points out that the Canadian Government does not consider that the United Kingdom is under any further obligation "in a strictly legal sense" to make an additional payment under the "have regard to" clause. The note then describes the sentiments of the wheat growers of Canada and argues that from the United Kingdom standpoint

"we feel there would be great importance in retaining the good will and support for policies of cooperation in the future of something like a quarter of the Canadian population which is traditionally well-disposed to the United Kingdom".

The note pointed out that any payment under the clause of a reasonable amount would still leave the total price paid for wheat under the Agreement a favourable one for the United Kingdom Treasury, and "... would constitute a profitable investment by the United Kingdom in Canadian goodwill." After the Prime Minister returned to Ottawa he received word that the United Kingdom preferred to consider the matter closed. On February 15, Mr. Pearson, Mr. Robertson and Mr. Heeney saw the United Kingdom High Commissioner and described the anxiety with which the Government noticed the growing resentment among the Western wheat farmers (undoubtedly heightened by the crop losses from frost) because no action, in their view, had been taken to secure additional compensation under the "have regard to" clause. Sir Alexander took the position that the obligation of the United Kingdom

Government had been "finally and completely discharged" and that it was up to the Canadian Government to defend the arrangement. Speaking personally, Mr. Pearson suggested that the United Kingdom Government might be willing to use the unexpended balance of the Canadian credit of \$65 million as a payment under the clause, or, failing that, renounce further payments upon the credit. If the second course was taken, the Canadian Government might then take action unilaterally. Sir Alexander was certain the United Kingdom Government would be unwilling to adopt the first proposal, but might accept the second. He was asked to think matters over and was told that "From the Canadian point of view some final solution was of the greatest urgency and the greatest importance." The next step, taken with Cabinet approval, was for the Minister of Agriculture to fly to London to discuss the situation. He was informed after discussions began on February 20, 1951, that the United Kingdom would not make a further payment, and was going to declare at once that it did not intend to utilize the balance of the Canadian credit. This left the way clear for the second method which Mr. Pearson had proposed. On March 1, Cabinet agreed that the Prime Minister should announce on the following day that an amount equal to the undrawn balance of the Canadian credit would be added to the sum available for distribution in a final settlement of the Five Year Wheat Pool. In this uncomfortable fashion the issue was closed. More agreeable news came in May at the Canada - United Kingdom Continuing Committee on Trade and Economic Affairs meeting in Ottawa, when the United Kingdom officials disclosed an import program for 1951-52 which forecast an expenditure of \$780 million, more than \$100 million in excess of Canadian estimates.

89. In describing economic relations with the United Kingdom and the United States, several references have been necessarily made to the part which the Marshall Plan and the various agencies which administered it played in Canadian policy. From the outset it was appreciated, as a Departmental memorandum of July 17, 1947, records, that benefits might accrue to Canada from the large-scale credits which the United States might extend to Europe. When there were rumours that the Soviet Union might use a meeting of the Economic and Social Council as a forum for abusing the Plan, the Canadian delegation was told on July 19 that the Government favoured as close co-operation as possible with the United Nations in the implementation of the Plan, but recognized the danger of Soviet obstructionism. It would be prepared to endorse a resolution supporting the utilization of United Nations machinery in reconstruction, but would not wish to see one adopted recommending that the Marshall Plan be implemented through United Nations machinery. Some irritation was caused by Mr. Bevin at the Paris Conference pledging on behalf of his Government "the resources of the great Commonwealth", as well as of the United Kingdom for European rehabilitation. Although his pledge was modified by the phrase "insofar as it can influence them", which reduced its impropriety, his statement was regarded in the Department as "unfortunate and obviously open to misunderstanding". A third reflection of Canadian preliminary opinion came when the possibility of a European Customs Union being examined by the states in the Marshall Plan was discussed in the early autumn of 1947. When Mr. Wilgress reported from Geneva on this question, he was told on September 9, 1947, that:

"We would not oppose any plan which would result in a closer integration of the economies of the European countries and which would assist in their recovery".



However, the telegram added the qualification that Canada could not overlook the United Kingdom as a valuable market for many Canadian agricultural products and that exports would be seriously affected "if the participation of that country in a European Customs Union meant that preferential treatment for Canadian products would disappear or that European goods would receive better treatment".

90. After the publication in September of the Paris report, there were three memoranda by Department officials on the advisability of Canada contributing to European aid as an indication of direct interest in the recovery of Western Europe, and as a political advantage in negotiations with the United States. If the State Department could point to other countries besides the United States extending a helping hand to Europe, the effect on Congress might be of some importance. As Mr. LePan put it in a memorandum of September 25

"Canadian cooperation in the Marshall Plan would tend to show that the western world is not to be pictured as a single giant towering above a cluster of mendicant clients, each holding out a begging bowl, but rather as a group of freely associated states, differing widely to be sure in their resources and needs, but also held together by a great number of ligaments both of interest and of sentiment".

Meanwhile Dr. Clark had been in Washington discussing the serious Canadian economic position. He took pains to make the point that long term indirect benefits from the Marshall Plan would not meet the Canadian situation and that "direct and immediate benefits" were necessary. His views were met only by a promise that they would be presented to the various committees set up by the Administration to examine a program of action under the Marshall Plan. Mr. Wrongwarned in September that the question of including Canada as a supply area had still to be considered. He advised that no good opportunity be lost for impressing the Canadian difficulties on the United States, with the reminder that if the Marshall Plan funds were tied to United States purchases Canada would have to take more drastic action to conserve American dollars. He believed that it would be very difficult to convince both Congress and the general public that Marshall Plan funds should be expended in Canada. In Ottawa it was decided to set up an interdepartmental committee to make a study of what goods and commodities Canada would be in a position to supply if orders were placed in Canada under the Plan. On November 18, the estimates prepared by this Committee were presented to a group of United States officials. It was found that Canadian figures closely paralleled those prepared in Washington. Optimism developed in Ottawa on the prospects for off-shore purchases to such an extent that Mr. Wrong felt it advisable on December 23, 1947, to warn that jubilant statements by officials or the press of what might be expected from off-shore purchases in Canada might be harmful as the ERP bill was debated in Congress. He hoped that the press might be educated "to look upon the ERP as something other than a large pie from which we may expect our cut".

91. A further curb on Canadian optimism was the growing recognition that the United States expected that Canada would maintain a substantial program of assistance to Europe. The State Department had publicly estimated that the countries of the Western hemisphere, other than the United States, might be able to provide \$700 million of financial assistance in the first 15 months of the Recovery

Program. Canadian officials insisted that the maximum assistance Canada could extend to Europe in 1948, apart from the saving for the United Kingdom on the price of wheat, would be \$100 million, of which \$45 million had been promised to the United Kingdom in the first quarter of the year. The remainder would be required for purchases by those European countries such as France, the Netherlands, Belgium and Norway whose credits were not entirely exhausted. These figures were presented by Mr. Wrong to the State Department on February 27 and were not too well received. When the State Department was informed of some further aid to the United Kingdom in April, Mr. Wrong was instructed to make it clear that Canadian credit arrangements for 1948 were based on two assumptions, the disposal of the entire export surplus by sales abroad, and receipt in return of United States dollars or freely convertible currency, with the exception of the amounts covered by credit arrangements. The warning was added that:

"If either of these assumptions fails, which could happen if the Administrator (of ERP) should not be able to effect a sufficient volume of off-shore purchases in Canada, then we will be in a position of having already over-extended ourselves in granting credits now outstanding".

92. In March, Mr. Drury, then a member of this Department, was appointed co-ordinator of working arrangements by the various departments in relation to ERP activities. He visited Washington to get some idea of how Canada could be associated with ERP planning, and learned that it was still impossible "to get the slightest response from any State Department official" on the question. Mr. Drury did discover, however, that Canada was to be asked to make available, in a form similar to those to be used by ERP recipient countries, a complete statement on supplies which might be secured in Canada during the second quarter of the year. This list was accordingly prepared by a Sub-committee on Availabilities. When Congress finally passed in April the Foreign Assistance Act, 1948, giving legislative authority for the ERP program, Mr. St. Laurent praised the measure in the House of Commons as "an act of far-seeing statesmanship on the part of the Government and representatives of the United States". The appointment of Mr. Paul Hoffman as Administrator of the Economic Co-operation Administration established to take charge of the program was quickly followed by a suggestion from Canada that Mr. Howe should visit Washington to have a general discussion with the new administrator on the relationship of Canada to his organization. It was not possible to secure an appointment until the last week in April but Mr. Howe was the first governmental representative to have an extended discussion with Mr. Hoffman. Immediately prior to Mr. Howe's interview Messrs. Drury, Deutsch, Skelton and Beattie, accompanied by Mr. Wrong and other Embassy officers, had the first formal meetings with ECA officials. The talks were chiefly on Canadian availabilities and the figures prepared in Ottawa were examined in detail. These discussions gave Mr. Howe a useful background for the second round of interviews which were closed by a dinner at the Embassy attended by all the top people in ECA. Mr. Howe was given very cordial assurances of ECA's desire to work closely with Canada, but, as expected, no formal commitment. It was gratifying that there was no suggestion that Canada should extend further credit to the United Kingdom unless Canada's balance of payments should improve substantially with the aid of an unusually good crop. ECA recommended that Canada arrange to have senior representation in Paris, where the new Organization for European

Economic Co-operation was intended to be the centre of planning for European reconstruction, which Mr. Hoffman regarded as the main task of his organization. It was for that reason that Mr. Pierce, then Ambassador to Mexico, was subsequently selected to spend some time in Paris in liaison with OEEC and remained there until December 1948. It was also learned that the United States Government was anxious for Canadian co-operation on export controls, particularly in the area of strategic materials, in view of the widening breach with the Soviet Union following its rejection of the Marshall Plan and the Communist coup in Czechoslovakia. A policy was readily worked out on those lines.

93. On May 5, 1948, the first authorization affecting Canada was announced when the United Kingdom was given permission to use \$33.5 million of ERP funds for bacon, wheat and flour. Two days later an order for \$8 million for Canadian wheat was approved. Soon after that the ECA official, to be the liaison on policy matters with the Canadian Embassy, was appointed. He was a Mr. Robert Strange, who came of United States Loyalist stock, had extensive business interests in Canada, and was very well informed on Canadian affairs. This appointment greatly facilitated the work of the Embassy when a special team of seven officers for ECA work was established that met twice weekly. Some idea of the volume of supplies that might be required from Canada came on May 19 when estimates by the importing countries of what they would require from Canada in the first quarter of the program (April-June, 1948) were received from the State Department. The value of the suggested imports totalled \$241.5 million. For the 15 month period to be covered by the first appropriation from Congress United States estimates placed the total imports of the OEEC countries from Canada at \$1.36 billion.

94. Although no definite off-shore program had yet developed, Mr. Wrong was so encouraged by these initial developments that he wrote on May 22 that "ECA have adopted as generous an attitude towards Canada as I think we could possibly hope for." He thought that this situation would continue unless unfavourable forces in Congress or elsewhere in the administration forced a change. In the following week when Mr. Pierce visited Washington to get as much information as possible about ECA methods and policies before leaving for Paris, he commented that it was particularly gratifying "to see the easy straightforward and friendly way in which Bissell (the No. 2 man in ECA) and his associates approach the problem of Canada's association with the European Recovery Program." Mr. Pierce's main conclusion was that Canada should proceed on two lines:

"The first is to have Canada nominated in all country programs, and to see to it at Paris and Washington that Canada's name stays on the program and is added to it where possible. The second is that our Trade and Commerce representatives and our businessmen should proceed to seek business as at present. We should ask them to advise us if they run into trouble, and we can determine if and how to help them".

Mr. Pierce reported that there were virtually no restrictions as to the class of goods that could not be provided by Canada, but advised against seeking any firm declaration that certain commodities were eligible. The advisability of not gloating too openly at the size of ECA purchases in Canada was again stressed by our Washington Embassy, which pointed out, on June 24, that 22 per cent of ECA authorizations to date had been for Canadian goods and that of the \$233.7 million of off-shore purchases, almost \$133 million had been made in Canada.

95. To keep up the successful drive for orders under ECA, Mr. Pierce convened in Paris a meeting of Canadian Trade Commissioners in the countries associated with OEEC for July 3. He had discovered that despite American desire to have OEEC allocate the funds available for the ERP program from July 1, 1948, to June 30, 1949, and thereafter, it was still uncertain how much control would remain with ECA in Washington. For that reason he could not decide how great the need was for special Canadian representation in Paris. In a talk on June 28 with Mr. Bruce, head of the ECA mission to France, Mr. Pierce told him that at the meeting of the Trade Commissioners he was going to stress that the guiding principle governing their activities under ECA should be "to make scarce dollars do the most work." If that dollar could go further in Canada than in the United States, it should be spent in Canada. If not, "we had no right to push for the business". With this admirable sentiment Mr. Bruce concurred. During his stay in Paris Mr. Pierce established excellent relations with OEEC officials. At their request he secured for them a memorandum from Ottawa on "Prospective Developments in Canadian Production 1948-52" to be used in their preparation of a long-term program.

96. In view of the initial anxiety about the need for close association with ERP, it is ironical to note the cautious Canadian attitude when the United States became the advocate of partnership. On July 13, Mr. Wrong reported that Mr. Bissell of ECA was having a memorandum prepared setting forth the reasons why it would be desirable to have Canada formally associated with ECA, and suggesting that talks begin on that topic as soon as possible, preferably in July. Mr. Wrong had parried the suggestion by pointing out that it would be unsatisfactory to discuss the question before September, until the Government had reviewed the question of extending credits. He did not think that ECA officials were primarily concerned in seeing how much financial help they could secure from Canada, but rather with the difficulties which would confront them if they continued to spend so high a proportion of off-shore funds in Canada, about 50%, without some more formal agreement. There were already fears that off-shore purchases would be restricted as United States surpluses of commodities began to grow. In a further letter on July 16 the Ambassador enlarged on the question. He remarked that signs of improvement in the Canadian financial position were being noted in Washington and it would be well to correct any false impressions which might lead to great expectations of what Canada could do in the way of aiding recovery. He doubted if a more formal partnership with ECA would ease the United States domestic pressure to ease purchases in Canada or be of direct advantage "unless we became again a financial contributor in one way or another to European recovery". He thought such a policy would be the best use to which Canada could put additional resources, except for minor relaxations on import restrictions. The first comment from the Department was to suggest that much depended upon the nature of the discussions which ECA contemplated. If they were to draft a declaration of joint intent to aid in European recovery without any specific commitments on either side, as had been done in the Hyde Park Declaration of 1941, there would be in principle no objection to immediate talks. However, if Canada was to be involved in discussions "on the assumption of defined commitments during the current and future years", it would be preferable to hold off talks until September which might form part of the financial review suggested for that time. On July 21 Mr. Wrong reported that he had seen the draft of a letter suggesting discussions envisaging Canada joining in a "permanent concurring partnership"

in the European Recovery program. He had managed to head off this formal letter, which read like "a gratuitous lecture from our neighbours on what was important to Canada", and to secure an agreement that, if a letter were sent, it would be brief and confined to an invitation "to discuss any or all ERP or ECA problems of mutual concern". Mr. Wrong had also suggested to the ECA officials that there were great advantages from the Canadian point of view in having informal working arrangements which did not mean any diminution in close and effective association. ECA officials replied that without a partnership basis the present practice of giving countries complete freedom to designate Canada as a source of supply would be in jeopardy. Mr. Wrong described the dilemma confronting Canada as "whether we would get more burned by going in than frozen by staying out". Subsequently, in a talk on the question with Mr. Hickerson of the State Department, the Ambassador commented that Canada would be unable to enter into any proposed partnership "except in the light of our future trade relations with the United States".

97.. The next significant report came from Paris where Mr. Bissell had a talk with Mr. Pierce on July 26. He had outlined the mutual ECA proposals, with the further suggestion that joint operation would give Canada a chance to participate in the programming and screening activities of ECA. Mr. Pierce replied that, personally, he agreed that a high degree of co-operation and co-ordination was desirable, but saw "serious difficulties" in a formal partnership such as the fact that Congress had already dictated the terms of the program. He thought he had "slowed up Bissell a little". As he told Ottawa, he believed, but did not say, that:

"We might not want to be considered by ERP countries as in the same kennel with the ECA watchdogs throughout Europe, or to change the metaphor, 'the horse could do with more hay but there are enough hands on the whip'".

Mr. Pierce also thought that the rest of the world would not regard the arrangement as a partnership, but "at the very least as a subordination of Canadian external interests in the United States, if not as a loss of our independent status". His own preference was for a Joint Committee along the lines of those that had worked out during the war, Mutual Aid and Lend-Lease operations. Such a committee would be formal enough to suit the United States and loose enough to reassure us.

98.. The alarm bells began to ring in Ottawa on the receipt of these reports, and such firemen as were on hand, especially in Finance and the Bank of Canada, hurried into action. From the Bank of Canada Mr. Coyne wrote to suggest on July 22 that it would be "most dangerous" to depart from the agreed position of examining the financial outlook in September. He believed Canada needed "reserves considerably higher than the present level", and maintained that "it would take very strong reasons indeed to justify any financial aid by Canada unless the exchange forecast were very optimistic indeed." He hoped the question would be referred to both the Cabinet Committee and the Inter-Departmental Committee on external trade policy. Four days later Mr. Abbott wrote to Mr. St. Laurent to say that, in his opinion, no undertakings, formal or tentative, should be entered upon until September. He advised review of the problem by both Ministers and officials after Dr. Clark and Mr. Towers were back in Ottawa. Mr. Abbott could see no real reason for the American pressure for a partnership except a desire to secure a Canadian financial contribution.



He pointed out that Canada was neither asking nor expecting favours and assistance.

"All we ask and expect, is that Canada be used as a normal source of supply for European trade under ERP, where and to the extent that we can supply on competitive terms or better".

Meanwhile Mr. Pearson had a departmental memorandum prepared as a basis for discussion by the Inter-departmental Committee on External Trade Policy. It was learned that ECA officials were anxious to initiate discussions as soon as possible. Mr. Wrong suggested that a small group come up to Ottawa for that purpose and secured their agreement. He took advantage of his interview with ECA on July 30 to sound a cautionary note about the prospects of Canadian aid, on the lines of Mr. Coyne's letter. He then carried the war into the enemy country by suggesting that ECA might take an interest in urging that United States customs procedure, long a sore point for Canada, be brought in line with GATT, and by raising the possibility of a new Canada-United States trade agreement. On their part Mr. Bissell and his colleagues stressed that there was no wish in ECA to put pressure on Canada to make financial commitments before the situation was fully known in Canada. He never once referred to formal partnership or close association. All that remained of significance was the idea of a contribution to recovery from Canada, in which it was clear that more was hoped for than the unfreezing of the Canadian credit to the United Kingdom. ECA regarded Canada as a country which had been "significantly aided" by the expenditure of ERP dollars, and declared that even a "modest contribution" from Canada would be "enormously helpful" in combatting the growing feeling in the United States that it alone was carrying the economic burdens of reconstruction. As Mr. Bissell remarked, in referring to the aid which Canada had extended in the past "With Congress it is present virtue and not past performance that counts."

99. On August 3 Mr. Wrong pursued the subject in the State Department and learned that a meeting had been held there to discuss the question. There the feeling was against a partnership, but in favour of developing what one official described as a "joint approach" possibly through committees. The belief was as strong as in ECA that Canada should renew the extension of financial assistance to ERP countries as soon as possible.

100. At the Inter-Departmental meeting on August 4, which Mr. Wrong also attended, the Departmental memorandum was discussed. The memorandum pointed out the advisability of not rejecting ECA overtures without being able to offer something in the way of a well defined plan for closer cooperation which would meet Canadian needs and take account of Canadian objections. It suggested that agreement might be limited to some sort of joint declaration in the form of that made at Hyde Park, "of common intent to do in partnership what the two countries are able in order to bring about European recovery". It ruled out any firm commitment to extend assistance beyond April or June, 1949, until more was known of the financial support forthcoming from Congress for the recovery program. The Committee showed no keenness for a change from the present relationship with ECA, but did not rule out the idea of a joint committee, or committees, if the United States pressed for this policy. It supported the idea of "informal, exploratory and inconclusive" discussions with ECA officials in Ottawa, but made clear its belief that discussions of a financial contribution to European recovery

were not yet possible. Following this meeting Mr. St. Laurent referred to Mr. Abbott's letter on August 12, summarizing the developments and the views of the committee. He informed the Minister of Finance that the proposed talks in Ottawa were regarded as being of some positive value in giving those concerned some inkling of the views and intentions of ECA on off-shore purchases.

101. At the opening meeting in Ottawa on August 16, the ECA group presented a statement along the lines that Mr. Wrong had seen. Although they did not suggest that ECA had been conferring a favour upon Canada by its authorizations of off-shore purchases, they did not accept the opposite thesis that the bulk of Canadian exports which had been financed by ECA could easily have been sold for dollars in any event. In reply the Canadian officials examined ECA figures and argued that their forecasts of the Canadian balance of payments were "altogether too optimistic". They held out little hope of Canada being able in the near future to provide more than a reopening of the credit to the United Kingdom, and pointed out that Parliamentary authority, which could not be secured until January, 1949, would be required for new credits or grants. The leader of the ECA delegation said he thought his agency could explore with advantage "the possibility of reaching some sort of understanding with Canada regarding future contributions". Any agreement, which might be linked with arrangements for a specific volume of off-shore purchases, including marginal items that Canada had more difficulty in disposing of, would help both sides.

102. As early as September 7, ECA began to inquire about the prospects of a further meeting to continue the discussions initiated in Ottawa. They were informed that the impending visit of Stafford Cripps to Ottawa would preclude the possibility of talks by Mr. Abbott and his officials until the week of September 27 - October 2. This suggestion was quite satisfactory.

103. The Inter-Departmental Committee on External Trade Policy and the officials connected with the negotiations had a preparatory meeting on September 24. The Committee drafted an outline of the policy to be pursued which received Cabinet approval. The chief features were insistence that no further grants, i.e. gifts, to Western European countries could be contemplated at present; willingness to advance to the United Kingdom a total of \$60 million i.e. six months' drawings at \$10 million per month, to June 30, 1949; and emphasis upon the need for a satisfactory agreement with the United States on allocation of ECA funds before any further assistance could be considered. What was desired was;

"a general assurance regarding the volume of United States purchasing in Canada, and specific assurance with regard to the types of commodities which the United Kingdom and Western Europe propose to purchase from Canada so that United States funds would be available for these types."

Mr. Reid was not satisfied with this cautious policy and ascribed it to the outlook of the Department of Finance and the Bank of Canada which seemed to assume "that the financial considerations which they put forward are the sole determining factors". He challenged their insistence that the question of the extent of credit which could be extended in 1949 should be solely determined on estimates of Canada's reserves of United States dollars.

104. The first round of official talks, at which Mr. Mackenzie and Mr. Deutsch represented Canada, were held between September 27-29. They were followed by Mr. Abbott's discussions with Mr. Hoffman and others on the 30th. These talks, described in a memorandum as "the most important which have been held to date" on Canada's role in ERP, were characterized by a striking degree of agreement in the statistical estimates of such problems as the Canadian balance of payments and the future of Canadian trade with ERP countries. The officials stuck firmly to their brief and subsequently reported that "All the main United States arguments which were advanced on why we should extend more assistance were fully countered on our side." Even the projected \$60 million advance to the United Kingdom was made dependent upon there being no drastic changes in the basic assumptions underlying the forecasts for the fiscal year, 1949. The U.S. officials first reported the suggested U.K. advance as inadequate, but later modified this description by pointing out that it presented "great difficulties to the United States" in the light of the volume of off-shore purchases in Canada. At one time they proposed adoption of an export policy in which a "palatable bundle", composed of "hard" Canadian exports such as base metals and forest products would be financed by ECA funds while "soft" items such as eggs, coarse grains, cheese, and dairy products, would be covered by Canadian financial assistance. Although there was no suggestion that U.S. approval of off-shore purchases in Canada would be reduced because of disappointment with the Canadian position, there was also no guarantee that the present level, or any other one, of such purchases would be maintained. Mr. Abbott explained to Mr. Hoffman the domestic political difficulties in Canada in continuing extension of financial aid on the level of previous years and emphasized the desire to avoid any more crises such as had occurred in 1947. He described the improvement that had taken place in Canadian reserves but said it would be used to raise their level, to permit some unfreezing of the United Kingdom loan, and to relax a few restrictions on United States products, especially fresh fruit and vegetables. Mr. Hoffman, who remarked several times that the special regard for Canada in the United States gave political importance to the Canadian contribution, said that the Canadian record for 1948 would help him in representing to Congress that Canada had been acting in concert with the United States on a comparable scale. He added that he was concerned with what Canada would do in the first six months of 1949. In that period he would be approaching Congress for funds to cover the second period of ERP, in which "lay the hope for the survival of the free nations on the both sides of the Atlantic". He did not suggest new authority from Parliament for fresh credits, but hoped "that the rate of permitted drawings on the United Kingdom loan would be such as to provide a fair comparison". What he appeared to have had in mind was a figure in the neighbourhood of \$125 to \$150 million. Mr. Hoffman also said he would have difficulty in satisfying Congress if a very substantial proportion of the improvement in the Canadian dollar position was added to the reserves. Mr. Abbott promised to consult his colleagues, and said he would be glad to keep in touch with the Administrator about the timing and character of any announcement he would make about the release of credits to the United Kingdom.

105. Before Mr. Abbott left Washington he told Sir Stafford Cripps who was there for Bank and Fund meetings what had taken place. The United Kingdom Chancellor and his officials were reported to be quite satisfied with \$60 million offer for the first half of 1949, since they would prefer to hold back in reserve any greater borrowing power they might have in Canada for use after the ECA appropriation for 1949-50 had been voted.

106. The Departmental memorandum of October 5, 1948, on the ECA talks was critical of the claim advanced in Washington that only \$138 million would be available from Canada for assistance to Europe in the United States fiscal year of 1948-49. This total had been arrived at by adding together the \$60 million for the United Kingdom, \$72 million of credits to other ERP countries, and \$6 million for post-UNRRA relief and IRO. This figure was exclusive of the price differential on the wheat sold to the United Kingdom. The memorandum believed that it was difficult to justify this figure "in the face of an anticipated surplus of \$412 million, and at the same time expected off-shore purchases of \$649 million." It felt that the compelling arguments for the figures were political. Mr. Deutsch contended that Canada had too often in the past dissipated her substance too soon to get the best results, and had consequently got into financial difficulties. He believed that late in 1949 or 1950 would be a more critical period for which it would be wise to hold in reserve as much of the United Kingdom loan as possible. The Cabinet decided in the light of the Cripps talks in Ottawa at the ECA discussions, that the Ministers of Finance, Trade and Commerce, and Agriculture should consult "with a view to settling a tentative figure for release of the United Kingdom credit". This figure should be used in discussions on the United Kingdom program of purchases in 1949.

107. As we have seen these discussions were protracted and difficult. They delayed the announcement of the credits being unfrozen until January 21, 1949. Meanwhile Mr. Hoffman had instructed his officials to inquire about them in October and there were several additional requests for information during the rest of the year. In the interim as a proof of Canadian co-operation Mr. Wrong told ECA officials about negotiations to release part of the Belgian credit for special Canadian commodities. The flow of Canadian authorizations in Washington continued unabated and in the single week commencing November 15 reached \$156.3 million. The total to date was more than \$550 million. In reporting this figure Mr. Wrong commented on "the straightforward way in which ECA have, to date, met all our major requests and understand our problems". He stressed the importance in our own self-interest of giving ECA promptly definite information on the financial assistance which Canada proposed to extend. The Department agreed, but could do no more than authorize Mr. Wrong to give ECA a progress report on what was taking place.

108. As a partial sop to the wishes of the ECA officials Mr. Deutsch visited Washington in December to review the position and describe current Canadian negotiations with Belgium and the United Kingdom. ECA expressed the hope that the Canadian Government, in announcing the reopening of the United Kingdom credit, would give the figure of \$120 million for the whole of 1949, instead of stating the rate of monthly drawings, but got no satisfaction. Mr. Deutsch described the improvement in the Canadian economic position, which had raised the estimate of surplus account for 1948 about \$75 million above the figure given in the September talks. He insisted that the chief cause was the extraordinary increase of 40% in exports to the United States, and pointed out that our total exports to Europe, in spite of ECA authorizations, had declined. The most important thing learned by the Canadian group was that in the second year ERP off-shore purchases would be determined "exclusively by United States interests". The decrease in the funds ECA would receive, the rise in stocks of United States agricultural commodities and the improved position of Canada dictated such a policy which did not represent "any criticism of Canada". Both sides expressed doubts of the long-term programmes adopted by the

OEEC countries, particularly the United Kingdom's, and recognized the common interest of the two countries in meeting the difficulties which these programmes would present for multilateral trade and dollar exports.

109. The warnings given by ECA officials were soon justified. On February 4, 1949, Mr. Wrong reported that the first important attack by Congress on large ECA purchases of wheat had started. Mid-Western senators were asking Mr. Hoffman why he had authorized \$55 million for purchases of Canadian wheat in January and brandishing the inevitable weapon of a Congressional investigation. ECA officials warned United Kingdom delegates attending the International Wheat Conference that there was an even chance of wheat being declared surplus, which would bar purchases in Canada during the second quarter of 1949. On February 12 Mr. Strange told Canadian officials that ECA would not finance any further purchases by European countries of Canadian wheat during the current crop year. Consequently the United Kingdom would have to finance its purchases by other means than through ECA. When Mr. Deutsch, pointed out the effect of this policy, since almost half of the ECA funds spent in Canada were for wheat, he was told that ECA "was urgently examining a proposal which might ameliorate the effects upon Canada of the new policy, but it was premature to indicate its nature". On the same day Prime Minister St. Laurent, who was in Washington returning President Truman's visit of the previous summer, mentioned his concern at the new development. He told the President that, if Canada's wheat exports overseas were seriously threatened, Canada's whole foreign economic policy would have to be changed. This would result in a new form of economic rivalry between Canada and the United States which would have very wide ramifications and serious results in the political as well as the economic field. President Truman was apparently unaware of the importance of the question. Both he and Secretary of State Acheson made reassuring remarks and undertook to discuss the question with the Secretary of Agriculture who had so far managed to avoid declaring wheat surplus. The latter was asked to work out an export program which would theoretically be acceptable to Congress, the United States, Europe and Canada. It is not surprising that little was accomplished. Meanwhile there was still no word of the ECA new plan. United Kingdom officials, began to attempt switching ECA orders, so as to free more of their own dollar earnings to buy Canadian wheat, but without much success.

110. On March 4, Dr. Barton (Agriculture) Mr. Plumtre, Mr. Deutsch and Mr. Beaupre (Trade and Commerce) accompanied by Embassy officers, took part in a general discussion with ECA and State officials. The talks were cordial and realistic, with ECA well aware of the danger to the Canadian economy, but in no position to discuss the program of off-shore purchases for 1949-50 until the legislation for implementation of ERP had passed Congress. Plans were discussed on how to effect "bookkeeping shifts" to facilitate the United Kingdom attempts to find dollars for Canadian wheat. The talks were encouraging though not very concrete. It was a sign of hope that ECA officials were holding to their basic tenet that the Marshall Plan was to re-establish Europe and not to be a means of dumping United States surpluses, especially agricultural commodities, overseas.

111. During a visit to Ottawa on other business Mr. Strange of ECA gave a progress report on May 2. He said that the United Kingdom had managed to find enough items to take up ECA funds in the second quarter, which had been freed by non-purchases of Canadian wheat. ECA had suggested that the United Kingdom might put in immediately for orders of Canadian bacon to be delivered in the third quarter of the year. He



doubted if ECA would be able to finance any Canadian agricultural commodities, except perhaps bacon, after the end of September, 1949, and anticipated serious problems in finding eligible commodities on which ECA funds could be spent. Mr. Strange estimated that in 1949-50 off-shore purchases in Canada would be between \$200 and \$250 million (for the year ending March 31, 1949 they had been \$690 million) of which about 80% would be for industrial products. Because of the continued delay another delegation of officials went to Washington and made the familiar round of visits on May 24-25. On this visit United Kingdom officials attached to the Embassy and the Treasury and Supply Delegation were also interviewed. They were justifiably gloomy, of the United Kingdom financial outlook. In view of subsequent developments it is of some significance that at this time Messrs. Deutsch and Plumtre indicated to U.S. officials that

"they were not opposed to a devaluation of certain currencies but that the timing of any change and the manner in which it was proposed were of the utmost importance".

The general view was that the ERP position in 1949-50 would not be "too difficult" but that things would be worse the following year.

112. The financial crisis in the United Kingdom in the summer of 1949 and the resulting series of conferences that followed in London and Washington overshadowed ECA matters for almost six months. As has already been noted, in September, ECA made one outstanding decision during the Tri-Partite talks in Washington in agreeing that the United Kingdom should be allowed to use \$175 million of ECA money to purchase Canadian wheat. This decision was justified to the American public by pointing to the seriousness of the United Kingdom position and its purchases as well of \$30 million of United States wheat and almost \$10 million of other agricultural commodities, Mr. Hoffman took pains to emphasize the fact that the United Kingdom had "a firm contract dating from an earlier period to buy from Canada". As he told a national farm association in November "We financed the existing Canadian wheat contract, not new purchases of Canadian wheat". This action eased the situation greatly for both the United Kingdom and Canada. Canada remained the largest source of off-shore purchases but their total had increased in Latin America. ECA was naturally keenly interested in the effect of devaluation upon United Kingdom exports and was eager to secure data from Canada as to its results in furthering imports to Canada. They were also anxious to have visitors from OEEC countries see Canadian plants and production techniques to aid in improving their own production. In turn officials were ready to talk frankly with Canadians about their difficulties, as the record of a very interesting conversation, which Mr. Wrong and Mr. Deutsch had with Mr. Bissell on February 7, 1950 indicated. In that conversation Mr. Bissell described the "moderate frustration" which he and others experienced in the second phase of European recovery when integration was the watch-word. Mr. Bissell also expressed the view, which was shared in Canadian circles, that the United Kingdom Government;

"wish to maintain their position in the Commonwealth and sterling area even though this is at times a costly operation which prevents them from making the progress which they otherwise would in bringing into better balance their economic relationships with North America, the third great area to which they are attracted".

113. In May, 1950 the question of Canadian association with ERP on a close basis reappeared in unexpected fashion. During discussions among France, the United Kingdom and the United States in London on economic problems the French placed on the agenda the question of "development of long-term economic relations between North America and Europe". The French explained that they had originally thought of suggesting setting up an agency under Article 2 of the North Atlantic Treaty but had decided against it because West Germany and several European countries of importance were not in NATO, and there was also doubt about the advisability of creating another functional agency. Hence the suggestion that the United States and Canada should agree to some type of association with OEEC so that its agencies might be used "for the continuing study of relations between dollar and non-dollar economies." On May 15, Mr. Robertson, who was in London at the time, reported on this development and asked for guidance.

114. The Department felt that a decision could not be made quickly on such a political matter, unless it could be shown that the new relationship "flowed clearly from the provisions of the North Atlantic Treaty" which was, obviously, not the case. If a four-power declaration were to be made, as Mr. Jessup of the United States contemplated, it would have the objection that "the only country apparently affected by the change and the only country taking on new responsibilities would be Canada". It suggested that Mr. Pearson who was in London for a NATO meeting might report to Cabinet on his return. On the following day, May 16, Mr. Pearson cabled the Prime Minister that an early decision was necessary because the Foreign Ministers wished to announce the proposal during the NATO Council meeting. He thought it should be examined "most seriously" and not ruled out by fairly narrow considerations. He doubted if the obligations under the proposed informal arrangement with OEEC would be any greater than those which would result from action under Article 2. The proposed policy would form a background for a campaign to be waged by the United States administration at home "to modify those United States practices and policies which are aggravating the dollar difficulties of other countries, including Canada." If Canada held aloof, the declaration would probably be issued in any event on a Three Power basis, and the impression might develop that Canada had missed an opportunity to improve her trading relations with OEEC countries. Mr. Pearson commented that there might be some domestic criticism, if nothing were accomplished of substance under Article 2 of NATO and Canada held aloof from a temporary arrangement in which the United States was willing to participate. Finally the Minister suggested that OEEC also provided the only feasible way of bringing the West German economy into closer relationship with the North Atlantic community. In his reply to these observations the Prime Minister said that Cabinet had agreed that, if Mr. Howe, who was arriving in London for trade talks, also concurred, Canada should be associated with the proposed draft statement. Mr. Heeney cabled at the same time to explain the views of the group of officials, Messrs. Towers, Clark, Deutsch, Beaupre, Pierce, Plumtre and himself who had met to prepare a report to Cabinet on the proposal. He said there was complete agreement that the invitation could not be refused, but some strong disagreement as to its advisability. This disagreement was based on the arguments that the new policy, which involved no real change in relationship, except for Canada, might be a "mere publicity device", would add to the already severe personnel problems confronting Canada, and might open the way for pressure for financial assistance in the future. In any event any action taken to

reduce the dollar gap would have to be taken individually. Those in favour of association with OEEC argued that the United States would have a somewhat changed relationship to OEEC, since it would be in the position of a collaborator in meetings and not solely as a donor. They felt that Canada's association would emphasize the change in the United States position and should be given if Mr. Acheson thought it would help. They also believed it would help to offset isolationist tendencies in OEEC which had caused some concern in the past. It would offer commercial advantages in being a party to the discussions of the import programs of the OEEC countries, and would give economic contacts with countries like Germany and Sweden that NATO did not afford. As Mr. Howe agreed with Mr. Pearson a statement was prepared for the Prime Minister. In announcing the decision to the House of Commons on May 18 he stressed that the new association would be informal and involve "a recognition that the economic problems faced by OEEC countries, the United States and ourselves are common problems, not isolated individual problems."

115. On June 1, 1950 the Secretary-General of OEEC wrote to Mr. Pearson a carefully worded invitation for Canada and the United States "to associate themselves, on an informal basis, with the work of this organization in accordance with arrangements to be mutually discussed." At the time the invitation was publicly announced Mr. Harriman, the United States Ambassador to OEEC, made it clear that the intention was not that the United States and Canada should join OEEC, but rather that they should participate in discussions with it. In reply the Canadian Government "gladly" accepted the invitation. It was agreed that Mr. Pierce should go to Paris as soon as possible to explore the arrangements for the "association". Meanwhile during talks with ECA officials in Washington, who had been taken almost unaware by the new development, it was learned that they anticipated that both Canada and the United States would have to proceed as the European countries had been doing in the past two years and prepared for OEEC fairly elaborate national submissions which would include trade and financial forecasts involving considerable statistical investigation. From Paris General Vanier reported on June 24 that Canada would receive all OEEC documents and be free to attend meetings of any interest in order, that, "Our association can therefore take whatever form we regard as most useful".

116. Mr. Pierce represented Canada at the OEEC Council meeting in Paris on July 6. He expressed Canada's desire to participate actively in any way that would usefully contribute to the development of OEEC as an agency for economic co-operation between the countries of Western Europe and North America. He was struck by the improvement in the relations of the United Kingdom and the United States since his visit two years previously and reported that some ECA officials were of the opinion that "the United Kingdom is the only country in the OEEC on both whose intentions and performances they can rely". On his advice an office separate from the Canadian Embassy was established for the Canadian Delegation to OEEC, of which he was later made head with the personal rank of Ambassador. By October the Mission was fully established and trying as Mr. Pierce wrote on October 23, "to cover in one way or another sixty-four meetings held this week of the OEEC committees, subcommittees, working parties and sub-groups".

117. But the war in Korea had already cast a shadow on the Paris organization and was to limit its usefulness in the economic planning for the long-term relationship.

between Western Europe and North America that had been envisaged. What the United States delegates to OEEC were now most concerned with, was that OEEC should set to work forthwith "to deal with many of the pressing economic problems that have either been created as problems by the expansion of military expenditures, or problems whose character had already been directly altered by these political developments." The immediately emerging problem was to prevent the weakening of national economies under the strain of defence preparations. Countries whose gold and U.S. dollar reserves began to climb rapidly with rising prices were being asked, as happened in the case of the United Kingdom, to face the withdrawal of Marshall aid at the end of 1950. In Washington powerful forces were at work to see that the attention of ECA was being directed towards strengthening the armed resources of the United States partners in defence. When senior officials of OEEC visited Ottawa in December 1950, they expressed concern at "the lack of satisfactory co-operation between defence planners in NATO and economic planners in OEEC." This lag in co-operation was disturbing and Mr. Pierce reported at the end of the year that OEEC was "in a state of confusion". He foresaw that OEEC's active agenda would narrow as NATO's activities increased, and advised no long term planning in the OEEC field for the time being in Ottawa. But by the spring of this year useful studies of the scarcity of raw materials and the relations of external aid to rearmament were proceeding in Paris.

118. It was also evident by 1951 that the preoccupation of the American businessman with the booming domestic market was lessening the zeal of his Government for pressing Europe to return to multilateral trade and convertibility of currencies. Under these conditions the OEEC countries naturally proceeded to liberalize trade within Western Europe, but did not make as much progress towards the liberalization of trade with the rest of the world as Canada desired. There were some suggestions of "token" liberalization schemes. In view of the slight success of such experiments in United Kingdom, trade, the Departmental view in December 1950, was that the Canadian delegate at OEEC discussions should "lay emphasis on more general schemes based on less rigidly subdivided exchange allocations rather than on token liberalization". By April, 1951, Mr. Coyne was writing to the Department that he doubted whether "acquiescence in the present scale of intra-European discriminations can be rationalized from our point of view as an ad hoc arrangements made necessary and justified by special economic conditions of a temporary character". A practical illustration in OEEC quarters of the overriding role of defence problems on Canada was the departure of Mr. Pierce from Paris in the spring of 1951 to assume liaison duties with the Office of Defence Production in Washington. Here too the increasing pull of the expanding United States market was tending to make Canadian businessmen less alive to the danger of losing markets overseas through closed economic systems than they had been at the time of the inception of the Marshall Plan.

119. This survey of some of the chief international economic problems that have confronted Canada, incomplete as it is, does permit certain conclusions. The record, in which the gaps in departmental lists are significant, indicates that the influence of the Department in this field of external policy has been less than in any other. Such a development is to be expected when it is appreciated that the economic and financial questions involved were of major interest to other departments concerned domestically with these matters. The policies of Finance in particular, reinforced by the views of

the Bank of Canada, have played an especially powerful role, with Trade and Commerce, and Agriculture also taking the initiative on occasion. Under such conditions the Department has made its usefulness most felt either by preparing memoranda or expressing its views at Inter-Departmental meetings, or by taking an active part in the conduct of negotiations. Illustrations of the latter can be found in the part which Mr. Pearson played in securing a compromise during the food talks with the United Kingdom in 1947 at Ottawa; in the work of Mr. Wilgress as Chairman for five sessions of the contracting parties under GATT; in the negotiations which Mr. Robertson carried on with the Treasury while High Commissioner in London; and in the success of Mr. Wrong in facilitating entrance to the holy places in Washington for the numerous pilgrimages that were necessary.

120. A second feature of Canadian international economic policy has been its great sensitivity to domestic political considerations. In a country where private enterprise is the heart of the economic system the Government is keenly alive to the views of its exponents and highly susceptible to the pressure that can be brought to bear upon it in the constituencies. Some of the less edifying features of negotiations with the United Kingdom have arisen from a desire to placate the wheat farmer of the prairies, and the fruit growers of Nova Scotia and British Columbia, to mention only a few pressure groups. The feverish desire to conserve a market for bacon, eggs, pitprops and salmon has exerted an influence on trade negotiations that seems out of all proportion to the financial amounts involved. It has also created a toughness in bargaining, especially with the United Kingdom that is more admirable for its vigor and pertinacity than it is for its methods.

121. Throughout the period the Government has striven to revive the sort of world best suited to the nature of the Canadian economy. With the important exception of the wheat and food contracts with the United Kingdom, where the search for security and stability (that proved a will of the wisp) was the dominant consideration, the avowed Canadian aims have been multilateral trade, convertibility of currencies, and as little discrimination in trade as possible.

122. In Geneva, Havana, Annecy, Torquay, Washington, London and Paris Canadian officials have striven to further these objectives but without the degree of success that had been hoped. In Ottawa the Government used its financial strength in the immediate post-war years to assist good customers to regain their strength and to consume Canadian products for that purpose. But the European patient was weaker than had been diagnosed and demanded more nourishment and a longer convalescence than Canada was able to finance. The resulting strain upon Canadian resources was one of the major causes of the dollar crisis of 1947 which left behind especially in financial aids an enduring memory of a disagreeable experience. Otherwise it would be difficult to explain the dogged refusal of a prosperous Canada to meet United States requests for greater help in furthering recovery after 1948 when Canadian reserves had again reached comfortable proportions. Only in this way can be explained the grudging manner in which United Kingdom requests for the unfreezing of Canadian credits in 1948 was received. It is true of course that generosity is easier to practice when commodities threaten to be in surplus supply, as was true in 1946, but it is a virtue that could be cultivated, as this Department believes, more freely than it has been in the past three years.



123. The record of Canadian-United Kingdom negotiations has been clouded by the biennial financial crises that have afflicted the United Kingdom Government and the sterling area since the war. These have resulted in repeated efforts to conserve dwindling reserves of precious dollars at the cost of Canadian exports. What used to be regarded as the stable market has become one liable to periodic threats to Canadian commodities of all kinds. The fact that dollar devices and bilateral deals had to be made by a Government which for five years both preached and practiced Socialism has not made things easier. It has been hard for Ministers and officials in London to forget the United Kingdom's historic role as the world's banker and to remember the new position of the United Kingdom as debtor. Their partners in the sterling area have not been slow to press their claims upon its margin. It is surprising to note the casual frequency with which Canadian Ministers and officials were asked to come to London to discuss the difficulties of a country substantially in debt to Canada. In any event, with both governments at fault, it is in the economic field more than in any other that Canadian relations with the United Kingdom have experienced the most strain.

124. In contrast the record of economic negotiations with the United States has been better than might have been anticipated. For this fact the continuance of the Democratic Administration in power has been a contributing element but is by no means the whole answer. There have been exasperating difficulties over such problems as wheat, potatoes, newsprint and coal cars. There has been a persistent failure in Congress to meet adequately the complaints that have been so often recorded against the harassing nature of United States customs procedures. It has been difficult to get the United States Government to realize quickly enough the seriousness of Canadian economic difficulties, as was demonstrated in 1947. But the enormous expansion of the American economy and its corresponding need for a wide number of Canadian commodities, when combined with the steady chipping away at the tariff wall between the two countries have given Canada a market which in volume and value exceeds anything that might have been forecast in 1945. On more than one occasion the American investor has caused the Canadian Government the greatest headaches. His temperamental forays and withdrawals have complicated Canadian exchange problems, furthered the unpegging of the Canadian dollar in October, 1950, and retarded the postponement for a time of the dollar's return to a fixed parity. In the economic sphere the State Department has worked well with this and other Departments and the same has been true of ECA. Co-operation is less easy with Treasury and Commerce, and most difficult with Agriculture. It is generally true, however, that it is easier for Canadians and Americans to talk over their economic difficulties than for any other two peoples. As a result of all these factors, if the choice should have to be made, which it is to be devoutly hoped may never be necessary, the record shows that it is with the United States that Canada would align herself economically.

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